News release via Canada NewsWire, Halifax 902-422-1411

Attention Business/Entertainment Editors:
Newfoundland Capital Corporation Limited - Third Quarter 2007 - Period Ended September 30 (unaudited)

DARTMOUTH, NS, Nov. 8 /CNW/ - Newfoundland Capital Corporation Limited (the "Company"), one of Canada's leading radio broadcasters, today announces its financial results for the third quarter ended September 30, 2007.

Highlights

The Company had a strong quarter with double digit top-line growth.

<<
- Revenue growth of 11% to $25.4 million in the quarter was primarily due to organic growth while year-to-date revenue grew by 8% to $71.1 million from a combination of organic and new station growth.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA"(1)) were $3.8 million in the quarter, ahead of last year by 44%, or $1.1 million due to improved results in the broadcasting segment. Year-to-date EBITDA of $11.0 million was $1.9 million ahead of last year when this year's $1.3 million loss and last year's $7.1 million gain from marketable securities were excluded.
- Net income of $1.3 million ($0.12 per share) in the quarter compared favourably to last year's nominal amount. Year to date net income of $14.5 million ($1.31 per share) was $5.9 million better than 2006 due to gains from the disposal of an equity accounted investment and the disposal of Halterm Income Fund Trust Units.
- A dividend of $0.15 per share was paid in September.

Significant events

- In July, the Company launched "The Fox" in Edson, Alberta following the Canadian Radio-television and Telecommunications Commission's ("CRTC") approval of the Company's request to convert the AM station to FM.
- On October 1, the Company completed the purchase of the 38% minority interest in Atlantic Stereo Limited, which operates the two FM licences in Moncton, New Brunswick, for $6.9 million.

"One of our stated objectives this year was to take measures to increase revenue in markets where we face new competition which we achieved. We are very pleased to see growth across our operating portfolio, particularly organic growth", commented Rob Steele, President and Chief Executive Officer. He also commented: "in the most recent Trans-Canada Radio Advertising by Market ("TRAM") Report, the Company outpaced the market with organic growth of 9% in the quarter as compared to the 0.5% growth posted by the TRAM for the same period. The Company has a number of radio station launches planned in the next six to twelve months and we are eager to expand in markets such as Fort McMurray and Lac La Biche, Alberta, as well as Kentville and Sydney, Nova Scotia".

Financial Highlights - Third Quarter

(thousands of dollars except share information)	2007	2006
Revenue	$ 25,405	22,788
EBITDA(1)	3,770	2,621
Net income	1,332	9
Earnings per share - basic & diluted	0.12	0.00
Share price, NCC.A (closing)	17.05	17.45
Weighted average number of shares outstanding		

(in thousands)	11,091	11,197
Total assets	214,772	212,866
Long-term debt	46,995	46,636
Shareholders' equity	100,344	89,213

(1) Refer to page 13 for the reconciliation of EBITDA to net income.

Management's Discussion and Analysis

The following interim discussion and analysis of financial condition and results of operations of Newfoundland Capital Corporation Limited (the "Company") has been prepared as of November 8, 2007. The purpose of the Management's Discussion and Analysis ("MD&A") is to provide readers with additional complementary information regarding the Company's financial condition and results of operations and should be read in conjunction with the unaudited interim consolidated financial statements and related notes for the periods ended September 30, 2007 and 2006 as well as the annual audited consolidated financial statements and related notes and the MD&A contained in the Company's 2006 Annual Report. These documents along with the Company's Annual Information Form and other public information are filed electronically with various securities commissions in Canada through the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed at www.sedar.com.

Management's discussion and analysis of financial condition and results of operations contains forward-looking statements. By their very nature, these statements involve inherent risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from those expressed in such forward-looking statements. Readers are cautioned not to place undue reliance on these statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate profile

The Company is one of Canada's leading radio broadcasters with 76 licences across Canada. The Company reaches millions of listeners each week through a variety of formats and is a recognized industry leader in radio programming, sales and networking.

Strategy and objectives

The overall goal is to increase value for shareholders. To accomplish this, the Company seeks to achieve growth by adding new licences to its portfolio of assets through business and licence acquisitions and through the Canadian Radio-television and Telecommunications Commission ("CRTC") licence application process, by converting AM stations to FM, and by maximizing returns on existing operations. The section below describes some of the Company's developments to date.

Corporate developments

The corporate developments below should be considered when reviewing the "Overview of consolidated operating results" section.

2007 developments

- January 19, 2007 - the Company's investment in Halterm Income Fund Trust Units was disposed of for $14.5 million resulting in a gain on disposal of $10.8 million. The proceeds were used to repay long-term debt.
- February 1, 2007 - the CRTC approved the Company's application to

convert its AM signal to FM in Edson, Alberta. The FM station has been on-air since July featuring classic hits.
- March 19, 2007 - the Company successfully launched the new Calgary, Alberta FM station, FUEL 90.3, featuring an adult album alternative format. Upon the launch date, the Company capitalized the costs that were associated with obtaining the new licence in the amount of $4.9 million. Additional information is contained in Note 3 of the unaudited interim consolidated financial statements.
- April 4, 2007 - the Company's request to convert its AM station in Halifax, Nova Scotia to FM was approved. The CRTC imposed certain conditions associated with this approval. The Company is currently examining its options with respect to the conditions.
- April 12, 2007 - the Company disposed of its 29.9% interest in Larche Communications (Kitchener) Inc. which operates an FM radio station in Kitchener-Waterloo, Ontario for proceeds of $4.0 million resulting in a gain on disposal of $3.8 million.
- May 16, 2007 - the Company now owns 100% of one of its subsidiaries, 3937844 Canada Inc., having acquired the minority shareholder's 23.7% interest for cash consideration of $10.7 million. As a result, $0.5 million was added to the value of broadcast licences. 3937844 Canada Inc. owns and operates 21 of the Company's 33 licences throughout the province of Alberta. Additional information is contained in Note 3 of the unaudited interim consolidated financial statements.
- July 4, 2007 - the Company received approval by the CRTC to convert its AM licence to FM in Carbonear, Newfoundland and Labrador. The FM station will be launched within six months.
- July 6, 2007 - the CRTC approved the Company's application for two new FM licences in Nova Scotia, one in Sydney and one in Kentville. The work required to launch these stations is in progress with official launch dates expected to be within the next twelve months.
- October 1, 2007 - subsequent to quarter end, the Company acquired the 37.8% non-controlling interest in Atlantic Stereo Limited which operates the two FM licences in Moncton, New Brunswick for cash consideration of $6.9 million. The Company now owns 100% of this subsidiary.

2006 developments

- January 18, 2006 - awarded a new FM radio licence in Lac La Biche, Alberta. This is the first commercial radio station to serve this community and is expected to launch in the fourth quarter of 2007.
- March 10, 2006 - awarded full-station status, from repeater status, in Bonnyville, Alberta which allows the Company to originate and broadcast from that community. KOOL-FM, featuring contemporary hits, was launched in May 2006.
- March 23, 2006 - the CRTC approved the purchase of CKJS Limited which held the CKJS-AM broadcast licence in Winnipeg, Manitoba. The transaction was completed April 30, 2006 for aggregate consideration of $2.3 million. Additional information is contained in Note 3 of the unaudited interim consolidated financial statements.
- March 24, 2006 - awarded an FM radio licence in Charlottetown, Prince Edward Island and a conversion of the Company's existing station, CHTN-AM, from an AM to FM signal. The stations were launched in the Summer of 2006.
- August 2, 2006 - the CRTC awarded the Company a second FM licence in Calgary, Alberta which was launched in March 2007.
- November 15, 2006 - awarded a new FM radio licence to broadcast in Fort McMurray, Alberta. The station is expected to launch in early 2008.

The results of the above acquired or launched stations have been included in the consolidated financial statements since the respective acquisition and launch dates.

Overview of consolidated operating results

The Company has one separately reportable segment - broadcasting, which derives its revenue from the sale of broadcast advertising. Corporate and other derives its revenue from hotel operations.

(thousands of dollars except percentages)	Three months ended Sept. 30 2007	2006	Growth Total	Growth Organic	Nine months ended Sept. 30 2007	2006	Growth Total	Growth Organic
Revenue								
Broadcasting	$ 24,427	21,836	12%	9%	68,430	63,374	8%	4%
Corporate and other	978	952	3%	3%	2,652	2,499	6%	6%
	$ 25,405	22,788	11%	9%	71,082	65,873	8%	5%

Consolidated revenue of $25.4 million increased by 11%, or $2.6 million in the quarter and year-to-date revenue of $71.1 million rose 8%, or $5.2 million. The most significant revenue gains came from the broadcasting segment with revenue totaling $24.4 million which was 12%, or $2.6 million better than the same quarter last year while year-to-date broadcasting revenue increased 8%, or $5.1 million, to $68.4 million. Same station revenue improved by 9% in the quarter and 4% year-to-date. Contributing significantly to the organic revenue growth this quarter were stations across Newfoundland and Labrador and Alberta, including Edmonton which posted positive growth in the face of new competition. A mix of organic and incremental growth led to the increased revenue year-to-date. Incremental revenue was generated by the new stations in Charlottetown, Prince Edward Island, Winnipeg, Manitoba as well as Bonnyville and Calgary, Alberta.

When comparing the Company's growth to the industry, which is measured by the Trans-Canada Radio Advertising by Market ("TRAM") Report, the Company is outpacing market. The Company's organic growth of 9% in the quarter was better than the 0.5% growth posted by the TRAM for the same period. 4% organic revenue growth for the nine months ended September 30, 2007 was also better than the 2% posted by TRAM for that period.

Corporate and other revenue was higher than last year due to an increase in hotel revenue.

Other income (expense)

Other income (expense) consists primarily of realized and unrealized investment gains and losses related to marketable securities. In the third quarter this was a net expense of $0.8 million, which was 30%, or $0.4 million better than last year. The decline in value of marketable securities this quarter was $0.6 million as compared to a $1.6 million provision for decline in the same quarter last year. Year-to-date, other income (expense) was a net expense of $1.1 million as compared to income of $7.9 million for the same period last year as the prior period included net gains of $7.1 million from the Company's marketable securities.

Operating expenses

Operating expenses in the quarter were 10%, or $1.8 million higher than last year and year-to-date operating expenses were 5%, or $2.6 million greater than last year. Increased operating expenses were in line with higher variable costs associated with higher revenue. In addition, this quarter benefited from the reduction of approximately $0.4 million of CRTC Part II fees of which $0.3 million related to the first two quarters of 2007. At this point, there has been no appeal of the December 2006 Federal Court of Canada ruling that stated that these fees were an unlawful tax which is why the Company deemed it inappropriate to continue to accrue these fees.

Earnings before interest, taxes, depreciation and amortization (EBITDA(1))

(thousands of dollars except percentages)	Three months ended Sept. 30 2007	2006	Growth To-tal	Growth Org-anic	Nine months ended Sept. 30 2007	2006	Growth To-tal	Growth Org-anic
EBITDA(1)								
Broad-casting	$ 6,433	5,561	16%	17%	17,685	15,476	14%	15%
Corporate and other	(2,663)	(2,940)	-	-	(6,649)	2,010	-	-
	$ 3,770	2,621	44%	47%	11,036	17,486	(37%)	(37%)
% of Revenue								
Broadcasting	26%	25%	1%	1%	26%	24%	2%	1%
Total	15%	12%	3%	6%	16%	24%	(8%)	(8%)

Consolidated EBITDA in the quarter of $3.8 million was 44%, or $1.1 million ahead of the same period last year due to increases in the broadcasting segment. Year-to-date EBITDA of $11.0 million was down 37%, or $6.5 million compared to 2006. Last year's results included net gains of $7.1 million from the disposal of marketable securities.

Broadcasting EBITDA has continued to improve and at $6.4 million was ahead of the same quarter last year by 16%, or $0.9 million. Year-to-date broadcasting EBITDA of $17.7 million was better than the same period last year by 14%, or $2.2 million. Growth in organic operations, combined with reduced CRTC fees discussed earlier contributed to these increases. The stations across Alberta and Newfoundland and Labrador were the primary contributors to organic EBITDA growth.

Depreciation and amortization

Depreciation and amortization expense was 9%, or $0.1 million higher than the third quarter last year and 8%, or $0.2 million higher than year-to-date comparatives. The reason for these increases is the higher depreciable asset base in 2007.

Interest expense

Interest expense was lower than last year. The Company's lower long-term debt balance helped to offset slightly higher interest rates.

Accretion of other liabilities

Accretion of other liabilities arises from discounting Canadian Content Development ("CCD") commitments to reflect the fair value of the obligations. The expense recognized in the quarter and the nine months ended September 30, 2007 was higher than last year because of additional CCD obligations related to the new Calgary, Alberta licence.

Loss (income) on equity accounted investment

The Company's 29.9% interest in Larche Communications (Kitchener) Inc. was sold on April 12, 2007 and as a result, there was no amount for income on equity accounted investment since then. Year-to-date results include the Company's proportionate share of the losses realized up to the date the interest was sold.

Gain on disposal of equity accounted investment

The Company disposed of its interest in Larche Communications (Kitchener) Inc. for proceeds of $4.0 million which resulted in a $3.8 million gain in the second quarter.

Gain on disposal of long-term investment

On January 19, 2007, the Halterm Income Fund Trust Units were disposed of for proceeds of $14.5 million (2006 - $0.4 million) which resulted in a year-to-date gain of $10.8 million (2006 - $0.2 million).

Income taxes

The effective income tax rate in the quarter was 13% and 24% for the nine month period ended September 30, 2007. The effective tax rates are less than the statutory rates because of the lower tax rate attributed to realized capital gains and lower future income tax expense as a result of reversals of temporary differences. The comparative provision for income taxes was also lower than the statutory rate because in June 2006 the Company re-measured its future income tax assets and liabilities due to the enactment of lower general corporate tax rates in Canada, resulting in a future income tax recovery of $1.3 million.

Non-controlling interest in subsidiaries' earnings

Non-controlling interest in subsidiaries' earnings in the quarter and year-to-date was lower than 2006. This is attributed to the fact that the Company purchased one of its minority interests during the second quarter, no longer requiring the use of non-controlling interest accounting since the acquisition date. Subsequent to the end of the third quarter, the remaining minority interest was purchased.

Net income	Three months ended September 30		Nine months ended September 30	
(thousands of dollars)	2007	2006	2007	2006
Net income	$ 1,332	9	14,547	8,682

Net income of $1.3 million was 147% ahead of the same quarter last year. Year-to-date net income of $14.5 million was 68%, or $5.9 million higher than last year mainly due to this year's gains that arose from the disposals of Halterm Income Fund Trust Units and the equity accounted investment in Larche Communications (Kitchener) Inc.

Selected Quarterly Financial Information

The Company's revenue is derived primarily from the sale of advertising airtime which is subject to seasonal fluctuations. The first quarter of the year is generally a period of lower retail spending. Other factors affecting the variability of net income in the quarters presented below are as follows. In 2006, an $8.7 million gain realized on marketable securities positively affected the second quarter while the third quarter was negatively impacted by a $1.6 million decline in the value of marketable securities. The 2007 first quarter's net income was impacted by the $10.8 million gain on disposal of the

Halterm Income Fund Trust Units and the second quarter was affected by the $3.8 million gain on disposal of the equity accounted investment in Larche Communications (Kitchener) Inc.

(thousands of dollars except per share data)	2007			2006				2005
	3rd	2nd	1st	4th	3rd	2nd	1st	4th
Revenue	$ 25,405	26,159	19,518	28,064	22,788	24,522	18,563	24,600
Net income	1,332	5,807	7,408	3,285	9	7,506	1,167	2,691
Earnings per share								
- Basic	0.12	0.53	0.67	0.29	0.00	0.67	0.10	0.24
- Diluted	0.12	0.51	0.64	0.28	0.00	0.65	0.10	0.23

Liquidity and capital resources

Selected cash flow information - three months ended September 30, 2007

The cash from operating activities of $3.6 million, combined with net debt borrowings of $2.4 million were used to make CCD payments totaling $2.4 million, to pay dividends of $1.7 million and to purchase property and equipment of $2.0 million.

Selected cash flow information - three months ended September 30, 2006

In the third quarter of 2006, cash from operations of $2.7 million combined with net bank borrowings of $1.3 million were used to pay dividends of $1.7 million and to purchase property and equipment of $1.8 million.

Selected cash flow information - nine months ended September 30, 2007

The cash generated from operating activities was $1.1 million. These funds, combined with proceeds of $18.5 million from the disposals of Halterm Income Fund Trust Units and the equity accounted investment, were used to acquire the non-controlling interest in 3937844 Canada Inc. for $10.7 million, to repurchase capital stock of $3.7 million, to purchase property and equipment of $3.8 million, to pay $3.3 million toward CCD and to pay dividends of $3.3 million.

Selected cash flow information - nine months ended September 30, 2006

The cash generated from operations of $10.7 million was used to purchase property and equipment of $3.7 million, to finance the $2.3 million Winnipeg, Manitoba acquisition, to pay $3.4 million of dividends and to repurchase $2.0 million of capital stock.

Expenditures in capital assets in the third quarter were due to the upcoming relocation to new premises in Ottawa, Ontario, capital requirements for the new Lac La Biche FM licence and upgrades of assets throughout the Company. In addition to these expenditures, prior quarters' capital costs included the launch of the new FM licence in Calgary, Alberta and converting the AM station to FM in Edson, Alberta. In the next twelve months, the Company will spend approximately $9.0 million to launch new licences, complete the AM to FM conversions and to perform other upgrades throughout the Company.

The Company expects its level of cash flow and the availability of its credit facility to be sufficient to fund working capital, capital expenditures, contractual obligations, the purchase of the minority interest in Atlantic Stereo Limited and other cash requirements as described above.

Credit facility and capital structure

In September 2007 the Company received approval to increase its syndicated credit facility from $65.0 million to $80.0 million. The revolving credit facility is renewed annually; the current maturity date is April 2008. This type of credit facility provides flexibility because there are no scheduled repayment terms. Covenants for the facility require that the Company maintain certain financial ratios. The Company was in compliance with the covenants throughout the quarter and at quarter end, and expects to be for the foreseeable future. As at September 30, 2007 the Company had $2.1 million of bank indebtedness outstanding and $53.7 million of long-term debt, of which $6.7 million was current. The current portion of long-term debt includes an allocation of $6.7 million of the revolving facility; however, since this is a revolving term credit facility, there are no scheduled repayments. Working capital was $3.5 million compared to $9.7 million as at December 31, 2006; the decline was primarily due to the above-described allocation of $6.7 million of long-term debt.

Annual impairment testing of intangible assets

The Company performed its annual impairment analysis of its long-lived intangible assets, which consist of broadcast licences and goodwill. The Company's policy for assessing impairment remained unchanged from the accounting policy published in the 2006 annual report. As at August 31, 2007, the Company concluded that no provision for impairment of broadcast licences or goodwill was required.

Contractual obligations

In addition to the Company's contractual obligations disclosed in the 2006 Annual Report, the Company is committed to fund CCD payments related to the conversions of AM to FM signals and the new FM licences described under "Corporate Developments". The commitments aggregating $1.3 million are payable at a rate of $0.2 million per year for seven years.

Financial condition

Capital employed

Assets at quarter end totalled $214.8 million, down from $217.8 million at December 31, 2006 primarily due to the decrease in current assets. At quarter end the capital structure consisted of 47% equity ($100.3 million) and 53% debt ($114.5 million). Total bank debt is 56% of equity, compared to the year end ratio of 60%. The total bank debt to EBITDA ratio, calculated in accordance with the Company's credit facility, was 3.3 to 1.

Share repurchases

The Company has approval under a Normal Course Issuer Bid to repurchase up to 497,012 Class A Subordinate Voting Shares ("Class A shares") and 62,913 Class B Common Shares. This bid expires January 29, 2008. In the quarter, no Class A shares were repurchased. For the same period in 2006, 24,300 Class A shares were purchased for a total cost of $0.5 million. Year-to-date, the Company repurchased 198,800 of its outstanding Class A shares (2006 - 119,400) for a total cost of $3.7 million (2006 - $2.0 million) which resulted in reducing capital stock by $0.8 million (2006 - $0.5 million) and retained earnings by $2.9 million (2006 - $1.5 million).

Outstanding share data

The weighted average number of shares outstanding was 11,091,000 as compared to last year's 11,197,000; the reduction mainly due to share repurchases. As at November 8, 2007, there are 9,833,000 Class A shares and 1,258,000 Class B Common Shares outstanding.

Executive compensation

Cashless exercise of stock options

In May 2007, the Company received shareholder and Toronto Stock Exchange ("TSX") approval to amend certain aspects of the Executive Stock Option Plan, including the option to exercise options on a cashless basis. On May 31, 2007, 195,000 options were exercised on a cashless basis to acquire Class A shares of the Company at a weighted average exercise price of $12.75. The Company issued 67,271 Class A shares with an aggregate value equal to the difference between the exercise price of the options and the fair market value of the Company's Class A shares. The fair market value of the Class A shares was based on the volume weighted average trading price of one Class A share on the TSX over the period of five consecutive trading days ended on and including the day prior to May 31, 2007. This transaction resulted in increasing year-to-date capital stock and decreasing year-to-date contributed surplus by $0.7 million.

Executive stock option plan

In the quarter, no Class A shares were issued pursuant to the Executive Stock Option Plan. In 2006, 15,000 Class A shares were issued in the third quarter for proceeds of $0.1 million. Year-to-date, 91,021 Class A shares were issued as follows: 23,750 (2006 - 20,050) Class A shares were issued for proceeds of $0.2 million (2006 - $0.2 million) and 67,271 Class A shares were issued as a result of a cashless exercise of 195,000 options, described above. No options were granted in the quarter or year-to-date. Last year, the Company granted 115,000 options at a weighted average exercise price of $16.53. During the quarter, 105,000 options expired bringing the number of stock options outstanding for Class A shares to 655,000 at prices ranging from $7.30 to $16.53; 630,000 are vested. In May 2006, the expiry date of certain options subject to expire was extended resulting in a one-time charge to compensation expense in the amount of $0.8 million. Compensation expense related to stock options for the three months ended September 30, 2007 was $nil (2006 - $0.1 million) and year-to-date was $0.2 million (2006 - $1.2 million).

Stock appreciation rights plan

In January 2006, the Company granted 425,000 stock appreciation rights at a reference price of $16.53. 30,000 of these rights have expired. On March 2, 2007, 5,000 stock appreciation rights were granted at a reference price of $18.41 and on August 9, 2007, 85,000 stock appreciation rights were granted at a reference price of $19.91. The rights vest at a rate of 50% at the end of year three, 25% at the end of year four and 25% at the end of year five. The rights are exercisable as they vest. At the date of exercise, cash payments are made to the holders based on the difference between the market value of the Company's Class A shares and the reference price. All rights granted under this plan expire on the 60th day following the 5th anniversary of the grant date. The Class A shares' market price at quarter end was lower than it had been throughout 2007 and as a result, the cumulative compensation expense and liability related to the stock appreciation rights plan ("SAR Plan") was reduced. For the three months ended September 30, 2007, the compensation expense and liability were reduced by $0.1 million. For the same period last year, the expense was less than $0.1 million. Year-to-date compensation expense aggregated $0.1 million (2006 - less than $0.1 million) and the total obligation included in other liabilities was $0.2 million (2006 - less than $0.1 million).

Derivative financial instruments and financial risk management

Interest rate risk management

The Company has two interest rate swap agreements having a notional amount of $20.0 million and $5.0 million, expiring February 27, 2009 and February 27, 2011, respectively (2006 - $30.0 million). The Company enters into interest rate swap agreements to hedge interest rate risk on a portion of its long-term debt whereby the Company will exchange the three-month bankers' acceptance floating interest rate for a fixed interest rate during the term of the agreements. The difference between the fixed and floating rates is settled quarterly with the bank and recorded as an increase or decrease to interest expense. The Company formally assesses effectiveness of the swaps at inception and on a regular basis and has concluded that the swaps are effective in offsetting changes in interest rates. The estimated fair value of the interest rate swaps at September 30, 2007 was a gain receivable of less than $0.1 million. For the three months ended September 30, 2007, the net change in the fair value of the swaps was a loss of $0.2 million, before income tax recovery of $0.1 million and these were recorded in other comprehensive income ("OCI"). Year-to-date the net change in fair value recognized in OCI was a gain of $0.2 million, before income tax expense of $0.1 million. For the same period last year, the fair value of the swap agreements was a loss payable of $0.2 million; however, this was not recorded since prior to January 1, 2007 there was no requirement to adjust derivatives designated as hedges on the balance sheet at their fair value when they qualified for hedge accounting. The accumulated loss at January 1, 2007 of $0.2 million was recorded, net of income tax recoveries of $0.1 million, as a transition adjustment to opening accumulated other comprehensive income ("AOCI").

Share price volatility management

In July 2006, the Company entered into an agreement to hedge its obligations under the SAR Plan using an equity total return swap agreement to reduce the volatility in cash flow and earnings due to possible future increases in the Company's share price. Gains or losses realized on the quarterly settlement dates are recognized in income in the same period as the SAR Plan compensation expense. Unrealized gains and losses, to the extent that the hedge is effective, are deferred and included in OCI until such time as the hedged item affects net income. If at any time, the hedge is deemed to be ineffective or the hedge is terminated or de-designated, gains or losses, including those previously recognized in OCI, will be recorded in net income immediately.

The Company has concluded that this cash flow hedge is effective. As at September 30, 2007, the estimated fair value of the loss payable was $0.2 million. The net change in the fair value of the swap in the quarter, recognized in OCI, was a loss of $0.9 million. Of this amount, before-tax realized losses of $0.2 million were transferred from OCI to net income bringing the third quarter OCI before-tax loss to $0.7 million. Before-tax unrealized losses in OCI aggregated $0.2 million for the nine months ended September 30, 2007 while before-tax realized gains totaling less than $0.1 million were transferred from OCI to net income year-to-date. OCI income tax recovery related to this cash flow hedge in the quarter was $0.3 million while the year-to-date recovery was $0.1 million. The accumulated loss at January 1, 2007 related to this cash flow hedge was less than $0.1 million and was recorded, net of income tax recoveries of less than $0.1 million, as a transition adjustment to opening AOCI.

Credit risk management

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment of an unrealized gain fails to perform. Credit exposure is managed through credit approval and monitoring procedures. The Company does not anticipate any counterparties that it currently transacts with will fail to meet their obligations as the counterparties are Canadian Chartered Banks. At September 30, 2007 and 2006, there was no credit exposure to the Company related to its financial instruments.

The Company is subject to normal credit risk with respect to its receivables and it maintains a provision for potential credit losses. A large customer base and geographic dispersion minimize this risk.

Adoption of new accounting policies

The Company's accounting policies have remained unchanged since the 2006 Annual Report except for the accounting policies adopted January 1, 2007 as a result of new policies issued by the Canadian Institute of Chartered Accountants ("CICA"): Section 1530 Comprehensive Income, Section 3855 Financial Instruments - Recognition and Measurement and Section 3865 Hedges. The changes in the accounting policies were applied retroactively without restatement.

Section 1530 Comprehensive Income

This Section introduces the concept of comprehensive income which consists of net income and OCI and represents the change in equity during a period from transactions and other events from non-owner sources. Items to be recognized in OCI include unrealized changes in the fair value of the effective portion of cash flow hedging instruments, gains or losses on financial assets classified as available-for-sale and the associated income tax effect of OCI components. Amounts recognized in OCI eventually are reclassified to the income statement. As a result of adopting this Section, the Company's consolidated financial statements now include a consolidated statement of comprehensive income and a consolidated statement of AOCI. AOCI is a separate line item reported in the statement of shareholders' equity.

Section 3855 Financial Instruments - Recognition and Measurement

Section 3855 prescribes that all financial instruments are to be recorded on the consolidated balance sheets at their fair value upon adoption of this policy and on initial recognition of financial instruments. Thereafter, measurement at fair value is required except for financial instruments classified as held-to-maturity investments, loans and receivables or other financial liabilities, which are to be measured at amortized cost using the effective interest method ("EIM"). The Company has classified its financial assets and liabilities according to the provisions covered under Section 3855; details are included in Note 2 of the unaudited interim consolidated financial statements.

"Held for trading" is a defined term and an accounting concept in accordance with CICA Handbook Section 3855 Financial Instruments which defines held for trading assets as those that are able to be sold in the near term. This term does not necessarily reflect management's intention related to those assets defined as held for trading. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recorded immediately in net income. Marketable securities were classified as held for trading because they may be sold in the near term. The fair value of marketable securities is based on the quoted share prices in active markets. For the quarter ended September 30, 2007, the change in fair value of marketable securities, recognized in other income (expense) on the unaudited interim consolidated income statements, was a loss of $0.6 million bringing the year-to-date loss to $1.3 million.

Assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Fair value of the Company's available-for-sale asset on January 1, 2007 was based on the quoted unit price in active markets.

The financial instruments classified as loans and receivables and other liabilities are measured using amortized cost using EIM. Under the EIM, interest income and expense are calculated and recorded using the effective interest rate which is the rate that exactly discounts estimated future cash receipts or payments throughout the expected life of the financial instrument. Interest income and expense related to financial assets and financial liabilities are being recorded using the EIM.

Current assets' and current liabilities' carrying values are representative of their fair values due to the relatively short period to maturity. The fair value of long-term debt approximates the carrying value because the floating interest rate is reflective of the market interest rate available to the Company. The carrying values of the Company's other financial assets and liabilities approximate their fair values as at September 30, 2007.

Transaction costs directly attributable to financial instruments classified as other than held for trading are included in the initial carrying value of such instruments and are amortized using the EIM.

In accordance with Section 3855, the Company conducted a search for embedded derivatives in its contractual arrangements dated or modified subsequent to January 1, 2003. An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. When certain conditions are met, an embedded derivative is separated from the host contract and accounted for separately as a derivative on the balance sheet at fair value. The Company's policy is to recognize embedded derivatives on the consolidated balance sheet, when applicable. This rule has no impact on the consolidated financial statements of the Company at this time.

Section 3865 Hedges

This Section applies to designated hedging relationships and provides guidance by specifying how hedge accounting is applied and what disclosures are required. In particular, derivatives designated as hedges must be recorded on the balance sheet at fair value on adoption date; off-balance sheet accounting is no longer permitted. Gains and losses from any ineffectiveness in hedging relationships must now be identified, measured and recorded in net income immediately. Gains and losses arising from the hedged risk in a cash flow hedge, to the extent that the hedging relationship is effective, are deferred and included in OCI until such time as the hedged item affects net income.

Transitional adjustments due to the adoption of new accounting policies

As at January 1, 2007, the Company's investment in Halterm Income Fund Trust Units was classified as an available-for-sale asset. It was disposed of on January 19, 2007 for proceeds of $14.5 million which resulted in an after-tax gain on disposal of $8.9 million. Section 3855 stipulates that available-for-sale assets are to be recorded at fair value on the balance sheet on the transition date and Section 1530 specifies that unrealized gains or losses on available-for-sale assets are to be recorded in OCI until the gains or losses are realized. As a result, on January 1, 2007, the Company adjusted the carrying value of the investment and opening accumulated other comprehensive income by $8.9 million. On the date of disposal, the realized gain was transferred from OCI to net income.

As at January 1, 2007, net cash flow hedge losses aggregating $0.1 million were recorded as an adjustment to opening AOCI as a result of recognizing the derivatives at fair value on the balance sheet. For further information on the effect of adopting these new accounting policies on the Company's derivative financial instruments, refer to Note 7 of the unaudited interim consolidated financial statements.

Future accounting policy changes

The CICA released new sections that will be applicable to the Company effective for years beginning on or after October 31, 2007. Section 1535 Capital Disclosures introduces new disclosure requirements surrounding an entity's objectives, policies and procedures for managing capital. Section 3862 Financial Instruments - Disclosures and Section 3863 - Financial Instruments - Presentation build on Section 3861 and provide additional presentation and disclosure guidance for financial instruments. Other than the additional disclosure and presentation requirements, the Company anticipates no significant financial impact as a result of adopting these new Sections on January 1, 2008.

Subsequent event

As disclosed under "Corporate developments", on October 1, 2007, the Company acquired the 37.8% minority interest in Atlantic Stereo Limited, which operates the two FM licences in Moncton, New Brunswick, for cash consideration of $6.9 million. Additional information is contained in Note 12 of the unaudited interim consolidated financial statements.

Critical accounting estimates

There has been no substantial change in the Company's critical accounting estimates since the publication of the 2006 Annual Report except for certain estimates required in determining fair value in conjunction with the adoption of new accounting policies described in Note 2 of the unaudited interim consolidated financial statements.

Risks and opportunities

There has been no substantial change in the Company's risks and opportunities since the publication of the 2006 Annual Report, except for the following update to the CRTC licence fees. On December 15, 2006, the Federal Court of Canada ruled that the CRTC Part II fees were an unlawful tax. The Company deemed that because there has been no appeal of the December 2006 ruling that it was no longer appropriate to accrue for these fees in its 2007 results. The results of this determination were described earlier under the heading Operating expenses. The decision could still be appealed and the outcome of the appeal could affect future results.

Changes in internal controls over financial reporting

There were no changes in the Company's internal controls over financial reporting that occurred in the three months and nine months ending September 30, 2007 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

Outlook

For the remainder of 2007 the Company is focused on the work required to launch the new radio stations and the continued growth and development of the radio stations in its most competitive markets. To this end, management is working on the following initiatives:

- The ongoing development of programming and marketing initiatives through intensive research of markets and music to increase listenership.
- Ensure all fixed costs provide a positive return on investment.
- Continue to reduce variable costs as a percentage of revenue as properties mature and begin to provide enhanced operating margins.
- Launch the new FM licences and integrate them into the Company's operating platform. New FM licences include Lac La Biche and Fort McMurray, Alberta and Sydney and Kentville, Nova Scotia. These four new station launches will be completed within the next twelve months and will contribute to incremental revenue in 2008.

In addition to managing current operations, the Company continues to apply to the CRTC for new licences and for additional AM to FM conversions. The CRTC awarded the Company the ability to convert AM signals to FM in Edson, Alberta, Halifax, Nova Scotia and Carbonear, Newfoundland and Labrador. The Edson station was launched in July, and management hopes to complete the Carbonear conversion as soon as possible. Other conversions will be explored throughout the remainder of 2007.

Management remains focused on accretive acquisitions as opportunities present themselves.

Non-GAAP Measure

(1) EBITDA is defined as net income excluding depreciation and amortization expense, interest expense, accretion of other liabilities, loss (income) on equity accounted investment, gain on disposal of equity accounted investment, gain on disposal of long-term investment, provision for income taxes and non-controlling interest in subsidiaries' earnings. A calculation of this measure is as follows:

	Three months ended September		Nine months ended September	
(thousands of dollars)	2007	2006	2007	2006
Net income	$ 1,332	9	14,547	8,682
Non-controlling interest in subsidiaries' earnings	125	162	417	476
Provision for income taxes	211	520	4,624	2,490
Gain on disposal of long-term investment	-	-	(10,843)	(168)
Gain on disposal of equity accounted investment	-	-	(3,826)	-
Loss (income) on equity accounted investment	-	(38)	14	(33)
Accretion of other liabilities	357	207	1,005	923
Interest expense	722	820	2,190	2,427
Depreciation and amortization expense	1,023	941	2,908	2,689
EBITDA	$ 3,770	2,621	11,036	17,486

This measure is not defined by generally accepted accounting principles and is not standardized for public issuers. This measure may not be comparable to similar measures presented by other public enterprises. The Company has included this measure because the Company's key decision makers believe certain investors use it as a measure of the Company's financial performance and for valuation purposes. The Company also uses this measure internally to evaluate the performance of management.

Newfoundland Capital Corporation Limited
Notice of Disclosure of Non-Auditor Review of Interim Financial Statements for the three months and nine months ended September 30, 2007 and 2006

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, the interim financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor if an auditor has not performed a review of the interim financial statements.

The accompanying unaudited interim consolidated financial statements of the Company for the three months and nine months ended September 30, 2007 and 2006 have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of the Company's management.

The Company's independent auditors, Ernst & Young LLP, have not performed a review of these interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Dated this 8th day of November, 2007

Interim Consolidated Balance Sheets
(unaudited)

(thousands of dollars)	September 30 2007	December 31 2006
Assets		
Current assets		
Marketable securities	$ 12,758	12,404
Receivables	19,083	20,783
Note receivable	-	927
Prepaid expenses	1,267	610
Current future income tax assets	1,858	1,925
Other asset (note 2)	-	3,704
Total current assets	34,966	40,353
Property and equipment	33,749	32,392
Other assets	3,856	8,069
Broadcast licences (note 3)	136,428	131,267
Goodwill (note 3)	4,225	4,337
Future income tax assets	1,548	1,344
	$214,772	217,762
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness	$ 2,056	802
Accounts payable and accrued liabilities	16,152	19,459
Dividends payable	-	1,680
Income taxes payable	6,483	8,711
Current portion of long-term debt	6,736	23
Total current liabilities	31,427	30,675
Long-term debt	46,995	53,771
Other liabilities	18,121	17,083
Future income tax liabilities	16,748	13,631
Non-controlling interest in subsidiaries (note 3)	1,137	11,680
Shareholders' equity	100,344	90,922
	$214,772	217,762

Commitments (note 11)
Subsequent event (note 12)
See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Income
(unaudited)

(thousands of dollars except per share data)	Three months ended September 30 2007	Three months ended September 30 2006	Nine months ended September 30 2007	Nine months ended September 30 2006
Revenue	$ 25,405	22,788	71,082	65,873
Other income (expense)	(830)	(1,190)	(1,109)	7,938
	24,575	21,598	69,973	73,811
Operating expenses	20,805	18,977	58,937	56,325

Depreciation	863	848	2,453	2,352
Amortization of deferred charges	160	93	455	337
Operating income	2,747	1,680	8,128	14,797
Interest	722	820	2,190	2,427
Accretion of other liabilities (note 3)	357	207	1,005	923
Loss (income) on equity accounted investment	-	(38)	14	(33)
Gain on disposal of equity accounted investment (note 3)	-	-	(3,826)	-
Gain on disposal of long-term investment (note 2)	-	-	(10,843)	(168)
	1,668	691	19,588	11,648
Provision for income taxes (note 8)	211	520	4,624	2,490
	1,457	171	14,964	9,158
Non-controlling interest in subsidiaries' earnings	125	162	417	476
Net income	$ 1,332	9	14,547	8,682
Earnings per share (note 9)				
- basic	$ 0.12	0.00	1.31	0.77
- diluted	0.12	0.00	1.27	0.75

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Shareholders' Equity
(unaudited)

	Nine months ended September 30	
(thousands of dollars)	2007	2006
Retained earnings, beginning of period	$ 45,525	38,441
Net income	14,547	8,682
Dividends declared	(1,664)	(1,678)
Repurchase of capital stock (note 4)	(2,890)	(1,525)
Retained earnings, end of period	55,518	43,920
Capital stock (note 4)	43,345	43,304
Contributed surplus	1,567	1,989
Accumulated other comprehensive income (note 2)	(86)	-
Total shareholders' equity	$100,344	89,213

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Comprehensive Income
(unaudited)

	Three months ended September	Nine months ended September

(thousands of dollars)	30, 2007	30, 2007
Net income	$ 1,332	14,547
Other comprehensive income (loss):		
Net change in fair values of cash flow hedges (note 7)		
Net change in fair value of interest rate swaps	(166)	191
Net change in fair value of equity total return swap	(735)	(181)
Income tax recovery on the net change in fair value of interest rate swaps and equity total return swap	362	27
	(539)	37
Net change in fair value of asset available-for-sale (note 2)		
Realized gain on disposal of Halterm Income Fund Trust Units transferred to net income, net of income taxes of $1,952	-	(8,891)
Other comprehensive income (loss)	(539)	(8,854)
Comprehensive income	$ 793	5,693

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statement of Accumulated Other Comprehensive Income
(unaudited)

(thousands of dollars)	Nine months ended September 30 2007
Accumulated other comprehensive income, beginning of period	$ -
Transition adjustment for cash flow hedges, net of income tax recovery of $77 (notes 2 and 7)	(123)
Transition adjustment for unrealized gains associated with available-for-sale investment, net of income taxes of $1,952 (note 2)	8,891
Accumulated other comprehensive income, beginning of period	8,768
Other comprehensive income for the period	(8,854)
Accumulated other comprehensive income, end of period	$ (86)

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Cash Flows
(unaudited)

	Three months ended September 30		Nine months ended September 30	
(thousands of dollars)	2007	2006	2007	2006
Operating Activities				
Net income	$ 1,332	9	14,547	8,682
Items not involving cash				
Depreciation and				

amortization	1,023	941	2,908	2,689
Future income taxes (recovery)	298	(31)	1,494	10
Gain on disposal of long-term investment (note 2)	-	-	(10,843)	(168)
Gain on disposal of equity accounted investment (note 3)	-	-	(3,826)	-
Executive stock-based compensation plans (notes 4 and 6)	(129)	147	279	1,220
Accretion of other liabilities (note 3)	357	207	1,005	923
Non-controlling interest in subsidiaries' earnings	125	162	417	476
Other	147	(101)	(238)	(257)
	3,153	1,334	5,743	13,575
Change in non-cash working capital relating to operating activities	449	1,329	(4,623)	(2,889)
	3,602	2,663	1,120	10,686
Financing Activities				
Change in bank indebtedness	(2,292)	321	1,254	812
Long-term debt borrowings	4,700	1,015	13,700	4,515
Long-term debt repayments	(5)	(6)	(13,763)	(4,539)
Issuance of capital stock (note 4)	-	120	185	163
Repurchase of capital stock (note 4)	-	(451)	(3,737)	(2,034)
Dividends paid	(1,664)	(1,678)	(3,343)	(3,373)
Canadian Content Development commitment payments	(2,431)	(256)	(3,289)	(1,169)
Other	-	-	(605)	(302)
	(1,692)	(935)	(9,598)	(5,927)
Investing Activities				
Note receivable	-	-	1,000	1,000
Property and equipment additions	(2,043)	(1,774)	(3,810)	(3,663)
Acquisition of businesses, licences and non-controlling interest (note 3)	-	-	(10,745)	(2,296)
Proceeds from disposal of Halterm Income Fund Trust Units and equity accounted investment (notes 2 and 3)	-	-	18,547	399
Deferred charges	114	(132)	(582)	(547)
Employee share purchase loan repayment	-	-	2,826	-
Other	19	178	1,242	348
	(1,910)	(1,728)	8,478	(4,759)
Cash, beginning and end of period	$ -	-	-	-

Supplemental Cash Flow

Information				
Interest paid	$ 768	570	2,374	2,315
Income taxes paid	1,864	550	2,626	1,524

See accompanying notes to the interim consolidated financial statements

Notes to the Interim Consolidated Financial Statements - September 30, 2007 and 2006 (unaudited)

1. ACCOUNTING PRESENTATIONS AND DISCLOSURES

The interim financial statements presented herein were prepared by the Company and follow the same accounting policies and their methods of application as the 2006 annual financial statements. These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements. They do not include all of the information and disclosures required by GAAP for annual financial statements. Accordingly, these financial statements should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes contained in the Company's 2006 Annual Report.

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

The Company's accounting policies have remained unchanged since the 2006 Annual Report with the exception of the adoption of new accounting policies described in Note 2.

2. ADOPTION OF NEW ACCOUNTING POLICIES

Effective January 1, 2007, the Company has adopted the following new accounting policies as issued by the Canadian Institute of Chartered Accountants ("CICA"): Section 1530 Comprehensive Income, Section 3855 Financial Instruments - Recognition and Measurement and Section 3865 Hedges. The changes in the accounting policies were applied retroactively without restatement.

Section 1530 Comprehensive Income

This Section introduces the concept of comprehensive income which consists of net income and other comprehensive income ("OCI") and represents the change in equity during a period from transactions and other events from non-owner sources. Items to be recognized in OCI include unrealized changes in the fair value of the effective portion of cash flow hedging instruments, gains or losses on financial assets classified as available-for-sale and the associated income tax effect of OCI components. Amounts recognized in OCI eventually must be reclassified to the income statement. As a result of adopting this Section, the Company's consolidated financial statements now include a consolidated statement of comprehensive income and a consolidated statement of accumulated other comprehensive income ("AOCI"). AOCI is a separate line item reported in the statement of shareholders' equity.

Section 3855 Financial Instruments - Recognition and Measurement

Section 3855 prescribes that all financial instruments are to be recorded on the consolidated balance sheets at their fair value upon adoption of this policy and on initial recognition of financial instruments. Thereafter, measurement at fair value is required except for financial instruments classified as held-to-maturity investments, loans and receivables or other financial liabilities, which are to be measured at amortized cost using the effective interest method ("EIM"). The Company has classified its financial instruments as shown in the following table. Subsequent to fair value recognition on January 1, 2007, the adoption date, the financial instruments will be measured as follows based on their classification.

Asset / Liability	Classification	Measurement
Cash and bank indebtedness	Held for trading(1)	Fair value
Marketable securities	Held for trading	Fair value
Investment in Halterm Income Fund Trust Units	Available-for-sale	Fair value
Receivables	Loans and receivables	Amortized cost using EIM
Note receivable	Loans and receivables	Amortized cost using EIM
Accounts payable and accrued liabilities	Other liabilities	Amortized cost using EIM
Long-term debt	Other liabilities	Amortized cost using EIM
Canadian Content Development commitments, included in other liabilities	Other liabilities	Amortized cost using EIM

(1) "Held for trading" is a defined term and an accounting concept in accordance with CICA Handbook Section 3855 Financial Instruments which defines held for trading assets as those that are able to be sold in the near term. This term does not necessarily reflect management's intention related to those assets defined as held for trading.

Instruments classified as held for trading are measured at fair value with unrealized gains and losses recorded immediately in net income. Fair value of marketable securities is based on the quoted share prices in active markets. For the quarter ended September 30, 2007, the change in fair value of marketable securities, recognized in other income (expense) in the interim consolidated statements of income, was a loss of $649,000 bringing the year-to-date loss to $1,276,000.

Assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Fair value of the Company's available-for-sale asset on January 1, 2007 was based on the quoted unit price in active markets.

The financial instruments classified as loans and receivables and other liabilities are measured using amortized cost using EIM. Under the EIM, interest income and expense are calculated and recorded using the effective interest rate which is the rate that exactly discounts estimated future cash receipts or payments throughout the expected life of the financial instrument. Interest income and expense related to financial assets and financial liabilities are being recorded using the EIM.

Current assets' and current liabilities' carrying values are representative of their fair values due to the relatively short period to maturity. The fair value of long-term debt approximates the carrying value because the floating interest rate is reflective of the market interest rate available to the Company. The carrying values of the Company's other financial assets and liabilities approximate their fair values as at September 30, 2007.

Transaction costs directly attributable to financial instruments classified as other than held for trading are included in the initial carrying value of such instruments and are amortized using EIM.

In accordance with Section 3855, the Company conducted a search for embedded derivatives in its contractual arrangements dated or modified subsequent to January 1, 2003.

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. When certain conditions are met, an embedded derivative is separated from the host contract and accounted for separately as a derivative on the balance sheet at fair value. The Company's policy is to recognize embedded derivatives on the consolidated balance sheet, when applicable. This rule has no impact on the consolidated financial statements of the Company at this time.

Section 3865 Hedges

This Section applies to designated hedging relationships and provides guidance by specifying how hedge accounting is applied and what disclosures are required. In particular, derivatives designated as hedges must be recorded on the balance sheet at fair value on adoption date; off-balance sheet accounting is no longer permitted. Gains and losses from any ineffectiveness in hedging relationships must now be identified, measured and recorded in net income immediately. Gains and losses arising from the hedged risk in a cash flow hedge, to the extent that the hedging relationship is effective, are deferred and included in other comprehensive income until such time as the hedged item affects net income.

Transitional adjustments due to the adoption of new accounting policies

As at January 1, 2007, the Company's investment in Halterm Income Fund Trust Units was classified as an available-for-sale asset with a book value of $3,704,000. It was disposed of on January 19, 2007 for proceeds of $14,547,000 which resulted in a gain on disposal of $10,843,000 ($8,891,000 after-tax). In 2006, certain units were disposed of for proceeds of $399,000 resulting in a $168,000 gain ($138,000 after-tax). Section 3855 stipulates that available-for-sale assets are to be recorded at fair value on the balance sheet on the transition date and Section 1530 specifies that unrealized gains or losses on available-for-sale assets are to be recorded in OCI until the gains or losses are realized. As a result, on January 1, 2007, the Company adjusted the carrying value of the investment and opening accumulated other comprehensive income by $8,891,000. On the date of disposal, the realized gain was transferred from OCI to net income.

As at January 1, 2007, cash flow hedge losses aggregating $200,000, net of income tax recoveries of $77,000, were recorded as an adjustment to opening AOCI as a result of recognizing the derivatives at fair value on the balance sheet. For further information on the effect of adopting these new accounting policies on the Company's derivative financial instruments, refer to Note 7.

3. ADDITIONS, ACQUISITIONS AND DISPOSALS

Broadcast licence additions

On July 31, 2007, the Company launched the FM station in Edson, Alberta. Upon the launch date, the Company became obligated to pay $5,000 in Canadian Content Development ("CCD") commitments per year for seven years. $35,000 was capitalized as broadcast licences and recorded in other liabilities. Costs incurred related to the award of new broadcast licences such as application costs were also capitalized bringing the total amount for broadcast licences related to this station to $48,000.

On March 19, 2007, the Company launched its new FM radio station in

Calgary, Alberta. Upon the launch date, the Company became obligated to pay $1,000,000 in CCD commitments per year for seven years. Using the amortized cost basis to record these commitments on the consolidated balance sheets, $4,718,000 was capitalized as broadcast licences and recorded in other liabilities. Costs incurred related to the award of new broadcast licences such as application costs are also capitalized bringing the total amount capitalized to broadcast licences related to this station to $4,907,000.

Annual impairment testing of broadcast licences and goodwill

The Company performed its annual impairment analysis of its long-lived intangible assets, which consist of broadcast licences and goodwill. The Company's policy for assessing impairment remained unchanged from the accounting policy published in the 2006 annual report. As at August 31, 2007, the Company concluded that no provision for impairment of broadcast licences or goodwill was required.

Business acquisitions

On May 16, 2007, the Company acquired the minority shareholder's 23.66% interest in 3937844 Canada Inc. for cash consideration of $10,745,000. In addition, cash consideration of $255,000 was paid regarding a loan due to the minority interest shareholder. 3937844 Canada Inc. owns and operates twenty-one licences throughout the province of Alberta. The original 76.34% had been acquired in April 2002 for $30,660,000. The Company accounted for this acquisition of non-controlling interest as a step purchase. The acquisition was financed by the Company's credit facility.

The excess of the purchase price over the net book value of the non-controlling interest acquired was allocated to the net identifiable assets acquired on the basis of their estimated fair market values using the purchase method of accounting. The allocation of the $391,000 excess was as follows: $504,000 to broadcast licences and $113,000 as a future tax liability.

On April 30, 2006, the Company acquired 100% of the common shares of CKJS Limited ("CKJS") entitling it to the property, assets, broadcast licence and rights of CKJS used in connection with the operation of an AM radio station in Winnipeg, Manitoba. Consideration was $2,296,000 and the fair value of the most significant assets acquired and liabilities assumed was allocated as follows: broadcast licences - $1,630,000, goodwill - $727,000, fixed assets - $550,000, customer-related intangible assets - $310,000 and future income tax liabilities - $629,000. The customer-related intangible assets were included in other assets and are being amortized on a straight-line basis over twenty years. Goodwill was not deductible for tax purposes. A provision for professional fees and restructuring costs (employee relocation and involuntary termination costs) was included in working capital as part of the purchase price allocation, of which a portion remained unspent one year after the acquisition date. During the quarter, the unspent portion was adjusted against the value attributed to goodwill.

Disposal of equity accounted investment

On April 12, 2007, the Company disposed of its 29.9% interest in Larche Communications (Kitchener) Inc. which operates an FM radio station in Kitchener, Ontario. The proceeds were $4,000,000 which resulted in a gain on disposal of $3,826,000.

Accretion expense on Canadian Content Development

CCD commitments are capitalized as broadcast licences and recorded as other liabilities and are measured based on the amortized cost using EIM.

This measurement basis gives rise to accretion expense which amounted to $357,000 for the third quarter (2006 - $207,000) and $1,005,000 year-to-date (2006 - $923,000).

4. CAPITAL STOCK

Share repurchases

The Company has approval under a Normal Course Issuer Bid to repurchase up to 497,012 Class A Subordinate Voting Shares ("Class A shares") and 62,913 Class B Common Shares. This bid expires January 29, 2008. In the quarter, no Class A shares were repurchased (2006 - 24,300 Class A shares were purchased for a total cost of $451,000). Year-to-date, the Company repurchased 198,800 of its outstanding Class A shares (2006 - 119,400) for a total cost of $3,737,000 (2006 - $2,034,000) which resulted in reducing capital stock by $847,000 (2006 - $509,000) and retained earnings by $2,890,000 (2006 - $1,525,000).

Cashless exercise of stock options

In May 2007, the Company received shareholder and Toronto Stock Exchange ("TSX") approval to amend certain aspects of the Executive Stock Option Plan, including the option to exercise options on a cashless basis. On May 31, 2007, 195,000 options were exercised on a cashless basis to acquire Class A shares of the Company at a weighted average exercise price of $12.75. The Company issued 67,271 Class A shares with an aggregate value equal to the difference between the exercise price of the options and the fair market value of the Company's Class A shares. The fair market value of the Class A shares was based on the volume weighted average trading price of one Class A share on the TSX over the period of five consecutive trading days ended on and including the day prior to May 31, 2007. This transaction resulted in increasing capital stock and decreasing contributed surplus by $693,000.

Executive stock option plan

In the quarter, no Class A shares were issued pursuant to the Executive Stock Option Plan. In 2006, 15,000 Class A shares were issued in the third quarter for proceeds of $120,000. Year-to-date, 91,021 Class A shares were issued as follows: 23,750 (2006 - 20,050) Class A shares were issued for proceeds of $185,000 (2006 - $163,000) and 67,271 Class A shares were issued as a result of a cashless exercise of 195,000 options, described above. No options were granted in the quarter or year-to-date. Last year, the Company granted 115,000 options at a weighted average exercise price of $16.53. During the quarter, 105,000 options expired bringing the number of stock options outstanding for Class A shares to 655,000 at prices ranging from $7.30 to $16.53; 630,000 are vested. In May 2006, the expiry date of certain options subject to expire was extended resulting in a one-time charge to compensation expense in the amount of $791,000. Compensation expense related to stock options for the three months ended September 30, 2007 was $nil (2006 - $104,000) and year-to-date was $177,000 (2006 - $1,154,000).

5. EMPLOYEE BENEFIT PLANS

	Three months ended September 30		Nine months ended September 30	
(thousands of dollars)	2007	2006	2007	2006
Defined contribution plan expense	$ 351	299	1,015	996
Defined benefit plan expense	126	132	377	396

6. STOCK APPRECIATION RIGHTS

In January 2006, the Company granted 425,000 stock appreciation rights at a reference price of $16.53. 30,000 of these rights have expired. On March 2, 2007, 5,000 stock appreciation rights were granted at a reference price of $18.41 and on August 9, 2007, 85,000 stock appreciation rights were granted at a reference price of $19.91. The rights vest at a rate of 50% at the end of year three, 25% at the end of year four and 25% at the end of year five. The rights are exercisable as they vest. At the date of exercise, cash payments are made to the holders based on the difference between the market value of the Company's Class A shares and the reference price. All rights granted under this plan expire on the 60th day following the 5th anniversary of the grant date. The Class A shares' market price at quarter end was lower than it had been throughout 2007 and as a result, the cumulative compensation expense and liability related to the stock appreciation rights plan ("SAR Plan") was reduced. For the three months ended September 30, 2007, the compensation expense and the liability were reduced by $129,000. For the same period last year, the expense was $43,000. Year-to-date compensation expense was $102,000 (2006 - $66,000) and the total obligation included in other liabilities was $205,000 (2006 - $66,000).

7. DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Interest rate risk management

The Company has two interest rate swap agreements having a notional amount of $20,000,000 and $5,000,000, expiring February 27, 2009 and February 27, 2011, respectively (2006 - $30,000,000). The Company enters into interest rate swap agreements to hedge interest rate risk on a portion of its long-term debt whereby the Company will exchange the three-month bankers' acceptance floating interest rate for a fixed interest rate during the term of the agreements. The difference between the fixed and floating rates is settled quarterly with the bank and recorded as an increase or decrease to interest expense. The Company formally assesses effectiveness of the swaps at inception and on a regular basis and has concluded that the swaps are effective in offsetting changes in interest rates. The estimated fair value of the interest rate swaps at September 30, 2007 was a gain receivable of $39,000. The net change in the fair value of the swaps recognized as a loss in OCI in the third quarter aggregated $166,000, before income tax expense recovery of $68,000. Year-to-date the net change in fair value recognized in OCI was a gain of $191,000, before income tax expense of $65,000. For the same period last year, the fair value of the swap agreements was a loss payable of $204,000; however, this was not recorded since prior to January 1, 2007 there was no requirement to adjust derivatives designated as hedges on the balance sheet at their fair value when they qualified for hedge accounting. The accumulated loss at January 1, 2007 of $153,000 was recorded, net of income tax recoveries of $60,000, as a transition adjustment to opening accumulated other comprehensive income.

(b) Share price volatility risk management

In July 2006, the Company entered into a cash-settled equity total return swap agreement to manage its exposure to fluctuations in its stock-based compensation costs related to the stock appreciation rights plan. Compensation costs associated with the SAR Plan fluctuate as a result of changes in the market price of the Company's Class A shares. The Corporation entered into this swap for a total of 425,000 notional Class A shares with a hedged price of $17.55. The swap expires July 2011; however, the Company may elect to terminate the agreement prior to that date if the Class A share market price is equal to or less than the SAR

Plan reference price of $16.53. The swap is settled on every quarterly settlement date. If the Company's share price is in excess of the hedged price on the settlement date, the Company is entitled to receive the difference per share, and if the Company's share price is less than the hedged price, the Company is obligated to pay the difference per share. A settlement date can automatically be triggered if during any 24 hour trading period, the share price drops by 10% or more. In this event, the Company must cash settle on that date based on that day's share price; however, on the quarterly settlement date if the share price has rebounded, the Company is reimbursed an amount equal to the difference between the hedged price and the share price which triggered the automatic settlement.

The swap includes an interest and dividend component. Interest is accrued and payable by the Company on quarterly settlement dates. Any dividends paid on the Class A shares are reimbursed to the Company on the quarterly settlement dates.

In order to qualify for hedge accounting, there must be reasonable assurance that the instrument is and will continue to be an effective hedge. At the inception of the hedge and on an ongoing basis, the Company formally assesses and documents whether the hedging relationship is effective in offsetting changes in cash flows of the hedged item. Gains or losses realized on the quarterly settlement dates are recognized in other income in the same period as the SAR Plan compensation expense. Unrealized gains and losses, to the extent that the hedge is effective, are deferred and included in other comprehensive income until such time as the hedged item affects net income. If at any time, the hedge is deemed to be ineffective or the hedge is terminated or de-designated, gains or losses, including those previously recognized in OCI, will be recorded in net income immediately.

The Company has concluded that this cash flow hedge is effective. The estimated fair value of the loss payable as at September 30, 2007 was $212,000. The net change in the fair value of the swap in the quarter, recognized in OCI, was a loss of $935,000. Of this amount, before-tax realized losses of $200,000 were transferred from OCI to net income bringing the third quarter OCI before-tax loss to $735,000. Before-tax unrealized losses in OCI aggregated $181,000 for the nine months ended September 30, 2007 while before-tax realized gains totaling $9,000 were transferred from OCI to net income year-to-date. OCI income tax recovery booked in the quarter was $294,000 bringing the year-to-date OCI income tax recovery to $92,000. The accumulated loss at January 1, 2007 related to this cash flow hedge was $47,000 and was recorded, net of income tax recoveries of $17,000, as a transition adjustment to opening AOCI.

(c) Credit risk management

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment of an unrealized gain fails to perform. Credit exposure is managed through credit approval and monitoring procedures. The Company does not anticipate any counterparties that it currently transacts with will fail to meet their obligations as the counterparties are Canadian Chartered Banks. At September 30, 2007 and 2006, there was no credit exposure to the Company related to its financial instruments.

The Company is subject to normal credit risk with respect to its receivables and it maintains a provision for potential credit losses. A large customer base and geographic dispersion minimize this risk.

8. INCOME TAXES

In June 2006, the Federal government enacted a decline in the general corporate income tax rate from 22% to 19% which will be phased in over a period between January 1, 2008 and January 1, 2010. Certain Provincial governments also reduced general corporate income tax rates. Future income tax assets and liabilities were re-measured using the newly enacted tax rates that are expected to be in effect when the related future tax assets and liabilities are settled. This resulted in a non-cash future income tax recovery of $1,300,000 in June 2006 netted against the provision for income taxes.

9. EARNINGS PER SHARE

(thousands)	Three months ended September 30 2007	Three months ended September 30 2006	Nine months ended September 30 2007	Nine months ended September 30 2006
Weighted average common shares used in calculation of basic earnings per share	11,091	11,197	11,095	11,213
Incremental common shares calculated in accordance with the treasury stock method	330	368	396	341
Weighted average common shares used in calculation of diluted earnings per share	11,421	11,565	11,491	11,554

10. SEGMENTED INFORMATION

The Company has one separately reportable segment - broadcasting, which consists of the operations of the Company's radio and television stations. This segment derives its revenue from the sale of broadcast advertising. The reportable segment is a strategic business unit that offers different services and is managed separately. The Company evaluates performance based on earnings before depreciation and amortization. Corporate and other consists of a hotel and the head office functions. Its revenue relates to hotel operations and its other income relates to investment income. Details of segment operations are set out below.

(thousands of dollars)	Broad-casting	Corporate & other	Total	Broad-casting	Corporate & other	Total
	Three months ended Sept. 30			Nine months ended Sept. 30		
2007						
Revenue	$ 24,427	978	25,405	68,430	2,652	71,082
Other income (expense)	-	(830)	(830)	-	(1,109)	(1,109)
	24,427	148	24,575	68,430	1,543	69,973
Operating expenses	17,994	2,811	20,805	50,745	8,192	58,937
Depreciation and amortization	952	71	1,023	2,706	202	2,908
Operating income (loss)	$ 5,481	(2,734)	2,747	14,979	(6,851)	8,128

Assets employed				$193,330	21,442	214,772
Goodwill	$ (112)	-	(112)	4,225	-	4,225
Capital expenditures	$ 1,868	175	2,043	3,402	408	3,810
2006						
Revenue	$ 21,836	952	22,788	63,374	2,499	65,873
Other income (expense)	-	(1,190)	(1,190)	-	7,938	7,938
	21,836	(238)	21,598	63,374	10,437	73,811
Operating expenses	16,275	2,702	18,977	47,898	8,427	56,325
Depreciation and amortization	879	62	941	2,517	172	2,689
Operating income (loss)	$ 4,682	(3,002)	1,680	12,959	1,838	14,797
Assets employed				$175,135	37,731	212,866
Goodwill	$ -	-	-	4,337	-	4,337
Capital expenditures	$ 1,699	75	1,774	3,423	240	3,663

>>

11. COMMITMENTS

During 2007, the Canadian Radio-television and Telecommunications Commission ("CRTC") awarded the Company conversions from AM signals to FM in Halifax, Nova Scotia and Carbonear, Newfoundland and Labrador. In July, the CRTC awarded the Company two new FM licences in Nova Scotia; one to serve Kentville and one to serve Sydney. As a result, the Company has committed to pay an aggregate of $180,000 annually for seven years towards CCD. The Company recognizes CCD commitments on its consolidated balance sheets as broadcast licences and other liabilities on the dates the station conversions are completed and launched.

12. SUBSEQUENT EVENT

On October 1, 2007, the Company acquired the minority shareholders' 37.8% interest in Atlantic Stereo Limited, which operates the two FM licences in Moncton, New Brunswick, for cash consideration of $6,900,000, funded by the Company's credit facility. The Company had acquired a 46.9% interest in 1991 and in 1997 purchased an additional 15.3% to gain effective control.

The excess of the purchase price over the net book value of the non-controlling interest acquired of approximately $5,800,000 will be allocated to the net identifiable assets acquired on the basis of their estimated fair market values using the purchase method of accounting. The majority of the excess is expected to be allocated to broadcast licences.

About Newfoundland Capital Corporation Limited

Newfoundland Capital Corporation Limited (TSX: NCC.A, NCC.B) is one of Canada's leading radio broadcasters with 76 licences across Canada. The Company reaches millions of listeners each week through a variety of formats and is a recognized industry leader in radio programming, sales and networking.

%SEDAR: 00002995E

/For further information: REF: Robert G. Steele, President and Chief Executive Officer, Scott G.M. Weatherby, Chief Financial Officer and Corporate Secretary, Newfoundland Capital Corporation Limited, 745 Windmill Road, Dartmouth, Nova Scotia B3B 1C2, Tel: (902) 468-7557, Fax: (902) 468-7558, e-mail: investorrelations(at)ncc.ca, Web: www.ncc.ca/
(NCC.A. NCC.B.)

CO: Newfoundland Capital Corporation Limited

CNW 13:42e 08-NOV-07