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Attention Business/Entertainment Editors:
Newfoundland Capital Corporation Limited - Third Quarter 2009 - Period Ended September 30 (unaudited)

DARTMOUTH, NS, Nov. 6 /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, 2009.

- Revenue has continued to post positive growth for the first nine months of fiscal 2009. Consolidated revenue was $25.4 million in the quarter, $0.7 million lower than 2008; however, year-to-date revenue of $74.8 million was $0.8 million better than last year. While advertising revenue slowed in the third quarter, the Company continues to outpace the industry which has experienced negative growth this year.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA"(1)) were $4.7 million in the quarter and $14.0 million year-to-date, $8.9 million and $5.4 million higher than the respective prior periods. During the third quarter in 2008, significant unrealized losses from the Company's marketable securities negatively impacted prior year results. Excluding such unrealized gains and losses, EBITDA would have been $0.5 million higher year-to-date because of increased revenue and lower corporate costs.
- Net income in the quarter was $6.2 million and $9.9 million year-to-date, much higher than last year due to a $5.6 million gain on disposal in the third quarter this year as well as improved EBITDA.

Significant events

- The Company is awaiting a decision from the Canadian Radio-television and Telecommunications Commission ("CRTC") on its previously announced agreement to sell its FM radio stations in Thunder Bay, Ontario for cash proceeds of $4.5 million.
- The Company completed the divestiture of CFDR-AM in Halifax, Nova Scotia in exchange for an AM station in Sudbury, Ontario and proceeds of $5.0 million. The station in Sudbury was re-launched on the FM band in August.
- Year-to-date total bank debt has been reduced by $8.8 million.
- Subsequent to quarter end the Canadian Association of Broadcasters reached an agreement on the disputed CRTC Part II fees. The Company's provision for these fees of approximately $2.0 million will not be required to be paid and accordingly operating expenses in the fourth quarter will be reduced by this amount.

"We have been successful in achieving year-over-year growth in revenue and continue to outpace the industry", commented Rob Steele, President and Chief Executive Officer. "This is something we are proud of given the uncertainty that has plagued the economy throughout 2009. Our goal for the rest of the year is to continue what we've successfully been able to do so far; continue growing existing operations and reducing debt. Enhancements in programming have been positive contributors to the business this year with ratings' gains and growing market share in large markets. This puts us in a good position to take full advantage as the economy improves."

Financial Highlights - Third Quarter (thousands of dollars except share information)	2009	(restated)(2) 2008
Revenue	$ 25,408	26,069

EBITDA(1)	4,726	(4,182)
Net income (loss)	6,209	(7,580)
Earnings per share - basic	0.56	(0.69)
Share price, NCC.A (closing)	21.98	18.95
Weighted average number of shares outstanding (in thousands)	10,991	10,991
Total assets	240,086	243,298
Long-term debt, including current portion	65,840	72,351
Shareholders' equity	101,095	97,712

(1) Refer to page 15 for the reconciliation of EBITDA to net income (loss).
(2) Refer to pages 5 & 12 for additional information on restatement of comparative figures.
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Management's Discussion and Analysis

The purpose of the Management's Discussion and Analysis ("MD&A"), dated November 6, 2009, is to provide readers with additional complementary information regarding the financial condition and results of operations for Newfoundland Capital Corporation Limited (the "Company") and should be read in conjunction with the unaudited interim consolidated financial statements and related notes for the periods ended September 30, 2009 and 2008 as well as the annual audited consolidated financial statements and related notes and the MD&A contained in the Company's 2008 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. All amounts are stated in Canadian dollars.

Management's Discussion and Analysis of financial condition and results of operations contains forward-looking statements. These forward-looking statements are based on current expectations. The use of terminology such as "expect", "intend", "anticipate", "believe", "may", "will", and other similar terminology relate to, but are not limited to, our objectives, goals, plans, strategies, intentions, outlook and estimates. 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. Unless otherwise required by applicable securities laws, 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 81 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 Company's long-term strategy has not changed since the publication of the Company's 2008 Annual Report. Maximizing returns on existing operations, converting AM stations to FM, and adding new licences through business and licence acquisitions and through the Canadian Radio-television and Telecommunications Commission ("CRTC") licence application process form the basis of the long-term plan.

While management remains committed to long-term growth, in response to the uncertainty within the Canadian economy which began in the latter half of

2008, it re-aligned its short-term goals to focus on growth of existing operations and reducing debt. Acquisition opportunities that fit the Company's growth strategy will continue to be explored; however, management will not proceed with any transactions, projects or activities that are not cash accretive in the near term, pose unnecessary risks, or result in increasing debt to a level beyond management's tolerance. Decisions as to proceeding with new undertakings will be made in the best interest of the Company and its shareholders.

The decision to divest of the two FM radio stations in Thunder Bay, Ontario was made because there was little opportunity to expand the presence of the Company and build on a cluster of stations in close proximity to Thunder Bay. The Company therefore decided to divest itself of these non-core properties and re-deploy the capital for other uses.

Corporate Developments

The following is a review of the key corporate developments which should be considered when reviewing the "Consolidated Financial Review" section.

2009 developments

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- January 2009 - Received CRTC approval for four new FM repeater licences. These will allow the Company to broadcast the two FM stations in Charlottetown, Prince Edward Island to two new communities in the same province.

- March 2009 - Hot 89.9, located in Ottawa, Ontario, was named the 2008 Contemporary Hits Radio station of the year during Canada Music Week.

- April 2009 - CRTC approved two AM to FM conversions for stations in St. Paul and High Prairie, Alberta.

- June 2009 - CRTC approved the Company's applications to convert AM stations to FM in Wabush and Goose Bay, Newfoundland and Labrador.

- June 2009 - Re-launched CFUL in Calgary, Alberta as a Contemporary Hits Radio format, branded as AMP Radio. This format is similar to Hot 89.9 in Ottawa, Ontario which has been a very successful station for the Company.

- July 2009 - Announced it had entered into an agreement to divest of its two FM radio stations in Thunder Bay, Ontario for cash consideration of $4.5 million. The transaction is subject to CRTC approval.

- August 2009 - Launched Hot 93.5, the new FM station in Sudbury, Ontario. Its format is Top 40 and has been met with a very positive response from both listeners and clients.

2008 developments

- March 2008 - Re-launched two stations in Alberta; CIQX-FM in Calgary as XL103-FM, and CKRA-FM in Edmonton as Capital-FM. Both feature Classic Hits from the 60's, 70's, and 80's and are outperforming their predecessors.

- June 2008 - Launched three new FM stations in Fort McMurray, Alberta, and in Kentville and Sydney, Nova Scotia. The formats are Classic Rock for Fort McMurray and Kentville while the Sydney station plays Top 40 music.

- July 2008 - Completed the purchase of the remaining 50% interest in Metro Radio Group Inc. for $8.5 million. Metro Radio Group Inc. operates CKUL-FM in Halifax, Nova Scotia.

- July 2008 - Announced an agreement to exchange radio stations with Rogers Broadcasting Limited ("Rogers" - a Division of Rogers Communications Inc. RCI.A and RCI.B) subject to approval from the CRTC. The Company will exchange its AM broadcast licence in Halifax, Nova Scotia and receive in return Rogers' AM licence in Sudbury, Ontario and cash consideration of $5.0 million. Both simultaneously submitted applications for this transfer of assets along with applications requesting conversion of the AM licences to FM. In November 2008, the CRTC approved these applications. The transaction closed in July 2009 and the proceeds were used to reduce debt. For additional information on this transaction, refer to note 3 of the unaudited interim consolidated financial statements.

- July 2008 - CRTC approved the Company's application for a new FM repeating signal in Pincher Creek, Alberta. This was on-air in early January 2009.

- December 2008 - CRTC approved the Company's application to convert an AM signal to FM in Athabasca, Alberta. The FM station was launched in August 2009.

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

Consolidated Financial Review

For full details explaining the variances in revenue, other income, operating expenses and EBITDA, please refer to the section entitled "Financial Review by Segment".

Revenue

In the quarter consolidated revenue of $25.4 million was $0.7 million or 3% lower than last year; however, year-to-date consolidated revenue increased by $0.8 million, or 1%, to finish at $74.8 million. These variances were mostly derived from the Broadcasting segment.

Other income

Other income consists primarily of unrealized gains and losses on marketable securities. In the third quarter other income was $1.1 million and for the nine months ended September 30, 2009, it was $3.1 million. These results were much better than the 2008 comparative periods because of the significant unrealized losses incurred in the third quarter last year.

Operating expenses

Third quarter consolidated operating expenses of $21.8 million were $0.1 million lower than 2008. Year-to-date consolidated operating expenses of $63.9 million were $0.2 million higher than last year.

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

Consolidated EBITDA in the quarter was $4.7 million compared to a loss of $4.2 million last year. Year-to-date consolidated EBITDA of $14.0 million was also better than last year's $8.6 million. In 2008, unrealized losses on the marketable securities negatively impacted EBITDA.

Depreciation and amortization

For the quarter and year-to-date, depreciation and amortization expense was higher than last year due to a larger asset base.

Interest expense

Interest expense of $0.9 million was $0.2 million lower than the same quarter last year while year-to-date interest expense of $2.9 million was also lower than the prior year by $0.1 million. The decrease was a result of lower average debt levels.

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 in the quarter and for the nine month period was slightly lower than last year.

Gain on disposal of broadcast licence

As part of the transaction to exchange assets with Rogers, as previously disclosed, the Company disposed of its AM broadcast licence in Halifax, Nova Scotia which resulted in a gain of $5.6 million.

Income taxes

The effective income tax rate of 26% this quarter and year-to-date was lower than the statutory rate of 36% mainly because investment gains and the gain on disposal are taxed at one-half the normal tax rate.

Net income

Net income in the quarter was $6.2 million; $13.8 million higher than last year and year-to-date net income of $9.9 million was $10.8 million higher. The unrealized losses in 2008 negatively impacted the prior year's results while this third quarter's $5.6 million gain on disposition of a broadcast licence positively affected net income.

Other comprehensive income ("OCI")

OCI consists of the net change in the fair value of the Company's cash flow hedges. These include interest rate swaps and an equity total return swap. The after-tax income recorded in OCI for the interest rate swaps was $0.2 million in the quarter (2008 - $0.8 million after-tax expense) and year-to-date was $2.0 million (2008 - $1.1 million after-tax expense). The after-tax loss related to the equity total return swap was $0.4 million for the quarter (2008 - $0.1 million after-tax gain). Year-to-date, the after-tax gain was $0.4 million (2008 - $0.2 million after-tax loss).

Financial Review by Segment

Consolidated financial figures include the results of operation of the Company's two separately reported segments - Broadcasting and Corporate and Other. The Company provides information about segment revenue, segment EBITDA and operating income because these financial measures are used by its key decision makers in making operating decisions and evaluating performance. For additional information about the Company's segmented information, see note 12 of the Company's unaudited interim consolidated financial statements.

As a result of adopting a new accounting policy, as required by the Canadian Institute of Chartered Accountants (more fully described in note 2 of the Company's unaudited interim consolidated financial statements), the 2008 operating expenses were restated to include costs that were previously capitalized as pre-operating costs for comparative purposes only. Operating expenses were increased by $0.2 million in the quarter and by $0.9 million year-to-date.

As more fully disclosed in note 4 of the Company's unaudited interim consolidated financial statements, the revenue, operating expenses and EBITDA from discontinued operations have been excluded from the Broadcasting segment results presented in the table below for 2009 and 2008.

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Financial Results by Segment
(thousands of dollars, except percentages)

	Three months ended Sept. 30 2009	2008	Growth	Nine months ended Sept. 30 2009	2008	Growth
Revenue						
Broadcasting	$ 24,329	25,023	(3%)	72,093	71,415	1%
Corporate and Other	1,079	1,046	3%	2,747	2,661	3%
Consolidated revenue	25,408	26,069	(3%)	74,840	74,076	1%
Other income (expense)						
Corporate and Other	1,077	(8,372)	-	3,082	(1,767)	-
Consolidated revenue and other income	26,485	17,697	50%	77,922	72,309	8%
Operating expenses						
Broadcasting	18,980	19,056	-	56,195	55,408	1%
Corporate and Other	2,779	2,823	(2%)	7,728	8,295	(7%)
Consolidated operating expenses	21,759	21,879	(1%)	63,923	63,703	-
EBITDA						
Broadcasting	5,349	5,967	(10%)	15,898	16,007	(1%)
Corporate and Other	(623)	(10,149)	-	(1,899)	(7,401)	-
Consolidated EBITDA	$ 4,726	(4,182)	-	13,999	8,606	63%

EBITDA Margins	2009	2008	Growth	2009	2008	Growth
Broadcasting	22%	24%	(2%)	22%	22%	-
Consolidated	18%	-	-	18%	12%	6%

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Broadcasting segment

The Broadcasting segment derives its revenue from the sale of broadcast advertising from its 81 licences across the country. The performance of all reporting units within this segment is evaluated based on the same financial measure - EBITDA.

Broadcasting revenue in the quarter of $24.3 million was lower than last year by 3%; however, on a year-to-date basis, Broadcasting revenue of $72.1 million was 1% higher than 2008. The third quarter was particularly slow compared to the first six months of 2009; however, the Company has continued to post year-over-year growth and outpace industry which has been reporting negative growth. Current revenue bookings for the fourth quarter are positive compared to 2008. As a result, management is confident it will continue to outpace the industry and is optimistic to end the year with higher revenue compared to 2008.

For the first nine months of 2009, growth has been steady for the properties in the Atlantic Provinces and the new FM stations launched in summer 2008 continue to achieve better than expected results. Organic revenue growth for the Atlantic properties was 7% in the quarter and 4% year-to-date; significantly stronger than industry averages. A softening in revenue has continued for the stations in Ontario and across Alberta; however, it is worth noting that while they may have experienced slower revenue growth, they have outperformed the industry in their respective markets. Recent format changes in Calgary and Edmonton, Alberta have resulted in higher ratings and larger market shares. These are expected to contribute to higher revenue in future. While advertising revenue has been impacted industry-wide, management continues to improve the on-air product, making it intensely locally focused and more relevant. These efforts are expected to have a favourable impact as the economy improves.

National revenue continued to be slower than anticipated for the first nine months of 2009; however strong relationships with local advertisers have been beneficial as local revenue is a significant contributor to profitability.

For the quarter, Broadcasting operating expenses were $19.0 million, a decrease of $0.1 million from last year. Year-to-date Broadcasting operating expenses of $56.2 million were $0.8 million or 1% higher than 2008. As stated earlier, the Company was required to adopt new accounting rules for pre-operating costs and as a result operating expenses for 2008 were restated. The 2008 third quarter operating expenses were increased by $0.2 million and year-to-date the increase was $0.9 million. Excluding these costs, operating expenses for the third quarter would have been slightly higher than last year while year-to-date operating expenses would have been $1.8 million higher than 2008. Incremental costs associated with the new FM stations launched last summer are a large portion of the year-to-date increase in operating expenses.

Broadcasting EBITDA in the third quarter of $5.3 million was $0.6 million or 10% lower than last year; a result of a decline in revenue. Year-to-date Broadcasting EBITDA of $15.9 million was $0.1 million lower than last year.

Corporate and Other segment

This segment's revenue is from hotel operations and Other income is investment income from the Company's marketable securities. The segment also includes expenses attributed to head office functions.

This segment's revenue in the third quarter was $1.1 million, on par with 2008 while year-to-date revenue of $2.7 million was $0.1 million or 3% higher than last year. This was due to hotel revenue.

Other income consists of realized and unrealized gains and losses on marketable securities, interest, dividends and distributions from investments. Unrealized gains on the marketable securities were $1.3 million in the quarter and $3.3 million year-to-date. This compares favourably to last year's unrealized losses of $8.8 million in the quarter and $3.3 million year-to-date.

Third quarter operating expenses of $2.8 million were comparable to last year; however, on a year-to-date basis, operating expenses of $7.7 million were $0.6 million lower. The overall decrease in Corporate and Other operating expenses is primarily attributable to lower costs associated with executive compensation.

The results for Corporate and Other EBITDA for the quarter and year-to-date were much better than last year's numbers; a result of the significant unrealized losses posted in the third quarter of 2008.

Selected Quarterly Financial Information

The Company's revenue is derived primarily from the sale of advertising airtime which is subject to seasonal fluctuations and as such 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 the third quarter 2009, the Company benefited from a $5.6 million gain on disposal of one of its broadcast licences. In 2008, the unrealized gains and losses on the marketable securities affected net income in the quarters as follows: positive variance of $4.8 million in the second quarter and negative variances of $8.8 million and $4.6 million in the third and fourth quarters, respectively.

(thousands of dollars except per share data)	2009			(restated) 2008				(restated) 2007
	3rd	2nd	1st	4th	3rd	2nd	1st	4th
Revenue	$ 25,408	26,772	22,660	29,306	26,069	26,798	21,209	27,060
Net income (loss)	6,209	3,144	552	(3,796)	(7,580)	6,157	574	5,613
Earnings per share								
- Basic	0.56	0.29	0.05	(0.34)	(0.69)	0.56	0.05	0.51
- Diluted	0.55	0.28	0.05	(0.34)	(0.69)	0.54	0.05	0.49

Selected cash flow information and capital resources

Below is a summary of cash inflows and outflows for the quarters and the nine month periods ended September 30, 2009 and 2008.

Selected cash flow information - three months ended September 30, 2009

Cash from operating activities of $5.0 million, combined with the $5.0 million cash proceeds on disposition of a broadcast licence, was used primarily to repay $7.0 million of debt, to contribute $1.7 million toward CCD and to finance property and equipment additions of $1.3 million.

Selected cash flow information - three months ended September 30, 2008

Cash from operating activities of $4.1 million combined with net debt borrowings of $7.5 million were used for the $8.5 million purchase of the remaining 50% interest in Metro Radio Group Inc., to finance a 29.9% interest in a radio station undertaking for $1.0 million and to buy property and equipment totalling $0.9 million.

Selected cash flow information - nine months ended September 30, 2009

Cash from operating activities of $11.2 million, combined with the $5.0 million cash proceeds on disposition of a broadcast licence, was used to repay $8.8 million of debt, purchase property and equipment totalling $3.7 million and to contribute $3.1 million toward CCD.

Selected cash flow information - nine months ended September 30, 2008

Cash from operating activities of $7.4 million combined with net debt proceeds of $14.2 million were used mainly to finance the purchase of the remaining 50% in Metro Radio Group Inc. for $8.5 million, to buy property and equipment for $5.0 million, to repurchase capital stock for $1.8 million, to pay CCD in the amount of $1.8 million, to pay dividends of $1.7 million and to fund the recent launch of three new FM stations.

Capital Structure and Debt Financing

As at September 30, 2009, the Company had $1.2 million of current bank indebtedness outstanding and $65.8 million of long-term debt which has been classified as current because the debt's maturity date is within the next twelve months. (Further information on long-term debt and its accounting reclassification can be found in the paragraph below and also under the heading "Liquidity Risk".) The working capital was negative as at September 30, 2009 due to the reclassification of long-term debt to current. Excluding the long-term debt, the working capital would have been $6.7 million, $1.5 higher than the December 31, 2008 balance which was due to a decrease in current liabilities. The capital structure consisted of 42% equity ($101.1 million) and 58% debt ($139.0 million).

Credit Facility

The Company's syndicated credit facility of $80.0 million is a revolving credit facility. The Company chooses this type of credit facility because it provides flexibility with no scheduled repayment terms. The maturity date is June 2010. The Company intends to renew this facility prior to the maturity date; however, because expiry is within the next twelve months, the Company's debt has been classified as a current liability as at September 30, 2009. Please refer to the section entitled "Liquidity Risk" for further details on the credit facility and future financing.

The Company is subject to covenants on its credit facility. The Company's debt covenants include certain maximum or minimum ratios such as total debt ratio, interest coverage and fixed charge coverage ratio. Other covenants include dividend payment restrictions, seeking prior approval for capital expenditures over a certain dollar limit, acquisitions in excess of a quantitative threshold and limits on the number of shares that can be repurchased in any given year. The Company was in compliance with the covenants throughout the quarter and at quarter end.

Capital Expenditures and Capital Budget

The capital expenditures for 2009 are expected to be approximately $5.0 million and will be funded by cash provided from operations. Capital expenditures were required to build and launch the new FM station in Sudbury, Ontario. The Company also incurred capital related to a recent relocation to new premises in Halifax, Nova Scotia. The Company continuously upgrades its broadcast equipment to improve operating efficiencies.

Commitments and Contractual Obligations

There has been no substantial change in the Company's commitments and contractual obligations since the publication of the 2008 Annual Report, except for the fact that long-term debt has been classified as current. For further reference to when commitments and contractual obligations become payable, refer to note 9 of the unaudited interim consolidated financial statements.

Off-Balance Sheet Arrangements

The Company's off-balance sheet arrangements consist of operating leases. Other than these, which are considered in the ordinary course of business, the Company does not have any other off-balance sheet arrangements and does not expect to enter into any other such arrangement other than in the ordinary course of business.

Financial Condition

Capital employed

Assets at quarter end totalled $240.1 million, up from $235.8 million at December 31, 2008 due mainly to increases in property and equipment and other non-current assets.

Share repurchases

The Company has approval under a Normal Course Issuer Bid to repurchase up to 486,659 Class A Subordinate Voting Shares ("Class A shares") and 62,877 Class B Common Shares. This bid expires February 8, 2010. The Company has not repurchased any of its outstanding Class A shares in 2009. During the second quarter in 2008, the Company repurchased 100,000 of its Class A shares for a total cost of $1.8 million.

Outstanding share data

The weighted average number of shares outstanding was 10,991,000; consistent with the same time last year. As at September 30, 2009, there are 9,733,189 Class A shares and 1,257,551 Class B Common Shares outstanding.

Stock split

The Company is seeking shareholder approval to split the stock on a three for one basis for its Class A shares and Class B common shares. The Special Shareholders' Meeting will take place on November 13, 2009.

Executive Compensation

Executive stock option plan

Compensation expense related to stock options for the three months ended September 30, 2009 was $0.1 million (2008 - less than $0.1 million) and year-to-date was $0.2 million (2008 - $0.1 million). Refer to note 5 of the unaudited interim consolidated financial statements for further details relating to the executive stock option plan.

Stock appreciation rights plan

For the three months ended September 30, 2009, the compensation expense related to stock appreciation rights ("SARs") was $0.5 million (2008 - recovery of $0.1 million). The year-to-date expense was $1.4 million (2008 - recovery of less than $0.1 million). Refer to note 7 of the unaudited interim consolidated financial statements for further details relating to SARs.

Derivative Financial Instruments

For more detailed disclosures about derivative financial instruments and financial risk management, refer to note 9 of the unaudited interim consolidated financial statements.

Interest rate risk management

To hedge its exposure to fluctuating interest rates on its long-term debt, the Company has entered into interest rate swap agreements with Canadian chartered banks. The aggregate notional amount of the swap agreements was $60.0 million (2008 - $60.0 million). 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 aggregate fair value of the swap agreements, which represents the amount that would be payable by the Company if the agreements were terminated at September 30, 2009 was $4.2 million (2008 - $1.6 million). After-tax, the unrealized income recognized in OCI for the quarter was $0.2 million (2008 - expense of $0.8 million) and on a year-to-date basis was $2.0 million (2008 - unrealized expense of $1.1 million).

Share price volatility management

To hedge its obligations under the stock appreciation rights plan, the Company entered into 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. The Company has concluded that a small portion of this cash flow hedge was ineffective and as such has recognized certain amounts in net income; however, the remainder of the hedge continued to be accounted for using hedge accounting. The estimated fair value of the equity total return swap receivable at September 30, 2009 was $1.8 million (2008 - $0.6 million). After-tax the unrealized non-cash loss recognized in OCI for the quarter was $0.4 million (2008 - gain of $0.1 million) and year-to-date was a gain of $0.4 million (2008 - loss of $0.2 million).

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The fair value of the Company's marketable securities is affected by changes in the quoted share prices in active markets. Such prices can fluctuate and are affected by numerous factors beyond the Company's control. In order to minimize the risk associated with changes in the share price of any one particular investment, the Company diversifies its portfolio by investing in various stocks in varying industries. It also conducts regular financial reviews of publicly available information related to its investments to determine if any identified risks are within tolerable risk levels. Despite the Company's intent to minimize this risk, the current stock market volatility has caused significant fluctuations in all its marketable securities. While it is uncertain when this volatility will fully stabilize, there has been improvement in the markets recently. As at September 30, 2009, a 10% change in the share prices of each marketable security would result in a $0.6 million after-tax change in net income.

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash flows from operations and borrowings under the existing credit facility. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. Management deems its liquidity risk to be low.

Current classification of credit facility and future financing

In accordance with guidance taken from CICA 3210 "Long-term debt", long-term debt having a maturity date within the next twelve months is required to be classified as a current liability. As a result, the Company's long-term debt has been presented as current debt as at September 30, 2009. Despite this classification, the Company is in full compliance with its debt covenants and continues to have access to these funds. In addition, since management intends to renew its credit facility prior to maturity, which is June 2010, repayment of the debt is not expected. Management is anticipating a possible increase in interest and bank fees upon renewal because of the current credit markets; but it does not have any reason to believe the facility will not be renewed. The Company does not deem its liquidity risk to be high even though debt is classified as current.

Positive cash balances

The Company does not maintain any significant positive cash balances; instead it uses the vast majority of its positive cash balances to reduce debt and minimize interest expense. As a result, the Company nets its deposits in banks with bank indebtedness. The fact that the Company does not have positive cash positions on its balance sheet does not pose an increase to its liquidity risk because the Company generates cash from operations and, as part of its $80.0 million credit facility, it has a $5.0 million current operating credit line to fund any current obligations and it can also access any unused capacity in its credit facility to fund obligations.

Future cash requirements

Other than for operations, the Company's cash requirements are mostly for interest payments, repayment of debt, capital expenditures, Canadian Content Development payments, dividends and other contractual obligations. Excluding the long-term debt which has been classified as a current liability, obligations due within the next twelve months approximate $4.8 million (refer to note 9 of the unaudited consolidated financial statements for a table showing the Company's commitments). Cash generated from operations, the availability of the credit facility, and the cash proceeds of $4.5 million (expected from a pending business transaction explained in note 4 of the unaudited interim consolidated financial statements) will provide sufficient funds to meet the Company's upcoming cash requirements.

Working capital requirements

As at September 30, 2009, the Company's working capital balance, excluding the long-term debt classified as a current liability, was $6.7 million. The cash from current receivables will be sufficient to cover the Company's current obligations to its suppliers and employees and in combination with ongoing cash from operations and the availability of cash from its debt facility, the Company will be able to meet all other current cash requirements as they arise. If cash inflows from customers are not sufficient to cover current obligations, because of timing issues, the Company has access to a $5.0 million operating credit line.

Based on the above discussion and internal analysis, management deems its liquidity risk to be low.

Credit Risk

Credit risk is the exposure that the Company faces with respect to amounts receivable from other parties. Credit exposure is managed through credit approval and monitoring procedures.

The Company is subject to normal credit risk with respect to its receivables. A large customer base and geographic dispersion minimize credit risk. The Company reviews its receivables for possible indicators of impairment on a regular basis and as such, it maintains a provision for potential credit losses.

At September 30, 2009, the Company's credit exposure as it related to its receivables was deemed higher than in the past due to the uncertainty in the Canadian economy. The Company sells advertising airtime primarily to retail customers and since their results may also be affected by the economy, it is difficult to predict the impact this could have on the Company's receivables' balance. The Company maintains a provision for potential credit losses and it believes the provision to be adequate at this time given the current circumstances. The provision approximated $1.2 million as at September 30, 2009. Approximately 83% of trade receivables are outstanding for less than 90 days.

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment fails to perform. With regard to the interest rate swaps and the equity total return swap, 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.

Capital Management

The Company defines its capital as shareholders' equity. The Company's objective when managing capital is to pursue its strategy of growth through acquisitions and through organic operations so that it can continue to provide adequate returns for shareholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or repurchase shares. The Directors and Senior Management of the Company are of the opinion that from time to time the purchase of its shares at the prevailing market price would be a worthwhile investment and in the best interests of the Company and its shareholders. Material transactions and those considered to be outside the ordinary course of business, such as acquisitions and other major investments or disposals, are reviewed and approved by the Board of Directors.

The Board of Directors has deferred the determination of the amount of dividends to be declared in 2009 until its December Board meeting.

Adoption of new accounting policies

Effective January 1, 2009, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064 - Goodwill and Intangible Assets. This Section establishes the standard for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this Section resulted in a change in how the Company accounts for its pre-operating costs related to new station launches. Prior to adopting this policy, the Company capitalized pre-operating costs and amortized them over the initial term of the related broadcast licences. Capitalization of these costs is no longer permitted and therefore will be recorded in net income as incurred. For pre-operating balances that existed on January 1, 2009, they were accounted for retrospectively with restatement of comparative figures in accordance with Section 1506 Accounting Changes.

As a result of adopting this accounting policy, the effects on the comparative unaudited interim consolidated statements of income are presented below:

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(thousands of dollars)	Three months ended September 30 2008	Nine months ended September 30 2008
Operating expenses increased by	$ 188	948
Amortization expense decreased by	(169)	(437)

Provision for income tax expense decreased by	(5)	(135)
Net income decreased by	$ (14)	(376)
Basic and diluted earnings per share decreased by	$ (0.00)	(0.03)

The impact on the unaudited interim consolidated balance sheets was as follows:

(thousands of dollars)	December 31, 2008	September 30, 2008
Other assets decreased by	$ (2,858)	(2,994)
Future income tax liabilities decreased by	(824)	(860)
Retained earnings reduced by	$ (2,034)	(2,134)

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In 2009, amendments were made to certain paragraphs in CICA Section 3862 Financial Instruments - Disclosures which aligns the standard more closely with International Financial Reporting Standards ("IFRS"). Specifically, it provides enhanced disclosure requirements around fair value measurement of financial instruments and disclosure of liquidity risk. The amended paragraphs are to be applied for fiscal years ending on or after September 30, 2009. Earlier adoption is permitted. The Company does not anticipate any significant impact from the adoption of these disclosure requirements.

During 2009, the CICA issued EIC-173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities which requires an entity to consider its own credit risk and that of its counterparty to a financial instrument when determining the fair value of financial assets and liabilities. This applies to the Company's derivative instruments. The adoption of this EIC did not have a significant impact on the Company.

Future Accounting Policy Changes

Following is a brief description of accounting policies that will be adopted by the Company in future.

During 2009, the CICA issued Handbook Section 1582 Business Combinations which replaces Section 1581 bearing the same name. This Section is effective for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted, and the changes align the standard with the guidance in IFRS. Of the amendments in the Section, the one that will represent the most significant change in how the Company accounts for business combinations is the determination of the cost of the purchase. The cost that is allocated to the fair value of the net assets acquired is the direct cost of the business combination; indirect costs such as legal or restructuring are expensed. The Company will continue to evaluate the impact of these amendments.

Section 1601 Consolidated Financial Statements and Section 1602 Non-controlling Interests were also issued and together replace Section 1600 Consolidated Financial Statements. These too are applicable for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. The new sections establish standards for the preparation of consolidated financial statements and for the accounting of a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The Company will continue to evaluate the potential impact of these Sections.

On February 13, 2008, the Accounting Standards Board confirmed that International Financial Reporting Standards will be required for publicly accountable profit-oriented enterprises for fiscal years beginning on or after

January 1, 2011. After that date, IFRS will replace Canadian GAAP for those enterprises. The Company will apply IFRS beginning January 1, 2011. The Company is currently evaluating the impact of adopting IFRS. Specifically, management is in the process of identifying the IFRS standards that are most likely to impact the Company and those that will require the most resources for implementation. Management is also in the process of making decisions as it relates to adopting IFRS for the first time and considering the exceptions and exemptions permitted under IFRS-1 First-time Adoption of International Financial Reporting Standards. Management is in the process of quantifying the impact the changes will have on its consolidated results.

Subsequent Events

Subsequent to quarter end, the Government of Canada and members of the broadcasting industry that are required to pay CRTC Part II licence fees announced they had settled the Part II licence fee issue. Under the terms of the settlement, the government agreed to waive the fees payable for the fiscal years 2007, 2008 and 2009 that were not collected due to the ongoing legal dispute. In exchange, the Canadian Association of Broadcasters agreed to discontinue its court action against the Government of Canada. The Government of Canada agreed to recommend to the CRTC that it develop a new Part II fee regime which would be capped at $100 million, indexed for annual inflation, effective beginning September 1, 2009.

As at September 30, 2009, the Company had approximately $2.0 million recorded as a liability relating to these fees. As a result of the settlement, operating expenses in the fourth quarter will be reduced by this amount.

Critical Accounting Estimates

There has been no substantial change in the Company's critical accounting estimates since the publication of the 2008 Annual Report.

Risks and Opportunities

There has been no substantial change in the Company's risks and opportunities since the publication of the 2008 Annual Report; except that the CRTC Part II fee dispute has been resolved as explained above under "Subsequent Events".

Changes in Internal Controls over Financial Reporting

There were no changes in the Company's internal controls over financial reporting that occurred in the nine months ending September 30, 2009 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

Outlook

Year-to-date, the Company has continued to post revenue growth in its Broadcasting segment despite negative growth experienced by the broadcasting industry. Management remains confident that it will outpace the industry for the rest of the year.

While management has focused on controlling costs, it has not lost sight of the importance of offering a better product. Management has continued improving programming, making it relevant to the listener and intensely locally focused. This has garnered results which are demonstrated by recent market share gains in certain large markets, like Calgary and Edmonton, Alberta. With such recent ratings' gains, the Company is positioned to positively benefit as the economy improves.

The status of the Company's current growth initiatives are as follows:

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- The new Sudbury, Ontario FM station was successfully launched in late August 2009. The reaction to the station has been very positive.

- The Athabasca, Alberta AM station was re-launched as an FM station in August.

- Management is in the planning stages of launching four repeater licences in Prince Edward Island and will begin planning the AM to FM conversions in St. Paul and High Prairie, Alberta and in Wabush and Goose Bay, Newfoundland and Labrador.

- Management continues to be active in submitting applications to the CRTC for new licences and for AM to FM conversions.

The decision made by management in late 2008 to focus steadfastly on short-term goals such as reducing debt, controlling costs and driving revenue has benefited the Company in many ways. So far this year, the Company has achieved the following:

- Repaid $8.8 million of debt;

- Grew revenue in 2009 despite an uncertain economy and considerably outpaced the industry;

- Closely monitored and reduced discretionary costs; and

- Increased ratings and audience shares in competitive markets.

As a result of the above achievements, the Company is in a good position to positively benefit as the economy improves.

Non-GAAP Measure

(1) EBITDA is defined as net income (loss) from continuing operations excluding depreciation and amortization expense, interest expense, accretion of other liabilities, goodwill impairment loss, gain on disposal of broadcast licence and provision for income taxes (recovery). A calculation of this measure is as follows:

	Three months ended Sept. 30		Nine months ended Sept. 30	
		(restated)		(restated)
(thousands of dollars)	2009	2008	2009	2008
Net income (loss) from continuing operations	$ 6,144	(7,587)	9,810	(876)
Provision for income taxes (recovery)	2,112	(116)	3,510	2,000
Gain on disposal of broadcast licence	(5,616)	-	(5,616)	-
Goodwill impairment loss	-	1,334	-	1,334
Accretion of other liabilities	211	264	665	748
Interest expense	911	1,071	2,854	2,921
Depreciation and amortization expense	964	852	2,776	2,479
EBITDA	$ 4,726	(4,182)	13,999	8,606

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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, 2009 and 2008

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 interim periods ended September 30, 2009 and 2008 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 6th day of November, 2009

Interim Consolidated Balance Sheets
(unaudited)

(thousands of Canadian dollars)	September 30 2009	(restated) December 31 2008
ASSETS		
Current assets		
Marketable securities (note 9 (a))	$ 6,725	4,196
Receivables	21,165	23,621
Prepaid expenses	1,182	965
Other asset (note 9 (c))	1,321	-
Future income tax assets	3,495	4,156
Current assets held for disposal (note 4)	418	442
Total current assets	34,306	33,380
Property and equipment	38,027	36,807
Other assets	4,989	4,167
Broadcast licences (notes 3 and 4)	149,641	148,396
Goodwill (note 3)	7,045	7,045
Future income tax assets	2,219	2,069
Non-current assets held for disposal (note 4)	3,859	3,912
	$240,086	235,776
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness	$ 1,206	2,003
Accounts payable and accrued liabilities	18,785	17,446
Income taxes payable	7,603	8,719
Current portion of long-term debt (note 9)	65,840	5

Total current liabilities	93,434	28,173
Long-term debt (note 9)	-	73,840
Other liabilities	20,435	23,953
Future income tax liabilities	23,454	19,575
Non-current liabilities held for disposal (note 4)	1,668	1,592
Shareholders' equity	101,095	88,643
	$240,086	235,776

Commitments and contingencies (notes 9 and 11)
Subsequent event (note 11)
See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Income (Loss)
(unaudited)

(thousands of Canadian dollars except per share data)	Three months ended September 30 2009	Three months ended September 30 (restated) 2008	Nine months ended September 30 2009	Nine months ended September 30 (restated) 2008
Revenue	$ 25,408	26,069	74,840	74,076
Other income (expense) (note 9 (a))	1,077	(8,372)	3,082	(1,767)
	26,485	17,697	77,922	72,309
Operating expenses (note 11)	21,759	21,879	63,923	63,703
Depreciation	952	840	2,739	2,443
Amortization of deferred charges	12	12	37	36
Operating income (expense)	3,762	(5,034)	11,223	6,127
Interest expense (note 9)	911	1,071	2,854	2,921
Accretion of other liabilities (note 9)	211	264	665	748
Goodwill impairment loss (note 3)	-	1,334	-	1,334
	2,640	(7,703)	7,704	1,124
Gain on disposal of broadcast licence (note 3)	5,616	-	5,616	-
	8,256	(7,703)	13,320	1,124
Provision for income taxes (recovery)	2,112	(116)	3,510	2,000
Net income (loss) from continuing operations	6,144	(7,587)	9,810	(876)
Net income from discontinued operations (note 4)	65	7	95	27
Net income (loss)	$ 6,209	(7,580)	9,905	(849)

Earnings per share from continuing operations

(note 10)				
- basic	$ 0.56	(0.69)	0.89	(0.08)
- diluted	0.54	(0.69)	0.86	(0.08)
Earnings per share				
(note 10)				
- basic	$ 0.56	(0.69)	0.90	(0.08)
- diluted	0.55	(0.69)	0.87	(0.08)

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Shareholders' Equity
(unaudited)

(thousands of Canadian dollars)	Nine months ended September 30 2009	(restated) 2008
Retained earnings, beginning of period	$ 50,581	59,621
Retrospective application of change in accounting policy (note 2)	(2,034)	(1,758)
Retained earnings, beginning of period, as restated	48,547	57,863
Net income (loss)	9,905	(849)
Dividends declared	-	(1,649)
Repurchase of capital stock (note 5)	-	(1,373)
Retained earnings, end of period	58,452	53,992
Capital stock (note 5)	42,913	42,913
Contributed surplus (note 6)	2,097	1,901
Accumulated other comprehensive loss	(2,367)	(1,094)
Total shareholders' equity	$101,095	97,712

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Comprehensive Income (Loss)
(unaudited)

(thousands of Canadian dollars)	Three months ended September 30 2009	(restated) 2008	Nine months ended September 30 2009	(restated) 2008
Net income (loss)	$ 6,209	(7,580)	9,905	(849)
Other comprehensive income (loss):				
Change in fair values of cash flow hedges				
Interest rate swaps (note 9 (b)):				
Increase (decrease) in fair value	295	(1,091)	2,563	(1,557)

Reclassification to net income of realized interest expense	17	26	167	97
Related income tax recovery (expense)	(80)	283	(724)	401
	232	(782)	2,006	(1,059)
Total equity return swap (note 9 (c)):				
Increase (decrease) in fair value	(53)	(21)	2,072	(446)
Reclassification to net income of realized losses (gains)	(465)	100	(1,524)	77
Related income tax recovery (expense)	114	(27)	(159)	126
	(404)	52	389	(243)
Other comprehensive income (loss)	(172)	(730)	2,395	(1,302)
Comprehensive income (loss)	$ 6,037	(8,310)	12,300	(2,151)

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statement of Accumulated Other Comprehensive Loss
(unaudited)

(thousands of Canadian dollars)	Nine months ended September 30 2009	2008
Accumulated other comprehensive income (loss), beginning of period	$ (4,762)	208
Other comprehensive income (loss) for the period	2,395	(1,302)
Accumulated other comprehensive loss, end of period	$ (2,367)	(1,094)

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Cash Flows
(unaudited)

(thousands of Canadian dollars)	Three months ended September 30 2009	(restated) 2008	Nine months ended September 30 2009	(restated) 2008
Operating Activities				
Net income (loss) from continuing operations	$ 6,144	(7,587)	9,810	(876)
Items not involving cash				

Depreciation and amortization	964	852	2,776	2,479
Future income taxes	2,325	687	3,583	2,492
Executive stock-based compensation plans (notes 5 and 7)	537	(12)	1,488	90
Accretion of other liabilities (note 9)	211	264	665	748
Gain on disposal of broadcast licence (note 3)	(5,616)	-	(5,616)	-
Unrealized losses on marketable securities (note 9 (a))	(1,310)	8,787	(3,284)	3,257
Goodwill impairment loss (note 3)	-	1,334	-	1,334
Other	(283)	(44)	(1,363)	(141)
	2,972	4,281	8,059	9,383
Change in non-cash working capital relating to operating activities from continuing operations	1,927	(236)	2,961	(2,114)
Cash flow from continuing operating activities	4,899	4,045	11,020	7,269
Discontinued operations	96	85	174	114
	4,995	4,130	11,194	7,383
Financing Activities				
Change in bank indebtedness	(955)	1,654	(797)	2,925
Long-term debt borrowings	-	5,840	-	11,340
Long-term debt repayments	(6,000)	(5)	(8,005)	(17)
Repurchase of capital stock (note 5)	-	-	-	(1,805)
Dividends paid	-	-	-	(1,664)
	(6,955)	7,489	(8,802)	10,779
Investing Activities				
Property and equipment additions	(1,270)	(909)	(3,733)	(4,971)
Canadian Content Development payments	(1,713)	(736)	(3,136)	(1,786)
Proceeds from disposal of asset (note 3)	5,000	-	5,000	-
Acquisition of businesses and licences (note 3)	-	(9,505)	-	(9,505)
Other	(57)	(469)	(523)	(1,900)
	1,960	(11,619)	(2,392)	(18,162)
Cash, beginning and end of period	$ -	-	-	-
Supplemental Cash Flow Information				
Interest paid	$ 965	959	2,631	2,606
Income taxes paid (recovered)	308	(270)	1,092	(155)

See accompanying notes to the interim consolidated financial statements

Notes to the Interim Consolidated Financial Statements - September 30, 2009 and 2008 (unaudited)

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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 2008 annual financial statements with the exception of the adoption of new accounting policies described in note 2. 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 2008 Annual Report.

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

2. ADOPTION OF NEW ACCOUNTING POLICIES

Impact of adopting new accounting policies

Effective January 1, 2009, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064 - Goodwill and Intangible Assets. This Section establishes the standard for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this Section resulted in a change in how the Company accounts for its pre-operating costs related to new station launches. Prior to adopting this policy, the Company capitalized pre-operating costs and amortized them over the initial term of the related broadcast licences. Capitalization of these costs is no longer permitted and therefore will be recorded in net income as incurred. For pre-operating balances that existed on January 1, 2009, they were accounted for retrospectively with restatement of comparative figures in accordance with Section 1506 Accounting Changes.

As a result of adopting this accounting policy, the effects on the comparative interim consolidated statements of income are presented below:

(thousands of Canadian dollars)	Three months ended September 30 2008	Nine months ended September 30 2008
Operating expenses increased by	$ 188	948
Amortization expense decreased by	(169)	(437)
Provision for income tax expense decreased by	(5)	(135)
Net income decreased by	$ (14)	(376)
Basic and diluted earnings per share decreased by	$ (0.00)	(0.03)

The impact on the interim consolidated balance sheets was as follows:

(thousands of Canadian dollars)	December 31 2008	September 30 2008
Other assets decreased by	$ (2,858)	(2,994)
Future income tax liabilities decreased by	(824)	(860)
Retained earnings reduced by	$ (2,034)	(2,134)

During 2009, the CICA issued EIC-173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities which requires an entity to consider its own credit risk and that of its counterparty to a financial instrument when determining the fair value of financial assets and liabilities. This applies to the Company's derivative instruments. The adoption of this EIC did not have a significant impact on the Company.

Impact of adopting future accounting policies

Following is a brief description of accounting policies that will be adopted by the Company in future.

During 2009, the CICA issued Handbook Section 1582 Business Combinations which replaces Section 1581 bearing the same name. This Section is effective for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted, and the changes align the standard with the guidance in International Financial Reporting Standards ("IFRS"). Of the amendments in the Section, the one that will represent the most significant change in how the Company accounts for business combinations is the determination of the cost of the purchase. The cost that is allocated to the fair value of the net assets acquired is the direct cost of the business combination; indirect costs such as legal or restructuring are expensed. The Company will continue to evaluate the impact of the amendments.

Section 1601 Consolidated Financial Statements and Section 1602 Non-controlling Interests were also issued and together replace Section 1600 Consolidated Financial Statements. These too are applicable for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. The new sections establish standards for the preparation of consolidated financial statements and for the accounting of a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The Company will continue to evaluate the impact of the amendments.

In 2009, the CICA amended certain paragraphs in CICA Section 3862 Financial Instruments - Disclosures which aligns the standard more closely with IFRS. Specifically, it provides enhanced disclosure requirements around fair value measurement of financial instruments and disclosure of liquidity risk. The amended paragraphs are to be applied for fiscal years ending on or after September 30, 2009. Earlier adoption is permitted. The Company does not anticipate any significant impact from the adoption of these disclosure requirements.

On February 13, 2008, the Accounting Standards Board confirmed that International Financial Reporting Standards will be required for publicly accountable profit-oriented enterprises for fiscal years beginning on or after January 1, 2011. After that date, IFRS will replace Canadian GAAP for those enterprises. The Company will apply IFRS beginning January 1, 2011. The Company is currently evaluating the impact of adopting IFRS. Specifically, management is in the process of identifying the IFRS standards that are most likely to impact the Company and those that will require the most resources for implementation. Management is also in the process of making decisions as it relates to adopting IFRS for the first time and considering the exceptions and exemptions permitted under IFRS-1 First-time Adoption of International Financial Reporting Standards. Management is in the process of quantifying the impact the changes will have on its consolidated results.

3. BROADCAST LICENCE ADDITIONS AND DISPOSALS

In the third quarter of 2009, the Company finalized the previously announced asset exchange transaction with Rogers Broadcasting Limited ("Rogers" - a Division of Rogers Communications Inc. RCI.A and RCI.B). The transaction involved the exchange of the Company's AM broadcast licence in Halifax, Nova Scotia for Rogers' AM broadcast licence in Sudbury, Ontario. The fair value of the asset given up was determined to be $6,898,000. Consideration received was $5,000,000 cash and the Sudbury AM broadcast licence valued at $1,898,000. As a result of this asset exchange, the Company increased its licence value by $1,898,000 for the Sudbury licence, increased CCD obligations by $523,000 related to the new licence, decreased the licence carrying value by $689,000 related to the Halifax AM licence given up and recorded a gain on the disposal of the Halifax licence totalling $5,616,000. The assets obtained and the results of their operations have been consolidated effective as of August 25, 2009.

During 2008, the Company launched its new FM radio stations in Carbonear, Newfoundland and Labrador, Lac LaBiche and Fort McMurray, Alberta and Kentville and Sydney, Nova Scotia. Upon the launch dates, the Company became obligated to pay $225,000 in Canadian Content Development ("CCD") commitments per year for seven years. Using the amortized cost basis to record these commitments on the consolidated balance sheets, $1,236,000 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 capitalized to broadcast licences related to these stations to $1,434,000.

On July 2, 2008, the Company acquired the remaining 50% interest in Metro Radio Group Inc. which operates CKUL-FM in Halifax, Nova Scotia. The purchase price of $8,500,000 was allocated to the net identifiable assets acquired on the basis of their estimated fair market values using the purchase method of accounting. The fair value of the most significant assets acquired and liabilities assumed was allocated as follows: broadcast licences - $7,032,000; goodwill - $3,674,000; and future income tax liabilities - $1,832,000.

On July 2, 2008, the Company paid $1,005,000 for a 29.9% interest in a company that operates an FM radio station. The Company used the equity method to account for the investment and accordingly its share of net profits or losses are accounted for in net income.

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 2008 annual report. As at August 31, 2009, the Company concluded that no provision for impairment was required for its broadcast licences and goodwill. As at August 31, 2008, the Company concluded that no provision for impairment of broadcast licences was required; however, an impairment loss on goodwill was recognized in net income. As a result of conducting the 2008 annual goodwill impairment analysis, as at August 31, 2008, the value for goodwill that arose in 2005 and 2006 related to two business acquisitions in Winnipeg, Manitoba could not be supported and therefore, an impairment loss of $1,334,000 was recorded in 2008.

4. ASSETS HELD FOR DISPOSAL AND DISCONTINUED OPERATIONS

On July 14, 2009, the Company announced it had entered into an agreement to dispose of the net assets associated with its two FM radio stations located in Thunder Bay, Ontario for proceeds of $4,500,000. As such, the Company is required to apply the guidance in CICA Section 3475 Disposal of Long-lived Assets and Discontinued Operations. The financial results from this reporting unit have been treated as discontinued operations in the interim consolidated statements of income and cash flows for both 2009 and 2008. The assets and liabilities held for disposal have been segregated on the interim consolidated balance sheets. The results of this reporting unit were also excluded from the Broadcasting segment results in segmented information presented in note 12 of the interim consolidated financial statements.

This transaction is subject to the approval of the Canadian Radio-television and Telecommunications Commission ("CRTC").

Selected financial information for the reporting unit included in discontinued operations is presented below:

(thousands of Canadian dollars)	Three months ended September 30 2009	2008	Nine months ended September 30 2009	2008
Revenue	$ 571	589	1,608	1,743
Income before income taxes	95	10	140	39
Provision for income taxes	(30)	(3)	(45)	(12)
Net income from discontinued operations	$ 65	7	95	27

The major classes of assets and liabilities held for disposal are as follows:

(thousands of Canadian dollars)	September 30 2009	December 31 2008
Current assets:		
Accounts receivable and other current assets	$ 418	442
Non-current assets:		
Property and equipment	$ 482	535
Broadcast licences	3,377	3,377
	$ 3,859	3,912
Non-current liabilities:		
Future income tax liabilities	(1,668)	(1,592)
Net assets of discontinued operations	$ 2,609	2,762

5. CAPITAL STOCK

Share repurchases

The Company has approval under a Normal Course Issuer Bid to repurchase up to 486,659 Class A Subordinate Voting Shares ("Class A shares") and 62,877 Class B Common Shares. This bid expires February 8, 2010. The Company has not repurchased any of its outstanding Class A shares in 2009. During the second quarter in 2008, the Company repurchased 100,000 of its Class A shares for a total cost of $1,805,000 which resulted in reducing capital stock by $432,000 and retained earnings by $1,373,000.

Executive stock option plan

No options were granted pursuant to the executive stock option plan during the third quarters in 2009 and 2008. On a year-to-date basis, 30,000 options (2008 - 35,000) were granted at a weighted average exercise price of $17.50 (2008 - $19.99). The options vest at a rate of twenty-five percent on the date of grant and twenty-five percent on each of the three succeeding anniversary dates and the options expire February 24, 2014. No options were exercised to date in 2009 (2008 - nil). Compensation expense related to stock options for the three months ended September 30, 2009 was $53,000 (2008 - $44,000) and year-to-date expense was $152,000 (2008 - $123,000).

6. CONTRIBUTED SURPLUS

(thousands of Canadian dollars)

Balance, January 1, 2008	$ 1,778
Executive stock option plan compensation expense	123
Balance, September 30, 2008	1,901
Executive stock option plan compensation expense	196
Balance, September 30, 2009	$ 2,097

7. STOCK APPRECIATION RIGHTS

In January 2006, the Company granted 425,000 stock appreciation rights ("SARs") at a reference price of $16.53. In 2007, 90,000 SARs were granted at a weighted average reference price of $19.83. On February 24, 2009, 50,000 SARs were granted at a reference price of $17.20. As at September 30, 2009, 90,000 SARs were expired and 10,000 SARs were exercised. 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 SARs granted under this plan expire on the 60th day following the 5th anniversary of the grant date. For the quarter ended September 30, 2009, the compensation expense related to SARs was $516,000, $32,000 of which was paid due to the exercise of SARs, and year-to-date expense was $1,368,000. For 2008, there was a recovery of expenses of $57,000 in the quarter and $33,000 year-to-date. The total obligation at September 30, 2009 was $1,403,000 of which $927,000 was current (2008 - total obligation of $724,000 of which $375,000 was current).

8. EMPLOYEE BENEFIT PLANS

(thousands of Canadian	Three months ended September 30	Nine months ended September 30

dollars)	2009	2008	2009	2008
Defined contribution plan expense	$ 342	334	1,044	991
Defined benefit plan expense	125	126	375	378

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments are categorized and measured as follows:

Asset / Liability	Classification	Measurement
Cash and bank indebtedness	Held for trading	Fair value
Marketable securities	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost using EIM(x)
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

(x)EIM - effective interest method

Marketable securities and cash are able to be settled in the near term; therefore, they meet the criteria required to classify them 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. The fair value of marketable securities is based on the quoted share prices in active markets. Additional information on marketable securities is disclosed under the section entitled "Market risk" below.

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. Interest expense on long-term debt for the third quarter was $898,000 (2008 - $938,000) and year-to-date was $2,811,000 (2008 - $2,485,000). Third quarter accretion expense on Canadian Content Development commitments ("CCD") aggregated $211,000 (2008 - $264,000) and year-to-date accretion was $665,000 (2008 - $748,000) based on EIM rates ranging from 8% to 14.3%.

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 the accounting policy for financial instruments, the Company has 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. Because there are no embedded derivatives at this time, this rule has no impact on the interim consolidated financial statements of the Company.

Fair value of financial instruments

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 interest charges under the terms of the long-term debt are based on the 3-month Canadian banker's acceptance rates. The fair values of Canadian Content Development commitments approximated their carrying values as they were recorded at the net present values of their future cash flows, using discount rates ranging from 8% to 14.3%.

The Company's risk management objectives and procedures are described below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, which includes quoted share prices in active markets, interest rates and the Company's quoted share price as it relates to the stock appreciation rights plan.

a) Managing risk associated with fluctuations in quoted share prices of marketable securities

   The fair value of the Company's marketable securities is affected by changes in the quoted share prices in active markets. Such prices can fluctuate and are affected by numerous factors beyond the Company's control. In order to minimize the risk associated with changes in the share price of any one particular investment, the Company diversifies its portfolio by investing in various stocks in varying industries. It also conducts regular financial reviews of publicly available information related to its investments to determine if any identified risks are within tolerable risk levels. Despite the Company's intent to minimize this risk, the current stock market volatility continues to cause fluctuations in all its marketable securities. It is uncertain when this volatility will stabilize. For the quarter ended September 30, 2009, the change in fair value of marketable securities, recognized in other income, was an unrealized gain of $1,310,000 (2008 - unrealized loss of $8,787,000). Year-to-date, the unrealized gain recorded in other income was $3,284,000 (2008 - unrealized loss of $3,257,000). As at September 30, 2009, a 10% change in the share prices of each marketable security would result in a $550,000 after-tax change in net income.

b) Interest rate risk management

   To hedge its exposure to fluctuating interest rates on its long-term debt, the Company has entered into interest rate swap agreements with Canadian Chartered Banks. The swap agreements involve the exchange of the three-month bankers' acceptance floating interest rate for a fixed interest rate. 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.

In 2008, the Company entered into two new interest rate swap agreements; one has a notional value of $15,000,000 and expires in June 2013, and the other has a notional amount of $45,000,000 and expires in May 2013. Three former interest rate swap agreements, having an aggregated notional value of $45,000,000 were terminated at that time and as a result the fair value of these agreements ($349,000 payable) was blended into the interest rate of the new $45,000,000 swap agreement. This fair value payable is being transferred from other comprehensive income ("OCI") to net income (as interest expense) over the remaining term of the original three swap agreements which expired between 2009 and 2011. The amount related to this fair value payable transferred to net income from OCI for the quarter was $17,000 (2008 - $72,000) while the year-to-date amount was $87,000 (2008 - $96,000).

The aggregate fair value of the swap agreements, which represents the amount that would be payable by the Company if the agreements were terminated on September 30, 2009, was $4,233,000 (2008 - $1,590,000). The before-tax unrealized income recognized in OCI in the quarter was $295,000 (2008 - unrealized expense of $1,091,000) while year-to-date was $2,563,000 (2008 - unrealized expense of $1,557,000). In the quarter, the interest expense transferred from OCI to net income was $17,000 (2008 - $26,000) and for the year the amount was $167,000 (2008 - $97,000). Income tax expense on this swap for the quarter was $80,000 and year-to-date was $724,000 (2008 - income tax recovery of $283,000 for the quarter and a recovery of $401,000 year-to-date).

c) 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 SAR 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 Company 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 the share price drops by 10% or more since the last scheduled settlement date. 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 net 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.

A portion of the hedge was deemed ineffective and the related gains were transferred from OCI to net income. The amounts for the quarter were $20,000 (2008 - $11,000) and $442,000 year-to-date (2008 - $39,000). The amounts related to the ineffective portion are included in the before-tax realized gains transferred from OCI to net income presented in the following paragraph.

The estimated fair value of the equity total return swap receivable at September 30, 2009 was $1,838,000, of which $1,321,000 was current (2008 - $595,000, of which $582,000 was current). Before tax, the unrealized loss recognized in OCI for the quarter was $53,000 (2008 - $21,000) and for the nine months ended September 30, 2009, the unrealized gain in OCI was $2,072,000 (2008 - unrealized loss of $446,000). On a before-tax basis, realized gains of $465,000 were transferred from OCI to net income in the quarter (2008 - realized losses of $100,000) and the year-to-date realized gains transferred were $1,524,000 (2008 - realized losses of $77,000). Income tax recovery for the quarter on this swap was $114,000 (2008 - income tax expense of $27,000) and for the year was an expense of $159,000 (2008 - income tax recovery of $126,000).

Credit risk

Credit risk is the exposure that the Company faces with respect to amounts receivable from other parties. The maximum credit exposure approximated $26,600,000 as at September 30, 2009, which included accounts receivable and the equity total return swap receivable.

The Company is subject to normal credit risk with respect to its receivables. A large customer base and geographic dispersion minimize the concentration of credit risk. The Company does not require collateral or other security from clients for trade receivables; however, the Company does perform credit checks on customers prior to extending credit. Based on the results of credit checks, the Company may require upfront deposits or full payments on account prior to providing service. The Company reviews its receivables for possible indicators of impairment on a regular basis and as such, it maintains a provision for potential credit losses which approximated $1,200,000 as at September 30, 2009. Approximately 83% of trade receivables are outstanding for less than 90 days. Amounts would be written off directly against accounts receivable and against the allowance only if and when it was clear the amount would not be collected due to customer insolvency. Historically, the significance and incidence of amounts written off directly against receivables have been low.

At September 30, 2009, the Company's credit exposure as it related to its receivables was deemed higher than in the past due to the uncertainty in the Canadian economy. The Company sells advertising airtime primarily to retail customers and since their results may also be affected by the current economy, it is difficult to predict the impact this could have on the Company's receivables' balance. The Company believes its provision for potential credit losses is adequate at this time given the current economic circumstances. Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment fails to perform. With regard to the interest rate swaps and the equity total return swap, 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.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash flows from operations and borrowings under the existing credit facility. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. Other than for operations, the Company's cash requirements are mostly for interest payments, repayment of debt, capital expenditures, Canadian Content Development payments, dividends and other contractual obligations disclosed below.

In accordance with guidance taken from CICA 3210 "Long-term debt", long-term debt having a maturity date within the next twelve months is required to be classified as a current liability. As a result, the Company's long-term debt has been presented as current debt as at September 30, 2009. The Company is in full compliance with its debt covenants and continues to have access to these funds. Management intends to renew its credit facility prior to maturity, which is June 2010, and repayment of the debt is not expected. The Company does not deem its liquidity risk to be higher than disclosed in previous reports. The Company chooses this type of credit facility because it provides flexibility with no scheduled repayment terms.

Excluding the long-term debt from the obligations due within one year, which are summarized in a table below, current obligations are $4,800,000. Cash generated from operations, the availability of the credit facility, along with the cash proceeds of $4,500,000 from a future business transaction (note 4) will provide sufficient funds to meet the Company's cash requirements.

The Company's liabilities have contractual maturities which are summarized below:

Obligation (thousands of Canadian dollars)	Within one year	2010-2014	Thereafter
Long-term debt, classified as current	$ 65,840	-	-
CCD commitments	1,600	7,765	290
Operating leases	2,700	6,965	1,890
Pension funding obligation	500	2,500	2,700
	$ 70,640	17,230	4,880

Capital risk management

The Company defines its capital as shareholders' equity. The Company's objective when managing capital is to pursue its strategy of growth through acquisitions and through organic operations so that it can continue to provide adequate returns for shareholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or repurchase shares. The Directors and Senior Management of the Company are of the opinion that from time to time the purchase of its shares at the prevailing market price would be a worthwhile investment and in the best interests of the Company and its shareholders. Material transactions and those considered to be outside the ordinary course of business, such as acquisitions and other major investments or disposals, are reviewed and approved by the Board of Directors.

To comply with Federal Government directions, the Broadcasting Act and regulations governing radio stations (the "Regulations"), the Company has imposed restrictions respecting the issuance, transfer and, if applicable, voting of the Company's shares. Restrictions include limitations over foreign ownership of the issued and outstanding voting shares. Pursuant to such restrictions, the Company can prohibit the issuance of shares or refuse to register the transfer of shares or, if applicable, prohibit the voting of shares in circumstances that would or could adversely affect the ability of the Company, pursuant to the provisions of the Regulations, to obtain, maintain, renew or amend any licence required to carry on any business of the Company, including a licence to carry on a broadcasting undertaking, or to comply with such provisions or with those of any such licence. The Company is subject to covenants on its credit facility. The Company's debt covenants include certain maximum or minimum ratios such as total debt ratio, interest coverage and fixed charge coverage ratio. Other covenants include dividend payment restrictions, seeking prior approval for capital expenditures over a certain dollar limit, acquisitions in excess of a quantitative threshold and limits on the number of shares that can be repurchased in any given year. The Company was in compliance with the covenants throughout the quarter and at quarter end.

Financial projections are updated and reviewed regularly to reasonably ensure that financial debt covenants will not be breached in future periods. The Company monitors the covenants and foreign ownership status of the issued and outstanding voting shares and presents this information to the Board of Directors quarterly. The Company was in compliance with all the above as at September 30, 2009.

10. EARNINGS PER SHARE

	Three months ended September 30		Nine months ended September 30	
(thousands)	2009	2008	2009	2008
Weighted average common shares used in calculation of basic earnings per share	10,991	10,991	10,991	11,024
Incremental common shares calculated in accordance with the treasury stock method	398	320	351	328
Weighted average common shares used in calculation of diluted earnings per share	11,389	11,311	11,342	11,352

11. COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENT

In 2007, the Company ceased to accrue CRTC Part II licence fees because of a court ruling at that point in time. On April 28th, 2008, the Federal Court of Appeal reversed the original decision and found that the fees were a valid regulatory charge. As a result of this decision, in the second quarter of 2008, the Company recognized the obligation as it pertained to these fees retroactively to January 1, 2007. The amount recorded in operating expenses was $915,000: $613,000 related to fiscal 2007, $133,000 related to the first quarter of 2008 and $169,000 to the second quarter. An appeal was launched by the Canadian Association of Broadcasters ("CAB") in December 2008 and the Supreme Court of Canada granted the CAB leave to appeal.

Subsequent to quarter end, the Government of Canada and members of the broadcasting industry that are required to pay CRTC Part II licence fees announced they had settled the Part II licence fee issue. Under the terms of the settlement, the government agreed to waive the fees payable for the fiscal years 2007, 2008 and 2009 that were not collected due to the ongoing legal dispute. In exchange, the Canadian Association of Broadcasters agreed to discontinue its court action against the Government of Canada. The Government of Canada agreed to recommend to the CRTC that it develop a new Part II fee regime which would be capped at $100,000,000, indexed for annual inflation, effective beginning September 1, 2009.

As at September 30, 2009, the Company has approximately $2,000,000 recorded as a liability relating to these fees. As a result of the settlement, operating expenses in the fourth quarter will be reduced by this amount.

12. SEGMENTED INFORMATION

The Company has two reportable segments - Broadcasting and Corporate and Other. The Broadcasting segment consists of the operations of the Company's radio and television licences. This segment derives its revenue from the sale of broadcast advertising. This reportable segment is a strategic business unit that offers different services and is managed separately. The Company evaluates performance based on earnings before interest, taxes, depreciation and amortization. Corporate and Other consists of a hotel and the head office functions. This segment's revenue relates to hotel operations while the other income is investment income.

Details of segment operations are set out below. 2008 figures were restated upon adopting CICA Handbook Section 3064 - Goodwill and Intangible Assets as discussed in note 2. Results from the Thunder Bay reporting unit have been excluded from 2009 and 2008 figures as a result of accounting for discontinued operations as described in note 4.

(thousands of Canadian dollars)	Broad-casting	Corpo-rate & Other	Total	Broad-casting	Corpo-rate & Other	Total
	Three months ended Sept. 30			Nine months ended Sept. 30		
2009						
Revenue	$ 24,329	1,079	25,408	72,093	2,747	74,840
Other income	-	1,077	1,077	-	3,082	3,082
	24,329	2,156	26,485	72,093	5,829	77,922
Operating						

expenses	18,980	2,779	21,759	56,195	7,728	63,923
Depreciation and Amortization	886	78	964	2,546	230	2,776
Operating income (loss)	$ 4,463	(701)	3,762	13,352	(2,129)	11,223
Assets employed				$219,001	21,085	240,086
Goodwill				7,045	-	7,045
Capital expenditures	$ 1,259	11	1,270	3,679	54	3,733
2008 (restated)						
Revenue	$ 25,023	1,046	26,069	71,415	2,661	74,076
Other expense	-	(8,372)	(8,372)	-	(1,767)	(1,767)
	25,023	(7,326)	17,697	71,415	894	72,309
Operating expenses	19,056	2,823	21,879	55,408	8,295	63,703
Depreciation and Amortization	772	80	852	2,250	229	2,479
Operating income	$ 5,195	(10,229)	(5,034)	13,757	(7,630)	6,127
Assets employed				$216,913	26,385	243,298
Goodwill	$ 2,340	-	2,340	7,199	-	7,199
Capital expenditures	$ 855	54	909	4,788	183	4,971

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