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Attention Business and Entertainment Editors:
Newfoundland Capital Corporation Limited First Quarter 2006

Period Ended March 31 (unaudited)

DARTMOUTH, NS, May 9 /CNW/ - Newfoundland Capital Corporation Limited (the Company), one of Canada's leading small and medium market radio broadcasters, today announces its financial results for the first quarter ended March 31, 2006.

Highlights

During the first quarter, the Company benefited from strong incremental revenue growth related to business and licence acquisitions and new station launches.

- Revenue growth of 18% to $18.6 million.
- Earnings before interest, taxes, depreciation and amortization (EBITDA(1)) increased to $3.2 million from $3.1 million.
- Net income of $1.2 million, or $0.10 per share, was $0.3 million, or $0.03 per share, lower than last year primarily due to higher depreciation and interest costs related to recent acquisitions.

Significant events

The Company received approval from the Canadian Radio-television and Telecommunications Commission (CRTC) thereby adding three new FM radio licences to its portfolio, the right to convert an AM signal to FM and to convert a repeater station to a full-status originating station. Additional details are as follows:

- The acquisition of CKJS Limited, in Winnipeg, Manitoba. This is the second acquisition in Winnipeg in the past six months. The transaction was completed subsequent to quarter end on April 30, 2006.
- A new FM licence in Charlottetown, Prince Edward Island and permission to convert its existing station, CHTN-AM, from an AM signal to FM.
- A new FM radio licence in Lac La Biche, Alberta.
- Approval of full-station status in Bonnyville, Alberta.

"The start of this year is encouraging given our stated growth objective. We were successful in winning approvals for licences in important radio markets", commented Rob Steele, President and Chief Executive Officer. "Despite the increasingly challenging competitive environment, the investments made in the prior years are demonstrating positive results and are contributing to another important goal - growing incremental revenue."

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Financial highlights - First Quarter

(thousands of dollars except share information)	2006	2005
Revenue	$ 18,563	15,689
EBITDA(1)	3,199	3,096
Net income	1,167	1,496
Earnings per share - basic and diluted	0.10	0.13
Share price, NCC.SV.A (closing)	17.00	14.50
Weighted average number of shares outstanding (in thousands)	11,223	11,586
Total assets	208,398	171,728
Long-term debt	56,708	35,572
Shareholders' equity	83,008	83,863

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(1) Refer to page 8 for the reconciliation of EBITDA to net income.

Management's Discussion and Analysis

The following interim discussion and analysis of financial condition and results of operations of Newfoundland Capital Corporation Limited (the "Company") has been prepared as of May 9, 2006. The purpose of the Management's Discussion and Analysis (MD&A) is to provide readers with additional complementary information regarding the Company's financial condition and results of operations and should be read in conjunction with the unaudited interim consolidated financial statements and related notes for the periods ended March 31, 2006 and 2005 as well as the annual audited consolidated financial statements and related notes and the MD&A contained in the Company's 2005 Annual Report. These documents along with the Company's Annual Information Form and other public information are filed electronically with various securities commissions in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR) and can be accessed at www.sedar.com.

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

Corporate profile

The Company is one of Canada's leading small and medium market radio broadcasters with 73 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 strategy is the same as that published in the 2005 Annual Report. The overall goal is to increase the Company's presence in strategic markets by making sound investments in radio broadcast licences. Management is focused on growth to increase shareholder value. The "Corporate developments" section describes some of the Company's progress to-date.

Corporate developments

2006 acquisitions and approvals of new licences

In the first quarter, the Company received approval for three new broadcast licences, one full-station status and an FM conversion.

- January 18, 2006 - awarded a new FM radio licence in Lac La Biche, Alberta. This is the first commercial radio station to serve this community and is expected to launch later this year.

- March 10, 2006 - awarded full-station status, from repeater status, in Bonnyville, Alberta which allows the Company to originate and broadcast from that community.

- March 23, 2006 - the Canadian Radio-television and Telecommunications Commission (CRTC) approved the purchase of CKJS Limited which holds the CKJS-AM broadcast licence in Winnipeg, Manitoba. The transaction was completed April 30, 2006 for aggregate consideration of $2.3 million.

- March 24, 2006 - awarded an FM radio licence in Charlottetown, Prince

Edward Island and a conversion of the Company's existing station, CHTN-AM, from an AM to FM signal. The stations are expected to be launched and converted by the end of this Summer.

As a result of these licence approvals, the Company is committed to fund Canadian Talent Development (CTD) for approximately $1.2 million over a seven year period.

2005 acquisitions and approvals of new licences

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

- January 31, 2005 - the Company acquired the assets of Shortell's Limited (Shortell's) and its related companies in Lloydminster, Alberta, including three radio and two television broadcasting licences and an outdoor advertising business.

- May 30, 2005 - the Company acquired the broadcasting assets of Big Pond Communications (2000) Inc. (Big Pond) in Thunder Bay, Ontario, the primary asset being an FM radio licence.

- September 26, 2005 - the Company acquired 100% of the common shares of 4323041 Canada Inc. (4323041) entitling it to the property, assets, licences and rights in connection with the operation of two FM radio licences in Red Deer, Alberta.

- December 5, 2005 - the Company acquired the remaining 80.1% of the common shares of CKVN Radiolink System Inc. (CKVN), having initially acquired 19.9% in February 2005. This acquisition entitles the Company to the broadcast licence, net assets and rights used in connection with an FM radio licence in Winnipeg, Manitoba.

- The Company launched four FM radio broadcast licences in Alberta throughout 2005, a new FM licence in Fredericton, New Brunswick in July, and one in Ottawa, Ontario at the end of December.

The results of the above incremental operations have been included in the consolidated financial statements since the respective acquisition and launch dates.

Overview of consolidated operating results

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

Revenue

(thousands of dollars except percentages)	Three months ended March 31 2006	2005	Growth Total	Organic
Revenue				
Broadcasting	$ 17,771	14,965	19%	(1%)
Corporate and other	792	724	9%	9%
	$ 18,563	15,689	18%	0%

Consolidated revenue of $18.6 million in the quarter represents an 18% improvement over last year's results. The increase in revenue is a direct result of incremental growth from the new stations acquired and launched in 2005, as described in the "Corporate Developments" section above. Same-station

(organic) revenue growth has decreased slightly compared to last year. Corporate and other revenue was higher than the prior year due to increased revenue from hotel operations.

The decrease in organic revenue growth is predominantly a result of new competition in the Edmonton market. To mitigate the effect of the change in the competitive environment the Company converted the format of one of its radio stations in late 2005. This change is expected to improve the Company's market share. Format conversions take time to generate results and therefore it will be two to three quarters before the benefits are expected to be realized.

Other income

Other income has more than doubled over the same period last year due to increased investments and improved income from these investments.

Operating expenses

Operating expenses of $17.6 million in the quarter were $4.2 million higher than the same period last year. Of this increase, over $3.6 million was related to incremental operating expenses from the 2005 business and licence acquisitions and new station launches. The Bureau of Broadcast Measurement (BBM) changed the dates for sampling the ratings of radio stations in 2006. The effect of this change has been to move the rating period ahead by one month so that the spending on promotional and marketing activities, which previously was spread between the first and second quarters, is now spent solely in the first quarter. The Company has also spent more on marketing expenses in those locations where it faces increased competition. Higher costs associated with retaining and improving market share may continue throughout 2006 in markets where radio stations face an increasingly challenging competitive environment due to new entrants. Operating expenses have also increased due to the variable costs associated with higher revenue while other expense increases were in line with inflation.

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

(thousands of dollars except percentages)	Three months ended March 31 2006	2005	Growth Total	Organic
EBITDA(1)				
Broadcasting	$ 2,542	3,625	(30%)	(35%)
Corporate and other	657	(529)	224%	224%
	$ 3,199	3,096	3%	(1%)
% of Revenue				
Broadcasting	14%	24%	(10%)	(8%)
Total	15%	19%	(4%)	(2%)

Consolidated EBITDA is 3% higher than last year. This increase is a result of the significant improvement in income from the Company's short-term investments. Higher operating expenses, as described above, gave rise to the decrease in broadcasting EBITDA.

Depreciation and amortization

Depreciation and amortization expense is $0.3 million higher than the first quarter last year due to a higher depreciable asset base attributable to last year's acquisitions and station launches.

Interest expense

Higher average debt levels resulting from the recent business and licence acquisitions and station launches, along with higher interest rates, have contributed to the $0.7 million increase in interest expense.

Loss on equity accounted investment

The loss from the equity accounted investment is minimal in the first quarter of 2006 and is comparable to 2005.

Income taxes

The effective income tax rate in the quarter is 13%, compared to 32% in the same quarter last year. The reduction is due to the lower tax rate on capital gains on investments.

Non-controlling interest in subsidiaries' earnings

Non-controlling interest in subsidiaries' earnings in the quarter was higher than the same period last year due to better performance of the licences.

Net income

(thousands of dollars except per share data)	Three months ended March 31 2006	2005	Basic earnings per share 2006	2005
Net income	$ 1,167	1,496	0.10	0.13

Net income is $0.3 million lower than the same period last year; primarily a result of the increase in depreciation and interest expense.

Selected Quarterly Financial Information

The Company's revenue is derived primarily from the sale of advertising airtime which is subject to seasonal fluctuations. The first quarter of the year is generally a period of lower retail spending. Because of this, revenue and net income are lower than the other quarters. Net income in the third quarter of 2005 was negatively impacted by a $3.5 million non-recurring settlement.

(thousands of dollars except per share data)	2006	2005				2004		
	1st	4th	3rd	2nd	1st	4th	3rd	2nd
Revenue	$ 18,563	24,600	19,359	20,915	15,689	19,069	16,120	18,061
Net income (loss)	1,167	2,691	(1,245)	3,090	1,496	3,432	1,607	2,558
Earnings per share								
- Basic	0.10	0.24	(0.11)	0.27	0.13	0.29	0.13	0.21
- Diluted	0.10	0.23	(0.11)	0.27	0.13	0.29	0.13	0.21

Liquidity and capital resources

Selected cash flow information

Cash used in operating activities of $1.0 million was primarily the result of the decrease in non-cash working capital. Net debt borrowings of $4.8 million were used to repurchase capital stock for $1.2 million, invest $0.7 million in property and equipment and to fund the reduction of non-cash working capital of $3.2 million.

Last year's net debt borrowings of $21.0 million were used to acquire the Lloydminster assets for $13.7 million, to repurchase $4.0 million of capital stock, and to invest $1.0 million in property and equipment.

The majority of the investment in capital assets related to upgrades in Lloydminster, Red Deer, and other small-market Alberta operations. These expenditures formed part of the 2006 capital budget of $5.0 million. Other future expenditures included in the capital budget for the year are costs associated with the consolidation of the two new Winnipeg acquisitions and expenditures related to new station launches.

The Company expects its level of cash flow for the remainder of 2006 to be sufficient to fund working capital, capital expenditures, contractual obligations and other cash requirements. The previously disclosed acquisition of CKJS Limited in Winnipeg, aggregating $2.3 million, was funded through the Company's existing credit facilities.

Capital structure and debt financing

The Company's syndicated credit facilities have not changed since the publication of the 2005 Annual Report. As at March 31, 2006 the Company had $3.4 million of current bank indebtedness outstanding and $56.7 million of long-term debt, of which less than $0.1 million was current. Working capital improved to $5.0 million, from the $1.7 million at year end. The main reason for the change was the reduction of current liabilities.

On February 27, 2006, the Company entered into two interest rate swap agreements having a notional amount of $20.0 million and $5.0 million, expiring February 27, 2009 and February 27, 2011, respectively. A previously existing swap with a notional value of $5.0 million expires July 4, 2006. The Company enters into interest rate swap agreements to hedge interest rate risk on a portion of its long-term debt whereby the Company will exchange the three-month bankers' acceptance floating interest rate for a fixed interest rate during the term of the agreements. The difference between the fixed and floating rates is settled quarterly with the bank and recorded as an increase or decrease to interest expense. The fair value of the interest rate swap agreements at quarter end is a net payable of $55,000 (2005 - $95,000). It has not been recognized in the accounts as the interest rate swaps qualify for hedge accounting. An agreement having a notional amount of $10.0 million expired in July 2005.

Contractual obligations

There have been no substantial changes to the Company's contractual obligations since the publication of the 2005 Annual Report, other than the increase in long-term debt related to the announced acquisition of CKJS Limited and Canadian Talent Development commitments related to the newly awarded licences.

Financial condition

Capital employed

Assets at quarter end totalled $208.4 million, down from $213.5 million at December 31, 2005 primarily due to the change in current assets. At quarter end the capital structure consisted of 40% equity ($83.0 million) and 60% debt ($125.4 million). Total bank debt is 72% of equity, compared to the year end ratio of 67%. The ratio of total bank debt to the trailing four quarters' EBITDA is 3.3 to 1.

Share repurchases

The Company received approval under a Normal Course Issuer Bid to repurchase up to 498,000 Class A Subordinate Voting Shares (Class A Shares) and 63,000 Class B Common Shares. This bid expires January 29, 2007. During the quarter, pursuant to the Normal Course Issuer Bid that was in effect until January 27, 2006, the Company repurchased 75,000 (2005 - 284,000) of its outstanding Class A Shares for a total cost of $1.2 million (2005 - $4.0 million). The weighted average number of shares outstanding was 11.2 million, down from the prior year's 11.6 million due to the repurchase of shares.

Executive compensation

In the quarter the Company granted 115,000 options (2005 - nil) at a weighted average price of $16.53, pursuant to the Executive Stock Option Plan. No Class A Shares were issued in the first quarter (2005 - 2,500 Class A Shares were issued for proceeds of $21,000). The Company has 998,800 stock options outstanding for Class A Shares at prices ranging from $7.30 to $16.53, of which 748,800 are vested. On January 26, 2006, the Company adopted a stock appreciation rights plan (SAR Plan) and granted 425,000 rights at a reference price of $16.53. These rights vest gradually, beginning in 2009.

Outstanding share data

As at May 9, 2006, there are 9,970,000 Class A Subordinate Voting Shares and 1,258,000 Class B Common Shares outstanding.

New accounting policy

The Company's accounting policies have remained unchanged since the 2005 Annual Report except for the newly adopted policy described in Note 1 "Stock appreciation rights", explained as follows. The SAR Plan, a form of stock-based compensation, was formalized in January 2006. The Company uses the fair value method to account for compensation costs associated with the SAR Plan, based on graded vesting. Compensation expense is measured at the amount by which the quoted market value of the Company's Class A Shares on the Toronto Stock Exchange (TSX) exceeds the value as specified under the SAR Plan. More detailed information is contained in Note 5 to the unaudited interim consolidated financial statements.

Critical accounting estimates

There has been no substantial change in the Company's critical accounting estimates since the publication of the 2005 Annual Report.

Risks and opportunities

There has been no substantial change in the Company's risks and opportunities since the publication of the 2005 Annual Report.

Outlook

For the remainder of 2006, the Company will focus on improving organic revenue and maximizing operating profits. It will continue to seek out new radio broadcasting opportunities in strategic markets.

The competitive environment in radio broadcasting is becoming more challenging in some markets as a result of increased competition from new entrants. Management will monitor operating results and market performance and take appropriate action in order to mitigate the effect of new competition and maximize its operating results.

The Company remains focused on integrating new business and licence acquisitions and on launching new radio stations in order to grow incremental revenue and improve operating efficiencies. Management has been successful in

incorporating the operations of the 2005 acquisitions and new station launches into the Company's programming, sales and networking platform. It expects further success and to be in a stronger competitive position with the recent new radio licences.

Non-GAAP Measure

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

(thousands of dollars)	Three months ended March 31 2006	2005
Net income	$ 1,167	1,496
Non-controlling interest in subsidiaries' earnings	81	18
Provision for income taxes	190	726
Gain on disposal of long-term investment	(168)	-
Loss on equity accounted investment	47	34
Interest expense	1,040	304
Depreciation and amortization expense	842	518
EBITDA	$ 3,199	3,096

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 publicly traded companies. 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 ended March 31, 2006 and 2005

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

The accompanying unaudited interim consolidated financial statements of the Company for the three months ended March 31, 2006 and 2005 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 9th day of May, 2006

Consolidated Balance Sheets
(unaudited)

(thousands of dollars)	March 31 2006	December 31 2005

ASSETS		
Current assets		
Short-term investments	$ 12,081	11,570
Receivables	15,463	20,733
Note receivable	948	948
Prepaid expenses	1,671	1,656
Total current assets	30,163	34,907
Property and equipment	30,641	30,753
Other assets	12,738	12,668
Broadcast licences	128,799	128,799
Goodwill	3,610	3,610
Future income tax assets	2,447	2,770
	$208,398	213,507
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness	$ 3,364	1,943
Accounts payable and accrued liabilities	15,273	22,134
Dividends payable	-	1,695
Income taxes payable	6,504	7,451
Current portion of long-term debt	23	23
Total current liabilities	25,164	33,246
Long-term debt	56,708	53,285
Other liabilities	18,652	18,759
Future income tax liabilities	13,938	14,143
Non-controlling interest in subsidiaries	10,928	11,149
Shareholders' equity	83,008	82,925
	$208,398	213,507

Commitments (note 9)
Subsequent event (note 10)
See accompanying notes to the consolidated financial statements

Consolidated Statements of Income
(unaudited)

	Three months ended March 31	
(thousands of dollars except per share data)	2006	2005
Revenue	$ 18,563	15,689
Other income	2,235	845
	20,798	16,534
Operating expenses	17,599	13,438
Depreciation	724	417
Amortization of deferred charges	118	101
Operating income	2,357	2,578
Interest - Long-term debt	602	230
Interest - Other	438	74
Loss on equity accounted investment	47	34
Gain on disposal of long-term investment	(168)	-

	1,438	2,240
Provision for income taxes	190	726
	1,248	1,514
Non-controlling interest in subsidiaries' earnings	81	18
Net income	$ 1,167	1,496
Earnings per share (note 7)		
- basic and diluted	$ 0.10	0.13

See accompanying notes to the consolidated financial statements

Consolidated Statements of Shareholders' Equity
(unaudited)

(thousands of dollars)	Three months ended March 31 2006	2005
Retained earnings, beginning of period	$ 38,441	40,446
Net income	1,167	1,496
Repurchase of capital stock (note 3)	(921)	(2,787)
Retained earnings, end of period	38,687	39,155
Capital stock	43,316	44,124
Contributed surplus	1,005	584
Total shareholders' equity	$ 83,008	83,863

See accompanying notes to the consolidated financial statements

Consolidated Statements of Cash Flows
(unaudited)

(thousands of dollars)	Three months ended March 31 2006	2005
Operating Activities		
Net income	$ 1,167	1,496
Items not involving cash		
Depreciation and amortization	842	518
Future income taxes	118	502
Gain on disposal of long-term investment	(168)	-
Employee defined benefit plans	9	(9)
Non-controlling interest in subsidiaries' earnings	81	18
Other	127	65
	2,176	2,590
Change in non-cash working capital relating to operating activities	(3,199)	(2,463)
	(1,023)	127
Financing Activities		

Change in bank indebtedness	1,421	469
Long-term debt borrowings	3,500	20,500
Long-term debt repayments	(77)	(6)
Issuance of capital stock (note 3)	-	21
Repurchase of capital stock (note 3)	(1,240)	(3,992)
Dividends paid	(1,695)	(1,173)
Canadian Talent Development commitment payments	(118)	(34)
Other	(302)	(309)
	1,489	15,476
Investing Activities		
Property and equipment additions	(658)	(1,038)
Business and licence acquisition	-	(13,714)
Deposit for business and licence acquisition	-	(200)
Proceeds from disposal of Halterm Income Fund Trust Units	399	-
Investment in Halterm Income Fund Trust Units	-	(268)
Deferred charges	(406)	(61)
Other	199	(322)
	(466)	(15,603)
Cash, beginning and end of period	$ -	-
Supplemental Cash Flow Information		
Interest paid	$ 750	436
Income taxes paid	601	493

See accompanying notes to the consolidated financial statements

Notes to the Consolidated Financial Statements - March 31, 2006 and 2005 (unaudited)

1. ACCOUNTING PRESENTATIONS AND DISCLOSURES

The interim financial statements presented herein were prepared by the Company and follow the same accounting policies and their methods of application as the 2005 annual financial statements. These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements. They do not include all of the information and disclosures required by GAAP for annual financial statements. Accordingly, these financial statements should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes contained in the Company's 2005 Annual Report.

The Company's revenue is derived primarily from the sale of advertising airtime which is subject to seasonal fluctuations. The first quarter of the year is generally a period of lower retail spending. Because of this, revenue and net income are lower than the other quarters.

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

The Company's accounting policies have remained unchanged since the 2005 Annual Report except for the new policy adopted during the three months ended March 31, 2006 described as follows:

Stock appreciation rights

A stock appreciation rights plan (SAR Plan), a form of stock-based compensation, was formalized in January 2006. The Company uses the fair value method to account for compensation costs associated with the SAR Plan, based on graded vesting. Compensation expense is measured at the amount by which the quoted market value of the Company's Class A Subordinate Voting Shares on the Toronto Stock Exchange (TSX) exceeds the value as specified under the SAR Plan. More information is contained in Note 5.

2. BUSINESS AND LICENCE ACQUISITION

The Company acquired the assets of Shortell's Limited, and its related companies, in Lloydminster, Alberta on January 31, 2005. The assets acquired included three radio and two television broadcasting licences and an outdoor advertising business. The transaction was financed by the Company's credit facility and was accounted for using the purchase method. The results of operations have been included in the consolidated financial statements since that date.

Total consideration was $14,214,000 and the fair value of the most significant assets acquired and liabilities assumed included broadcast licences - $9,676,000, property and equipment - $2,706,000, goodwill - $1,223,000, working capital - $848,000 and other liabilities - $444,000. An intangible long-term agreement, expiring in August 2011, valued at $205,000 was included in other assets. Amortization is being charged on a straight-line basis over the term of the agreement. When broadcast licences are acquired, the acquirer becomes obligated to fund Canadian Talent Development. This obligation is included in other liabilities.

3. CAPITAL STOCK

The Company has approval under a Normal Course Issuer Bid to repurchase up to 498,235 Class A Subordinate Voting Shares and 62,913 Class B Common Shares. This bid expires January 29, 2007. During the quarter, pursuant to the Normal Course Issuer Bid that was in effect until January 27, 2006, the Company repurchased 74,900 (2005 - 284,000) of its outstanding Class A Subordinate Voting Shares for a total cost of $1,240,000 (2005 - $3,992,000). As a result of these share repurchases, capital stock was reduced by $319,000 (2005 - $1,205,000) and retained earnings reduced by $921,000 (2005 - $2,787,000).

In the quarter the Company granted 115,000 options (2005 - Nil) at a weighted average exercise price of $16.53, pursuant to the Executive Stock Option Plan. 15,000 of the granted options vested on the date of grant whereas the balance vests equally at the end of every year for the next five years. The options granted expire January 26, 2011. No Class A Subordinate Voting Shares were issued in the first quarter of 2006 (2005 - 2,500 Class A Subordinate Voting Shares were issued for proceeds of $21,000). Compensation expense related to stock options for the three months ended March 31, 2006 was $156,000 (2005 - $89,000).

4. EMPLOYEE BENEFIT PLANS

(thousands of dollars)	Three months ended March 31 2006	2005
Defined contribution plans expense	$ 397	247
Defined benefit plans expense	132	114

5. STOCK APPRECIATION RIGHTS

On January 26, 2006, the Company granted 425,000 stock appreciation rights at a reference price of $16.53. 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 Subordinate Voting Shares and the reference price. All rights granted under this plan expire on the 60th day following the 5th anniversary of the grant date. For the three months ended March 31, 2006, the compensation expense and obligation related to the rights was $9,000.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

On February 27, 2006, the Company entered into two interest rate swap agreements having a notional amount of $20,000,000 and $5,000,000, expiring February 27, 2009 and February 27, 2011, respectively. A previously existing swap with a notional value of $5,000,000 (2005 - $15,000,000) expires July 4, 2006. The Company enters into interest rate swap agreements to hedge interest rate risk on a portion of its long-term debt whereby the Company will exchange the three-month bankers' acceptance floating interest rate for a fixed interest rate during the term of the agreements. The difference between the fixed and floating rates is settled quarterly with the bank and recorded as an increase or decrease to interest expense. The fair value of the interest rate swap agreements at quarter end is a net payable of $55,000 (2005 - $95,000) and has not been recognized in the accounts as the interest rate swaps qualify for hedge accounting. An agreement having a notional amount of $10,000,000 expired in July 2005.

7. EARNINGS PER SHARE

(thousands)	Three months ended March 31 2006	2005
Weighted average common shares used in calculation of basic earnings per share	11,223	11,586
Incremental common shares calculated in accordance with the treasury stock method	335	245
Weighted average common shares used in calculation of diluted earnings per share	11,558	11,831

8. SEGMENTED INFORMATION

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

(thousands of dollars)	Broadcasting	Corporate and other	Total

2006			
Revenue	$ 17,771	792	18,563
Other income	-	2,235	2,235
	17,771	3,027	20,798
Operating expenses	15,229	2,370	17,599
Depreciation and amortization	790	52	842
Operating income	$ 1,752	605	2,357
Assets employed	$ 179,571	28,827	208,398
Goodwill	3,610	-	3,610
Capital expenditures	620	38	658
2005			
Revenue	$ 14,965	724	15,689
Other income	-	845	845
	14,965	1,569	16,534
Operating expenses	11,340	2,098	13,438
Depreciation and amortization	449	69	518
Operating income	$ 3,176	(598)	2,578
Assets employed	$ 146,099	25,629	171,728
Goodwill	1,223	-	1,223
Capital expenditures	1,024	14	1,038

9. COMMITMENTS

During the first quarter, the Canadian Radio-television and Telecommunications Commission awarded the Company new FM radio broadcast licences in Charlottetown, Prince Edward Island and Lac La Biche, Alberta, a conversion of a repeater station to full-station status in Bonnyville, Alberta and a conversion from an AM signal to FM in Charlottetown, Prince Edward Island. As a result of these licence approvals, the Company is committed to fund Canadian Talent Development for approximately $1,200,000 over a seven year period.

10. SUBSEQUENT EVENT

On April 30, 2006, the Company acquired 100% of the common shares of CKJS Limited entitling it to the licence, property, net assets, and rights used in connection with an AM radio licence in Winnipeg, Manitoba. Consideration approximated $2,300,000 and was funded by the Company's existing credit facilities.

About Newfoundland Capital Corporation Limited

Newfoundland Capital Corporation Limited (TSX: NCC.SV.A, NCC.MV.B) is one of Canada's leading small and medium market radio broadcasters with 73 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.

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(NCC.SV.A. NCC.MV.B.)

CO: Newfoundland Capital Corporation Limited

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