Newfoundland Capital Corporation Limited
Third Quarter 2017
Period Ended September 30 *(unaudited)*

Dartmouth, N.S. – November 9, 2017, Newfoundland Capital Corporation Limited (the "Company") today announces its financial results for the third quarter ended September 30, 2017.

Highlights

- **Revenue** for the third quarter of $43.1 million was $1.6 million, or 4%, higher than the same quarter last year, and year-to-date revenue of $122.4 million was $0.1 million, or less than 1%, lower than 2016. The growth during the quarter was primarily due to growth in the Company's Ontario operations combined with the business acquisition in Kamloops, British Columbia. Year-to-date, the Toronto and Sudbury operations achieved strong revenue growth, largely offsetting declines faced in other areas of the country, particularly at certain Alberta and Newfoundland and Labrador stations.
- **Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"[(1)])** of $13.4 million in the third quarter was $0.3 million, or 2%, higher than the third quarter last year, and year-to-date Adjusted EBITDA of $34.3 million was $0.8 million, or 2%, lower than 2016. Excluding the $0.8 million net reduction in expenses related to a copyright fee recovery and certain restructuring costs recognized in the third quarter of 2016, Adjusted EBITDA was 10% higher than the third quarter last year. Contributing to the year-to-date decline was a $0.6 million non-cash expense related to the extension of executive stock options during the year. Excluding the impact of this non-cash expenditure as well as the net impact of copyright fee recoveries and restructuring charges in the prior year, Adjusted EBITDA was 2% higher than 2016 year-to-date.
- **Profit** for the period of $8.2 million was $0.5 million, or 6%, higher than the same quarter last year primarily due to higher revenue, and year-to-date profit of $19.5 million was $1.1 million, or 5%, lower than last year primarily due to non-cash expense related to the extension of executive stock options during the year and the copyright fee recovery recognized net of restructuring costs in the prior year.

Significant events

- During the third quarter, the Board of Directors approved an increase in dividends to $0.50 per share per annum, up from $0.20 per share per annum. As a result, the Board of Directors declared a dividend of $0.25 on each of its Class A Subordinate Voting and Class B Common shares. The dividends were paid on September 15, 2017 to shareholders of record at the close of business on August 31, 2017.
- Subsequent to quarter end, the Company entered into an agreement to acquire two FM stations in New Glasgow, Nova Scotia, subject to the approval of the Canadian Radio-television and Telecommunications Commission.

"The Company had a successful third quarter, which made up for the challenging start to 2017 and positioned us for another successful year," commented Rob Steele, President and Chief Executive Officer. "Our continued strong results have allowed us to reward our shareholders through a significant increase in our annual dividend."

Financial Highlights - Third Quarter

		Three months ended September 30	
(thousands of Canadian dollars, except share information)		**2017**	2016
Revenue	$	**43,103**	41,455
Adjusted EBITDA[(1)]		**13,394**	13,122
Profit		**8,215**	7,738
Earnings per share - basic		**0.32**	0.30
Earnings per share - diluted		**0.31**	0.29
Weighted average number of shares outstanding *(in thousands)*		**25,543**	25,655
		September 30 2017	December 31 2016
Share price, NCC.A (closing)	$	**12.59**	9.76
Total assets		**373,382**	372,663
Long-term debt, including current portion		**120,568**	129,455
Shareholders' equity		**164,568**	151,155

(1) *Refer to page 13, "Non-IFRS Accounting Measure"*

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of the Management's Discussion and Analysis ("MD&A") 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 condensed interim consolidated financial statements ("interim financial statements") and related notes for the periods ended September 30, 2017 and 2016, as well as the annual audited consolidated financial statements and related notes prepared in accordance with International Financial Reporting Standards ("IFRS") and the MD&A contained in the Company's 2016 Annual Report. The Company's third quarter 2017 interim financial statements and the accompanying notes have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described therein. These interim financial statements include the accounts of the Company and other entities in which the Company controls in accordance with IFRS 10, "Consolidated Financial Statements" and are reported in Canadian dollars. These documents, along with the Company's Annual Information Form, its Management Proxy Circular dated March 9, 2017 and other public information, are filed electronically with various securities commissions in Canada through the System for Electronic Document Analysis and Retrieval and can be accessed at www.sedar.com. This information is also available on the Company's website at www.ncc.ca.

The Board of Directors, upon recommendation of the Audit and Governance Committee, approved the content of this MD&A on November 9, 2017. Disclosure contained in this document is current to this date, unless otherwise stated.

Management's Discussion and Analysis of financial condition and results of operations contains forward-looking statements and forward-looking information within the meaning of Canadian provincial securities laws. These forward-looking statements are based on current expectations. The use of terminology such as "expect", "intend", "anticipate", "believe", "may", "will", "should", "would", "plan" and other similar terminology relate to, but are not limited to, 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. As a result, there is no guarantee that any forward-looking statements will materialize, and readers are cautioned not to place undue reliance on these statements. Assumptions, expectations and estimates made in the preparation of forward-looking statements and risks that could cause our actual results to differ materially from our current expectations are discussed in detail in the Risks, Uncertainties, and Opportunities section of this MD&A. 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

Newfoundland Capital Corporation Limited owns and operates Newcap Radio, which is one of Canada's leading radio broadcasters with 101 broadcast licences (72 radio stations and 29 repeating signals) 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. It is Canada's largest pure-play radio company, employing approximately 800 of the best radio professionals across the country. The Company's portfolio of radio assets includes 82 FM and 19 AM licences that can be heard throughout Canada. Most of the Company's stations are globally accessible via the internet and various mobile device applications, allowing listeners the flexibility to tune in at any time from anywhere. The shares of the Company trade on the Toronto Stock Exchange under the symbols NCC.A and NCC.B.

STRATEGY AND OBJECTIVES

The Company's long-term strategy is to maximize returns on existing operations and add new licences through business and licence acquisitions and through the Canadian Radio-television and Telecommunications Commission ("CRTC") licence application process.

The Company's day-to-day operating objective is to grow its existing operations by increasing advertising revenue and remaining focused on controlling costs to maximize adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") margins. Management will continue to explore acquisition and expansion opportunities that fit the Company's objectives, and it will submit applications to the CRTC for new licences. The Company's commitment to its talented employees, its customers, its listeners and to the communities it serves remains critical to its success.

CORPORATE DEVELOPMENTS

The following is a review of the key corporate developments that should be considered when reviewing the "Consolidated Financial Performance Review" section. The results of the acquired and launched stations have been included in the interim financial statements since their acquisition or launch dates.

Recent Developments:

- November 2017 – the Company entered into an agreement to acquire two FM stations in New Glasgow, Nova Scotia.
- August 2017 – relaunched the VOCM network of stations in its traditional format of news, talk, and music.
- August 2017 – rebranded CJKC-FM in Kamloops, British Columbia to New Country.
- August 2017 – the Company's Board of Directors approved an increase in annual dividends to $0.50 per share from $0.20 per share previously and declared dividends of $0.25 on each of its Class A Subordinate Voting shares ("Class A shares") and Class B Common shares ("Class B shares").
- July 2017 – rebranded all small market Alberta rock and classic hits stations as BOOM.
- June 2017 – received CRTC approval and completed its previously announced disposal of 8384886 Canada Inc., which operated CISL-AM in Vancouver, British Columbia. Results of this subsidiary were included in the Company's interim financial statements until June 30, the date of sale.
- June 2017 – received CRTC approval and completed the acquisition of three radio stations as well as four repeating signals in Kamloops, British Columbia.
- January and February 2017 – rebranded all British Columbia, New Brunswick, and Nova Scotia country stations as New Country.
- January 2017 – launched a new FM licence in Hinton, Alberta.
- November 2016 – rebranded all Alberta country stations as Real Country, except CFCW, which will remain as its own brand as it is a well-known country brand in Alberta.
- October 2016 – the Company received a refund from CMRRA-SODRAC Inc. and Connect/SOPROQ (the "Collectives") for previously paid tariffs as a result of a Copyright Board of Canada decision made during the year. The Company's 2016 third quarter interim financial statements included a reduction of $1.6 million in operating expenses as a result of the retroactive impact of this decision.
- May to September 2016 – the Company repurchased a total of 1,092,600 Class A shares for cash consideration of $10.4 million.
- August 2016 – the Company's Board of Directors approved an increase in annual dividends to $0.20 per share from $0.15 per share previously and declared dividends of $0.10 on each of its Class A shares and Class B shares.
- May 2016 – launched a new FM licence in Clarenville, Newfoundland and Labrador.
- March 2016 – rebranded CKDQ in Drumheller to 910 CFCW, an extension of the Company's legendary CFCW brand, the voice of rural Alberta, which is a well-known country brand that is now available in nearly all of Alberta.
- February 2016 – rebranded CFXJ-FM in Toronto to 93.5 The Move, a rhythmic hot adult contemporary station targeting adults 25 to 44.
- February 2016 – rebranded CKUL-FM in Halifax to Mix 96.5, a hot adult contemporary station playing a variety of pop/rock hits from the 90s to now.

CONSOLIDATED FINANCIAL PERFORMANCE REVIEW

Business Combination in 2017

On June 26, 2017, the Company acquired the shares of companies that hold the radio broadcasting assets of three radio stations in Kamloops, British Columbia, for total cash consideration of $7.0 million (net of cash acquired). The acquired stations consist of CKRV-FM, CJKC-FM, and CHNL-AM as well as four repeating signals of CHNL.

Upon the close of the acquisition, the Company completed a provisional purchase price allocation. For a detailed description of this business combination, including the provisional purchase price allocation, pro-forma earnings and acquisition-related costs, please refer to note 4 of the interim financial statements.

The financial results of these stations have been included in profit since their respective acquisition date.

Consolidated Financial Results of Operations

(thousands of Canadian dollars, except percentages and per share data)	**Three months ended September 30**			**Nine months ended September 30**		
	2017	2016	% Change	**2017**	2016	% Change
Revenue	**$ 43,103**	41,455	4%	**122,441**	122,559	–
Operating expenses	**(29,709)**	(28,333)	5%	**(88,156)**	(87,464)	1%
Adjusted EBITDA[1]	**13,394**	13,122	2%	**34,285**	35,095	(2%)
Depreciation and amortization	**(1,212)**	(1,356)	(11%)	**(3,495)**	(3,704)	(6%)
Accretion of other liabilities	**(64)**	(77)	(17%)	**(201)**	(250)	(20%)
Interest expense	**(1,094)**	(1,173)	(7%)	**(3,341)**	(3,626)	(8%)
Business acquisition, integration, disposal and other income	**375**	438	(14%)	**302**	924	(67%)
Profit before provision for income taxes	**11,399**	10,954	4%	**27,550**	28,439	(3%)
Provision for income taxes[2]	**(3,184)**	(3,216)	(1%)	**(8,020)**	(7,830)	2%
Profit[2]	**$ 8,215**	7,738	6%	**19,530**	20,609	(5%)
Earnings per share[2]						
- Basic	**$ 0.32**	0.30		**0.76**	0.79	
- Diluted	**0.31**	0.29		**0.73**	0.75	

(1) *Refer to page 13, "Non-IFRS Accounting Measure"*

(2) *Provision for income taxes, profit, and earnings per share for the nine months ended September 30, 2016 have been restated as a result of the retrospective application of a change in accounting policy related to the measurement of deferred income taxes on indefinite life intangible assets. For further details, refer to note 2(c) in the interim financial statements.*

ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

A detailed analysis of the variations in revenue, operating expenses and Adjusted EBITDA are included in the section entitled "Financial Review by Segment".

Revenue

In the third quarter, consolidated revenue of $43.1 million was $1.6 million, or 4%, higher than the same quarter last year, and year-to-date revenue of $122.4 million was $0.1 million, or less than 1%, lower than 2016. The quarterly growth was primarily attributed to higher revenue in the Broadcasting segment, particularly the Company's Ontario operations which continued to benefit from ratings success combined with the business acquisition in Kamloops, British Columbia. Year-to-date revenue was consistent with the prior year as growth in Toronto and Sudbury offset declines in certain Alberta and Newfoundland and Labrador stations as a result of the challenging economic environment in those markets.

Operating expenses

In the third quarter, consolidated operating expenses of $29.7 million were $1.4 million, or 5%, higher than the same quarter last year, while year-to-date operating expenses of $88.2 million were $0.7 million, or 1%, higher than 2016. The increase in operating expenses was primarily a result of the prior year's quarter having a $1.6 million retroactive recovery in operating expenses as a result of a ruling by the Copyright Board of Canada. The retroactive impact of this decision on the Company's financial results of the prior year is described throughout this MD&A as a "reduction and refund of certain copyright tariffs." This benefit was partially offset by significant restructuring costs incurred in the Broadcasting segment during the third quarter of 2016. Year-to-date operating expenses in the Corporate and Other segment were also higher than the prior year primarily because of a $0.6 million non-cash expense related to the extension of certain executive stock options. Excluding the non-cash executive stock option expense as well as the impact of the prior year reduction and refund of certain copyright tariffs and restructuring costs, operating expenses increased by $0.1 million, or less than 1%, during the third quarter and declined $1.2 million, or 1%, year-to-date as a result of the Company's continued focus on managing costs in the Broadcasting segment.

Adjusted EBITDA

In the third quarter, consolidated Adjusted EBITDA of $13.4 million was $0.3 million, or 2%, higher than the third quarter last year, and year-to-date Adjusted EBITDA of $34.3 million was $0.8 million, or 2%, lower than 2016. The net impact of the Kamloops acquisition and the CISL-AM disposal did not significantly impact Adjusted EBITDA. The growth in third quarter Adjusted EBITDA was largely a result of revenue growth. Excluding the $0.8 million net impact of certain prior year restructuring costs and the reduction and refund of certain copyright tariffs, organic Adjusted EBITDA was 10% higher than the third quarter last year. Also contributing to the year-to-date decline was the non-cash expense resulting from the extension of certain executive stock options during the year. Excluding the impact of this non-cash expenditure as well as the prior year net impact of the reduction and refund of certain copyright tariffs and certain restructuring charges, organic Adjusted EBITDA was 2% higher year-to-date than 2016 as a result of the Company's keen focus on controlling costs.

Depreciation and amortization

In the quarter, depreciation and amortization expense of $1.2 million was $0.1 million, or 11%, lower than 2016, and year-to-date depreciation and amortization of $3.5 million was $0.2 million or 6% lower than 2016 as a result of accelerated depreciation recorded during the third quarter last year related to the retirement of certain assets.

Accretion of other liabilities

Included in *other liabilities* are Canadian Content Development ("CCD") commitments. The fair value of the CCD commitments is initially recorded at the present value of amounts to be paid. The obligations are subsequently adjusted for the incurrence of related expenditures and the passage of time. Changes in the obligations due to passage of time are recorded as accretion of *other liabilities*. Accretion expense was lower in the second quarter and year-to-date than the same periods in 2016 because of the payments of CCD commitments during 2016 and year-to-date in 2017, which reduced the balance on which accretion was calculated.

Interest expense

Interest expense in the third quarter of $1.1 million was $0.1 million, or 7%, lower than the same quarter last year, and year-to-date interest of $3.3 million was $0.3 million, or 8%, lower than last year because of lower effective interest rates and a lower average debt balance outstanding.

Business acquisition, integration, disposal and other income

Business acquisition, integration, disposal and other income generally consists of expenses related to business acquisitions and integration, realized gains and losses on the disposal of broadcasting assets, realized and unrealized gains and losses on investments and other items that are not indicative of the Company's core operating results, and not used in the evaluation of the Company's performance.

Business acquisition, integration, disposal and other income in the third quarter was $0.4 million primarily as a result of gains on disposals of property and equipment of $0.2 million. Year-to-date business acquisition, integration, disposal and other income was $0.3 million resulting primarily from a gain on the disposal of CISL-AM of $0.9 million, an unrealized mark-to-market gain of $0.3 million on investments included in *other assets*, and gains on disposals of property and equipment of $0.2 million. This was partially offset by CCD commitments of $0.4 million expensed on the acquisition of the Kamloops operations and $0.8 million in expenses recognized in relation to business acquisitions and disposals.

In the third quarter of 2016, business acquisition, integration, disposal and other income was $0.4 million, primarily related to mark-to-market gains of $0.4 million on the Company's marketable securities portfolio, which was divested of during that quarter. In the prior year, year-to-date business acquisition, integration, disposal and other income was $0.9 million, primarily related to gains on the Company's marketable securities of $0.8 million, of which $0.5 million was realized losses on disposition and $1.3 million was unrealized mark-to-market gains.

Provision for income taxes

In the third quarter, the effective tax rate was 28% and the year-to-date effective tax rate was 29%, both of which were lower than the statutory tax rate of 31% primarily because of the subsidiary rate differential that arises from consolidated entities that are taxed in different jurisdictions with lower tax rates. This was partially offset by the recognition of a tax liability on an investment in a subsidiary that was sold.

Profit
Profit for the third quarter of $8.2 million was $0.5 million, or 6%, higher than the same quarter last year, and year-to-date profit of $19.5 million was $1.1 million, or 5%, lower than last year. The increase in profit during the quarter was primarily a result of higher revenue as well as the Company's continued focus on cost control. The decline in year-to-date profit was primarily due to the non-cash expense related to the extension of executive stock options during the year and the copyright fee recovery recognized net of restructuring costs in the prior year. Excluding the net impact of these items, profit was 16% higher in the quarter and 1% higher year-to-date.

FINANCIAL REVIEW BY SEGMENT

Consolidated financial figures include the results of operations of the Company's two separately reported segments – Broadcasting and Corporate and Other. The Company provides information about segment revenue and segment Adjusted EBITDA 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 11 of the Company's interim financial statements.

Broadcasting Segment

The Broadcasting segment derives its revenue from the sale of broadcast advertising from its licences across the country. Advertising revenue can vary based on market and economic conditions, the audience share of a radio station, the quality of programming and the effectiveness of a company's team of sales professionals.

Cash-generating units within the Broadcasting segment are managed and evaluated based on their revenue and Adjusted EBITDA. The following summarizes the key operating results of the Broadcasting segment.

Broadcasting Financial Results of Operations

(thousands of Canadian dollars, except percentages)	**Three months ended September 30**			**Nine months ended September 30**		
	2017	2016	% Change	**2017**	2016	% Change
Revenue	**$ 41,646**	40,023	4%	**119,082**	119,059	—
Operating expenses	**(26,141)**	(24,994)	5%	**(77,684)**	(77,794)	—
Adjusted EBITDA [1]	**15,505**	15,029	3%	**41,398**	41,265	—
Adjusted EBITDA margin	**37%**	38%	(1%)	**35%**	35%	—

[1] *Refer to page 13, "Non-IFRS Accounting Measure"*

Revenue
Broadcasting revenue in the third quarter of $41.6 million was $1.6 million, or 4%, higher than last year primarily as a result of the net impact of the business transactions as well as growth in the Company's Ontario markets. On an organic basis, the Company's third quarter revenue growth was 3%. Year-to-date broadcasting revenue of $119.1 million was consistent with 2016 on both a total and organic basis as the Company's strong third quarter made up for revenue shortfalls experienced earlier in the year. Annual growth was led by the Toronto and Sudbury stations, which benefitted from strong listener ratings. Partially offsetting these growth markets were declines in certain Alberta and Newfoundland and Labrador stations, which are experiencing a challenging economic environment. The Company outpaced the Canadian radio industry average, which declined 1% in the third quarter and 2% in the year-to-date period ended September 30, 2017.

Operating expenses
For the third quarter, Broadcasting operating expenses were $26.1 million, up $1.1 million, or 5%, compared to the same quarter last year. The increase in operating expenses is due to the net impact of the business transactions as well as the fact that the prior year included a $0.8 million reduction and refund of certain copyright tariffs, net of restructuring costs. Excluding the net impact of these items, organic operating expenses declined 1% compared to the same quarter last year.

Year-to-date expenses of $77.7 million were $0.1 million, or less than 1%, lower than the prior year. Excluding the impact of certain restructuring costs and the reduction and refund of certain copyright tariffs recognized in the prior year, organic operating expenses were 2% lower than the prior year because of the Company's continued focus on controlling costs. Also contributing to the decline was a $1.1 million decrease in advertising expense as the Company undertook a significant rebranding and marketing campaigns in the prior year.

Adjusted EBITDA
Third quarter Broadcasting Adjusted EBITDA of $15.5 million was $0.5 million, or 3%, higher than 2016 and year-to-date Adjusted EBITDA of $41.4 million was $0.1 million, or less than 1%, higher than the same time last year. The increase in Adjusted EBITDA in the quarter related primarily to increased revenues and the Company's continued focus on managing costs. Excluding the impact of certain restructuring costs and the reduction and refund of certain copyright tariffs recognized in 2016, organic Adjusted EBITDA increased by 10% in the third quarter and 3% year-to-date.

Corporate and Other Segment

The Corporate and Other segment derives its revenue from hotel operations as well as office space rental and related services revenue. Corporate and Other expenses are related to head office functions and hotel operations.

Corporate and Other Financial Results of Operations

(thousands of Canadian dollars, except percentages)	Three months ended September 30			Nine months ended September 30		
	2017	2016	% Change	**2017**	2016	% Change
Revenue	**$ 1,457**	1,432	2%	**3,359**	3,500	(4%)
Operating expenses	**(3,568)**	(3,339)	7%	**(10,472)**	(9,670)	8%
Adjusted EBITDA(1)	**(2,111)**	(1,907)	(11%)	**(7,113)**	(6,170)	(15%)

(1) *Refer to page 14, "Non-IFRS Accounting Measure"*

Revenue
Revenue of $1.5 million in the third quarter and $3.4 million year-to-date did not change significantly when compared to the prior year.

Operating expenses
Operating expenses of $3.6 million in the third quarter were $0.2 million, or 7%, higher than the third quarter in 2016, and operating expenses of $10.5 million year-to-date were $0.8 million, or 8%, higher than the same period last year. The year-to-date increase primarily related to a $0.6 million non-cash expense related to the extension of executive stock options during the year. Excluding this expense, year-to-date operating expenses increased 3% due to inflationary factors.

Adjusted EBITDA
Adjusted EBITDA in the quarter was negative $2.1 million, which was $0.2 million, or 11%, lower than last year as a result of higher operating expenses. Year-to-date Adjusted EBITDA was negative $7.1 million, which was $0.9 million, or 15%, lower than the same period last year as a result of higher operating expenses compared to the prior year. Excluding this non-cash executive stock option expense, year-to-date adjusted EBITDA was 6% lower than the same period last year.

SELECTED QUARTERLY FINANCIAL INFORMATION

The Company's revenue and operating results vary, depending on the quarter. The first quarter is a period of lower retail spending and as a result, advertising revenue is lower. The fourth quarter tends to be a period of higher retail spending.

(thousands of Canadian dollars, except per share data)	**2017**			2016				2015
	3rd	2nd	1st	4th	3rd	2nd	1st	4th
Revenue	**$43,103**	43,604	35,734	46,972	41,455	44,225	36,879	45,493
Profit(1)	**8,215**	8,359	2,956	10,375	7,738	8,300	4,571	7,916
Earnings per share(1)								
- Basic	**0.32**	0.33	0.12	0.41	0.30	0.31	0.17	0.30
- Diluted	**0.31**	0.31	0.11	0.39	0.29	0.30	0.16	0.28

(1) Profit and earnings per share for the second quarter of 2016 and the fourth quarter of 2015 have been restated as a result of the retrospective application of a change in accounting policy related to the measurement of deferred income taxes on indefinite life intangible assets. The impact of these changes was as follows: 2nd quarter 2016 - $105,000 decrease in profit, $0.01 decrease in basic earnings per share; 4th quarter 2015 - $100,000 decrease in profit. For further details, refer to note 2(c) in the interim financial statements and note 3 in the annual financial statements for the year ended December 31, 2016.

Selected cash flow information – nine months ended September 30, 2017

Cash flows from operating activities of $25.9 million and proceeds on the disposal of broadcasting assets of $5.3 million were used to repay debt of $10.0 million, pay dividends of $8.9 million, acquire the Kamloops radio stations for $7.0 million, purchase property and equipment for $2.9 million, make CCD payments of $1.8 million, and repurchase capital stock for $0.4 million.

Selected cash flow information – nine months ended September 30, 2016

Cash flows from operating activities of $25.2 million combined with sales of marketable securities of $1.7 million were used to repurchase capital stock for $10.4 million, repay debt of $6.8 million, purchase property and equipment for $4.7 million, pay dividends of $2.6 million and pay $2.4 million toward CCD commitments.

Capital expenditures and capital budget

Capital expenditures year-to-date were $2.9 million and related primarily to improvements at the Company's hotel operation, the launch of a new FM licence, as well as continued investment in equipment in the Broadcasting segment. Capital expenditures for 2017 are expected to approximate $4.5 million, less than the budgeted amount of $6.0 million as the Company deferred certain expenditures. The major planned expenditures include improvements to studios, broadcasting equipment, and transmitters. The Company continuously upgrades its broadcasting equipment to improve operating efficiencies.

FINANCIAL CONDITION

Total assets

Assets of $373.4 million as at September 30, 2017 were $0.7 million higher than December 31, 2016 due primarily to the acquisition of the Kamloops radio stations, net of the disposal of CISL-AM and a decline in trade receivables.

Liabilities, shareholders' equity and capital structure

As at September 30, 2017, the Company had $1.0 million of current bank indebtedness (December 31, 2016 – $2.0 million) and $120.6 million of long-term debt, of which $11.3 million was current (December 31, 2016 – $129.5 million, of which $11.3 million was current). The capital structure consisted of 44% equity ($164.6 million) and 56% liabilities ($208.8 million) at quarter end (December 31, 2016 – $151.2 million, or 41%, equity and $221.5 million, or 59%, liabilities).

LIQUIDITY

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 and this is explained in the paragraphs that follow.

Credit facilities and covenants

The Company has two syndicated credit facilities. The first one is a $90.0 million revolving credit facility. This type of facility provides flexibility with no scheduled repayment terms. The Company also has a $90.0 million non-revolving credit facility that was drawn on March 31, 2014 and is being amortized over eight years, repayable in quarterly instalments of $2.8 million.

In June 2017, the Company amended its credit facilities to extend the maturity date for both credit facilities to May 31, 2019.

The Company is subject to covenants on its credit facilities. The Company's bank covenants include certain maximum or minimum ratios such as total debt to EBITDA ratio and fixed charge coverage ratio. Other covenants include seeking prior approval for acquisitions or disposals in excess of a quantitative threshold. For the purpose of covenant calculations, EBITDA is adjusted as defined in the Company's credit agreements. The Company was in compliance with the covenants throughout the year-to-date period and as at September 30, 2017.

Cash flow from operations and funds available from the Company's $90.0 million revolving credit facility have been the primary funding sources of working capital, capital expenditures, CCD payments, dividend payments, debt repayments, and other contractually required payments through the past several years.

Positive cash balances
The Company does not maintain any significant positive cash balances; instead, it uses its cash balances to reduce debt and minimize interest expense. 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 included in the $90 million revolving credit facility is $5.0 million available to fund any current obligations, $1.0 million of which the Company had drawn as at September 30, 2017. The Company can access this remaining available amount of $4.0 million as well as the additional $17.5 million undrawn amount on its revolving credit facility to fund obligations.

Working capital requirements
As at September 30, 2017, the Company's net working capital was $7.0 million. The cash from current receivables should 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 revolving credit 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 the undrawn amount of its credit facilities.

Future cash requirements
Other than for operations, the Company's cash requirements are mostly for interest payments, repayment of debt, capital expenditures, CCD payments, and other contractual obligations. Management anticipates that its cash flows from operations will provide sufficient funds to meet its cash requirements.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Since the publication of the 2016 Annual MD&A (dated March 9, 2017), there has been no substantive change in the Company's commitments and contractual obligations, other than the decrease in long-term debt, the additional CCD commitments of $0.4 million entered into as part of the Kamloops business acquisition and the commitment to acquire two FM radio stations In New Glasgow, Nova Scotia for aggregate consideration of $3.3 million, which is subject to the approval of the CRTC.

SHARE CAPITAL

Outstanding share data
The weighted average number of shares outstanding for the three months ended September 30, 2017 was 25,543,000 (2016 – 25,655,000) and for the nine months ended September 30, 2017 was 25,563,000 (2016 – 26,240,000). As of November 9, 2017, there are 21,772,437 Class A shares and 3,769,322 Class B shares outstanding.

Dividends
During the third quarter, the Board of Directors approved an increase in dividends to $0.50 per share per annum, up from $0.20 per share per annum. As a result, the Board of Directors declared a dividend of $0.25 per share on each of the Company's Class A shares and Class B shares. Dividends of $6.4 million were paid on September 15, 2017 to all shareholders of record as at August 31, 2017. Total year-to-date dividend payments of $8.9 million included dividends of $0.10 per share ($2.6 million in total) declared in the fourth quarter of 2016 that were paid in 2017.

Dividends paid in the third quarter and year-to-date of 2016 were $0.10 per share ($2.6 million in total). There was only one dividend payment made in the first three quarters of 2016 because dividends declared in the fourth quarter of 2015 were paid in December 2015.

Share repurchases
The Company has approval under a Normal Course Issuer Bid ("NCIB") to repurchase up to 1,090,116 Class A shares and 75,386 Class B shares. This bid became effective July 4, 2017 and expires July 3, 2018. During the third quarter, the Company repurchased 29,900 Class A shares for cash consideration of $0.3 million, and year-to-date, the Company repurchased 33,300 Class A shares for cash consideration of $0.4 million, 3,400 shares of which were purchased under the NCIB that was in effect until June 5, 2017.

During the third quarter of 2016, 36,900 Class A shares were repurchased for cash consideration of $0.3 million, and year-to-date 2016, 1,092,600 Class A shares were repurchased for cash consideration of $10.4 million under NCIBs.

As a result of the share repurchases, issued share capital was reduced by less than $0.1 million in the third quarter and year-to-date (2016 – $0.1 million in the third quarter and $1.6 million year-to-date), and retained earnings was reduced by $0.3 million in the third quarter and year-to-date (2016 – $0.3 million in the third quarter and $8.8 million year-to-date).

SHARE-BASED COMPENSATION PLANS

Executive stock option plan
A total of 1,990,000 executive stock options are outstanding pursuant to the Company's executive stock option plan. Year-to-date, the Company extended the expiry date of 1,850,000 executive stock options by five years after approval was received from the Toronto Stock Exchange and shareholders as required. During the third quarter, no options were granted (2016 – nil), and year-to-date, 30,000 options were granted (2016 – nil). During the third quarter, no options were exercised (2016 – nil), and year-to-date, 20,000 options were exercised (2016 – 252,500). Compensation expense related to the stock option plan in the third quarter was less than $0.1 million (2016 – less than $0.1 million), and year-to-date was $0.6 million (2016 – $0.1 million), which primarily related to the extension of executive stock options.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

For more detailed disclosures about derivative financial instruments and financial risk management, refer to note 10 of the interim financial statements.

Interest rate risk management
The Company is exposed to interest rate risk on the long-term debt issued at floating rates under its credit facilities. Until its expiry in May 2017, the Company had in place an interest rate swap agreement with a Canadian chartered bank to hedge its exposure to fluctuating interest rates on its long-term debt. The swap had a notional amount of $45 million.

The swap agreement involved the exchange of the three-month bankers' acceptance floating interest rate for a fixed interest rate. The difference between the fixed and floating rates was settled quarterly with the bank and was recorded as an increase or decrease to interest expense. As at September 30, 2017, there was no remaining aggregate fair value payable of the swap agreement (December 31, 2016 – $0.6 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. As at September 30, 2017, the Company did not hold any marketable securities but did hold a long-term investment that is recorded in *other assets* and did hold marketable securities during the prior year. Marketable securities prices can fluctuate and are affected by numerous factors beyond the Company's control. The Company recognized an unrealized mark-to-market gain in business integration, disposal and other income of $0.1 million in the quarter and $0.3 million year-to-date as a result of changes in the fair value of investments (2016 – $0.4 million gains were recorded during the third quarter and $0.8 million gains were recorded year-to-date, of which $0.5 million was realized losses on disposition and $1.3 million was unrealized mark-to-market gains).

In order to minimize the risk associated with changes in the share price of any one particular investment, the Company only invested a limited amount of funds in marketable securities and other investments.

Credit risk management
Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment fails to perform.

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. Credit exposure is managed through credit approval and monitoring procedures. 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. The Company is of the opinion that the provision for potential losses adequately reflects the credit risk associated with its receivables. 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. 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. As at September 30, 2017, the Company did not hold any derivative instruments, but did hold derivatives during the year and may, from time to time, enter into derivative contracts. With regard to the Company's derivative instruments, the counterparty risk is managed by only dealing with Canadian chartered banks having high credit ratings.

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.

FUTURE ACCOUNTING STANDARDS

Standards issued but not yet effective until after December 31, 2017 are consistent with those disclosed in the Company's annual financial statements for the year ended December 31, 2016, except for the following:

IFRIC 23, "Uncertainty over Income Tax Treatments" ("IFRIC 23")
In June 2017, the IASB issued IFRIC 23 to clarify the accounting for uncertainties in income taxes under IAS 12. It specifically considers:

- whether tax treatments should be considered collectively,
- assumptions for taxation authorities' examinations,
- the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and
- the effect of changes in facts and circumstances.

The effective date of the interpretation is January 1, 2019. The Company is assessing the impact this new interpretation will have on its consolidated financial statements.

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15")
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recording revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018, with early adoption permitted. To assess the impact of this new standard, the Company has formed an internal working group and continues to progress on its in-depth assessment of IFRS 15 on the consolidated financial statements. The Company's current assessment is that there will be no changes to revenue recognition, however more robust disclosure will be required.

IFRS 16, "Leases" ("IFRS 16")
In January 2016, the IASB issued IFRS 16. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. This standard would be effective for the Company's annual periods beginning after January 1, 2019, with early adoption permitted. To assess the impact of this new standard, the Company has formed an internal working group and continues to progress on its in-depth assessment of IFRS 16 on the Company's consolidated financial statements. The Company expects that IFRS

16 will result in an increase in assets and liabilities as the majority of leases will be brought onto the consolidated statements of financial position. The Company expects an increase in depreciation and interest expenses and also an increase in cash flow from operating activities as cash payments for the principal portion of the lease will be recorded as financing outflows in the consolidated statements of cash flows.

CRITICAL ACCOUNTING ESTIMATES

There has been no substantive change in the Company's critical accounting estimates since the publication of the 2016 Annual MD&A dated March 9, 2017.

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.

RELATED PARTY TRANSACTIONS

These interim financial statements include the financial statements of the following wholly-owned subsidiaries: Newcap Inc., the Glynmill Inn Incorporated, 8504580 Canada Inc., 8384827 Canada Inc., 8384860 Canada Inc., and 8384878 Canada Inc. These interim financial statements also include the assets and liabilities of the wholly owned subsidiaries NL Broadcasting Ltd. and Matricon Holdings Ltd., as well as their financial results subsequent to the date of acquisition of June 26, 2017. The results of 8384886 Canada Inc. (previously a wholly owned subsidiary) have been included until the date of its sale on June 30, 2017. All intra-group balances and transactions have been eliminated in full.

In addition to transactions between the parent and subsidiaries, the Company has entered into transactions and agreements with certain other related parties. Transactions with these parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, having normal trade terms. Related party transactions are reviewed by the Company's Audit and Governance Committee, which is comprised entirely of independent directors.

Related party transactions during the quarter and year-to-date were consistent in nature to those described in the 2016 Annual MD&A dated March 9, 2017.

RISKS, UNCERTAINTIES AND OPPORTUNITIES

There has been no substantive change in the Company's risks, uncertainties and opportunities since the publication of the 2016 Annual MD&A dated March 9, 2017.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

In accordance with the provisions of National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, the Chief Executive Officer and the Chief Financial Officer of the Company have limited the scope of their design of the Company's disclosure controls and procedures and internal control over financial reporting to exclude the controls, policies and procedures of its Kamloops operations, which were acquired on June 26, 2017. The Kamloops operations' contribution to the overall consolidated financial statements of the Company for the nine months ended September 30, 2017 was 1% of consolidated revenues and less than 1% of consolidated profit. As at September 30, 2017, the Kamloops operations' current assets and current liabilities were 1% and less than 1% of consolidated current assets and current liabilities, respectively, and their non-current assets and non-current liabilities were 2% and less than 1% of consolidated non-current assets and non-current liabilities, respectively. The design of the Kamloops operations' disclosure controls and procedures and internal control over financial reporting will be completed by the second quarter of fiscal 2018.

There were no changes in the Company's internal controls over financial reporting that occurred in the nine months ended September 30, 2017 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

OUTLOOK

The Company had a strong third quarter, achieving organic revenue growth of 3%, significantly outpacing the Canadian radio industry average, which faced a revenue decline of 1% in the quarter. The strong third quarter allowed the Company to recover much of its revenue shortfall from the first half of the year. This will lead to solid results for 2017.

The Company continued to achieve strong margins in the Broadcasting segment as a result of its focus on operating efficiently and controlling costs. The Company will continue to seek out further opportunities for collaboration amongst its radio stations to operate efficiently while providing listeners in all markets with a high-quality product. Investments in programming and sales talent will be made in an effort to maintain strong ratings and grow revenue.

The Company also continues to seek out acquisitions to further grow the Company and provide a healthy return on investment for its shareholders.

Non-IFRS Accounting Measure

Adjusted EBITDA *is calculated as revenue less operating expenses (which include direct cost of sales and general and administrative expenses) as reported in the Company's interim consolidated income statements. Adjusted EBITDA may be calculated and presented by operating segment or for the consolidated results of the Company. The Company believes this is an important measure because the Company's key decision makers use this measure internally to evaluate the performance of management. The Company's key decision makers also believe certain investors use it as a measure of the Company's financial performance and for valuation purposes.*

Adjusted EBITDA is therefore calculated before (i) non-cash expenses such as depreciation, amortization and accretion of other liabilities, (ii) interest expense and (iii) items not indicative of the Company's core operating results, and not used in the evaluation of the operating segments or the consolidated Company's performance such as impairment charges and business acquisition, integration, disposal and other income. A calculation of this measure is as follows:

		Three months ended September 30		Nine months ended September 30	
(thousands of Canadian dollars)		**2017**	2016	**2017**	2016
Profit [(1)]	***$***	***8,215***	*7,738*	***19,530***	*20,609*
Provision for income taxes [(1)]		***3,184***	*3,216*	***8,020***	*7,830*
Interest expense		***1,094***	*1,173*	***3,341***	*3,626*
Depreciation and amortization		***1,212***	*1,356*	***3,495***	*3,704*
Standardized EBITDA		***13,705***	*13,483*	***34,386***	*35,769*
Business acquisition, integration, disposal and other income		***(375)***	*(438)*	***(302)***	*(924)*
Accretion of other liabilities		***64***	*77*	***201***	*250*
Adjusted EBITDA	***$***	***13,394***	*13,122*	***34,285***	*35,095*

(1) Provision for income taxes and profit for the nine months ended September 30, 2016 have been restated as a result of the retrospective application of a change in accounting policy related to the measurement of deferred income taxes on indefinite life intangible assets. For further details, refer to note 2(c) in the interim financial statements.

Adjusted EBITDA is not defined by IFRS and is not standardized for public issuers. This measure may not be comparable to similar measures presented by other public enterprises.

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, 2017 and 2016

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 condensed interim consolidated financial statements ("interim financial statements") of the Company for the three months and nine months ended September 30, 2017 and 2016 have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" 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 financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Dated this 9th day of November 2017

Interim Consolidated Statements of Financial Position

(unaudited)

(thousands of Canadian dollars)	*Notes*		**September 30 2017**	December 31 2016	December 31 2015 restated *(note 2c)*
ASSETS					
Current assets					
Marketable securities	*10(a)*	$	**-**	-	829
Receivables	*10*		**38,383**	41,846	38,960
Prepaid expenses			**2,091**	1,647	1,494
Income taxes recoverable			**1,003**	-	-
Total current assets			**41,477**	43,493	41,283
Non-current assets					
Property and equipment			**43,985**	44,291	43,098
Other assets			**1,985**	1,889	1,580
Broadcast licences	*4,5*		**263,785**	262,064	262,029
Goodwill	*4,5*		**20,015**	19,055	19,055
Deferred income tax assets			**2,135**	1,871	2,236
Total non-current assets			**331,905**	329,170	327,998
Total assets	*6*	$	**373,382**	372,663	369,281
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Bank indebtedness		$	**957**	1,986	1,748
Accounts payable and accrued liabilities			**22,297**	22,092	20,747
Dividends payable			**-**	2,557	-
Income taxes payable			**-**	2,078	1,840
Current portion of long-term debt	*6*		**11,250**	11,250	11,250
Total current liabilities			**34,504**	39,963	35,585
Non-current liabilities					
Long-term debt	*6*		**109,318**	118,205	134,658
Other liabilities			**11,773**	13,240	14,833
Deferred income tax liabilities			**53,219**	50,100	48,031
Total non-current liabilities			**174,310**	181,545	197,522
Total liabilities			**208,814**	221,508	233,107
Shareholders' equity			**164,568**	151,155	136,174
Total liabilities and shareholders' equity		$	**373,382**	372,663	369,281

See accompanying notes to the interim financial statements

Interim Consolidated Income Statements

(unaudited)

(thousands of Canadian dollars, except per share data)	*Notes*	Three months ended September 30 **2017**	2016	Nine months ended September 30 **2017**	2016 restated *(note 2c)*
Revenue		$ **43,103**	41,455	**122,441**	122,559
Operating expenses		**(29,709)**	(28,333)	**(88,156)**	(87,464)
Depreciation and amortization		**(1,212)**	(1,356)	**(3,495)**	(3,704)
Accretion of other liabilities		**(64)**	(77)	**(201)**	(250)
Interest expense		**(1,094)**	(1,173)	**(3,341)**	(3,626)
Business acquisition, integration, disposal, and other income	*4,5,10(a)*	**375**	438	**302**	924
Profit before provision for income taxes		**11,399**	10,954	**27,550**	28,439
Provision for income taxes					
Current		**(2,684)**	(2,194)	**(5,750)**	(6,048)
Deferred		**(500)**	(1,022)	**(2,270)**	(1,782)
		(3,184)	(3,216)	**(8,020)**	(7,830)
Profit		$ **8,215**	7,738	**19,530**	20,609
Earnings per share					
- Basic		$ **0.32**	0.30	**0.76**	0.79
- Diluted		**0.31**	0.29	**0.73**	0.75
Weighted average number of shares outstanding *(thousands)*					
- Basic		**25,543**	25,655	**25,563**	26,240
- Diluted		**26,863**	26,800	**26,818**	27,493

See accompanying notes to the interim financial statements

Interim Consolidated Statements of Comprehensive Income

(unaudited)

(thousands of Canadian dollars)	Three months ended September 30 **2017**	2016	Nine months ended September 30 **2017**	2016 restated *(note 2c)*
Profit	$ **8,215**	7,738	**19,530**	20,609
Other comprehensive loss				
Cash flow hedges:				
Net movement on interest rate swaps	**-**	(45)	**-**	(135)
Income tax recovery	**-**	13	**-**	39
Amounts reclassified to profit	**-**	(32)	**-**	(96)
Comprehensive income	$ **8,215**	7,706	**19,530**	20,513

See accompanying notes to the interim financial statements

Interim Consolidated Statements of Changes in Shareholders' Equity
(unaudited)

(thousand of Canadian dollars)		Issued share capital *(note 7)*	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total
Balance at January 1, 2017	**$**	**33,023**	**2,326**	**(27)**	**115,833**	**151,155**
Profit and comprehensive income		**-**	**-**	**-**	**19,530**	**19,530**
Dividends declared		**-**	**-**	**-**	**(6,385)**	**(6,385)**
Repurchase of share capital		**(49)**	**-**	**-**	**(303)**	**(352)**
Exercise of executive stock options		**19**	**(19)**	**-**	**-**	**-**
Executive stock option compensation expense		**-**	**620**	**-**	**-**	**620**
Balance at September 30, 2017	**$**	**32,993**	**2,927**	**(27)**	**128,675**	**164,568**

See accompanying notes to the interim financial statements

(thousand of Canadian dollars)		Issued share capital *(note 7)*	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total
Balance at January 1, 2016 as previously stated	$	34,488	2,483	(143)	109,163	145,991
Retrospective change in accounting policy *(note 2c)*		-	-	-	(9,817)	(9,817)
Balance at January 1, 2016 restated		34,488	2,483	(143)	99,346	136,174
Profit		-	-	-	20,609	20,609
Other comprehensive loss		-	-	(96)	-	(96)
Total comprehensive income (loss)		-	-	(96)	20,609	20,513
Dividends declared		-	-	-	(2,566)	(2,566)
Repurchase of share capital		(1,609)	-	-	(8,821)	(10,430)
Exercise of executive stock options		204	(204)	-	-	-
Exercise of stock option compensation expense		-	71	-	-	71
Balance at September 30, 2016	$	33,083	2,350	(239)	108,568	143,762

See accompanying notes to the interim financial statements

Interim Consolidated Statements of Cash Flows

(unaudited)

(thousands of Canadian dollars)	*Notes*		Nine months ended September 30 **2017**	2016
Operating activities				
Profit before provision for income taxes		**$**	**27,550**	28,439
Items not involving cash				
Depreciation, amortization and accretion of other liabilities			**3,696**	3,954
Interest expense			**3,341**	3,626
Share-based compensation expense	*8*		**620**	71
Realized and unrealized gains on investments	*10(a)*		**(270)**	(834)
Gain on disposal of broadcasting assets	*5*		**(938)**	-
Canadian Content Development commitments arising from business acquisitions not yet paid	*4*		**372**	-
Other			**(603)**	290
			33,768	35,546
Net change in non-cash working capital balances related to operations			**4,379**	884
Cash generated from operations			**38,147**	36,430
Interest paid			**(3,378)**	(4,004)
Income taxes paid			**(8,833)**	(7,256)
Net cash flow from operating activities			**25,936**	25,170
Financing activities				
Change in bank indebtedness			**(1,029)**	432
Long-term borrowings			**-**	10,500
Long-term debt repayments			**(8,938)**	(17,688)
Dividends paid	*7*		**(8,942)**	(2,566)
Repurchase of capital stock	*7*		**(352)**	(10,430)
Other			**(145)**	-
Net cash flow used in financing activities			**(19,406)**	(19,752)
Investing activities				
Property and equipment additions			**(2,941)**	(4,730)
Canadian Content Development commitment payments			**(1,827)**	(2,390)
Acquisition of business, net of cash acquired	*4*		**(7,016)**	-
Proceeds on disposal of broadcasting assets	*5*		**5,250**	
Proceeds on disposal of marketable securities			**-**	1,663
Other			**4**	39
Net cash flow used in investing activities			**(6,530)**	(5,418)
Cash, beginning and end of period		**$**	**-**	-

See accompanying notes to the interim financial statements

1. REPORTING ENTITY

Newfoundland Capital Corporation Limited (the "Company") is incorporated under the *Canada Business Corporations Act*. The address of the Company's registered office of business is 8 Basinview Drive, Dartmouth, Nova Scotia, B3B 1G4. The Company's primary activity is radio broadcasting. These unaudited condensed interim consolidated financial statements ("interim financial statements") comprise the financial statements of the Company and its subsidiaries. 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. As a result, revenue and profit are generally lower than the other quarters.

These interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors on November 9, 2017.

2. BASIS OF PREPARATION

a) Statement of Compliance

These interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" ("IAS 34"). Accordingly, certain information and note disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. The same accounting policies and methods of computation were followed in the preparation of these interim financial statements as were followed in the preparation of the annual financial statements for the year ended December 31, 2016. Accordingly, these interim financial statements should be read together with the annual financial statements for the year ended December 31, 2016 prepared in accordance with IFRS.

These interim financial statements have been prepared in accordance with those IFRS standards and IFRS Interpretations Committee ("IFRIC") interpretations issued and effective or issued and early adopted as at the date of these statements. All amounts are expressed in Canadian dollars, rounded to the nearest thousand (unless otherwise specified). The functional currency of the Company and each of its subsidiaries is the Canadian dollar.

b) Critical Accounting Estimates

There has been no substantive change in the Company's critical accounting estimates and assumptions since the publication of the annual financial statements for the year ended December 31, 2016.

c) Change in accounting policy and retrospective restatement

In November 2016, IFRIC published a summary of its meeting discussion regarding the expected manner of recovery of an intangible asset with an indefinite useful life for the purposes of measuring deferred tax in accordance with IAS 12, "Income Taxes". The IFRIC noted that an intangible asset with an indefinite useful life is not a non-depreciable asset. This is because a non-depreciable asset has an unlimited (infinite) life, and that indefinite does not mean infinite. Consequently, the fact that an entity does not amortize an intangible asset with an indefinite useful life does not necessarily mean that the entity will recover the carrying amount of that asset only through sale, and not through use. Prior to this meeting, the Company's accounting policy for deferred income taxes assumed that its intangible assets with indefinite lives (broadcast licences) would be recovered through sale. As such, the Company was required to retrospectively change its accounting policy for the accounting of deferred income tax on intangible assets with indefinite useful lives to be determined on the basis of the full difference between the carrying amount and the tax base of these assets, assuming in accordance with the IFRIC recommendations that the intangible assets will be recovered through use unless there is a specific plan to sell these assets.

2. BASIS OF PREPARATION *(continued)*

c) Change in accounting policy and retrospective restatement *(continued)*

The following table summarizes the impact of this change of accounting policy on the previously reported consolidated statements of financial position.

Increase (decrease) to previously reported amounts

(thousands of Canadian dollars)		2015
Goodwill	$	7,041
Deferred income tax assets		(2,006)
Deferred income tax liabilities		14,852
Retained earnings [1]		(9,817)

[1] Included in shareholders' equity

The impact of this change of accounting policy on the interim consolidated income statements was an increase in provision for income taxes – deferred of $105,000 for the nine months ended September 30, 2016. This change resulted in a decrease of less than $0.01 in basic and diluted earnings per share for the nine months ended September 30, 2016. The change in accounting policy did not have an impact on the previously reported interim consolidated statements of cash flows.

3. FUTURE ACCOUNTING STANDARDS

Future Accounting Standards
Standards issued but not yet effective until after December 31, 2017 are consistent with those disclosed in the Company's annual financial statements for the year ended December 31, 2016, except for the following:

IFRIC 23, "Uncertainty over Income Tax Treatments" ("IFRIC 23")
In June 2017, the IASB issued IFRIC 23 to clarify the accounting for uncertainties in income taxes under IAS 12. It specifically considers:

- whether tax treatments should be considered collectively,
- assumptions for taxation authorities' examinations,
- the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and
- the effect of changes in facts and circumstances.

The effective date of the interpretation is January 1, 2019. The Company is assessing the impact this new interpretation will have on its consolidated financial statements.

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15")
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recording revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018, with early adoption permitted. To assess the impact of this new standard, the Company has formed an internal working group and continues to progress on its in-depth assessment of IFRS 15 on the consolidated financial statements. The Company's current assessment is that there will be no changes to revenue recognition, however more robust disclosure will be required.

3. FUTURE ACCOUNTING STANDARDS *(continued)*

IFRS 16, "Leases" ("IFRS 16")

In January 2016, the IASB issued IFRS 16. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. This standard would be effective for the Company's annual periods beginning after January 1, 2019, with early adoption permitted. To assess the impact of this new standard, the Company has formed an internal working group and continues to progress on its in-depth assessment of IFRS 16 on the Company's consolidated financial statements. The Company expects that IFRS 16 will result in an increase in assets and liabilities as the majority of leases will be brought onto the consolidated statements of financial position. The Company expects an increase in depreciation and interest expenses and also an increase in cash flow from operating activities as cash payments for the principal portion of the lease will be recorded as financing outflows in the consolidated statements of cash flows.

4. BUSINESS ACQUISITION

On June 26, 2017, the Company acquired the shares of companies that hold the radio broadcasting assets of three radio stations in Kamloops, British Columbia, for total cash consideration of $7,633,000 (or $7,016,000 net of cash acquired). Because this was a share transaction, the Company did not receive full tax basis on the assets acquired and this resulted in the recognition of deferred income tax liabilities as set out in the table below.

The Company completed this transaction to grow its presence in British Columbia. The purchase was financed by operating cash flows and proceeds on the disposal of CISL-AM as discussed in note 5. The major assets acquired included cash, receivables, broadcast licences, goodwill and property and equipment while certain trade payables and accrued liabilities were assumed. Goodwill arose primarily as a result of the deferred income tax liabilities recognized for accounting purposes on the broadcast licences and property and equipment acquired. The accounting value of goodwill in the table below does not have any deferred tax liability associated with it because it is not deductible for tax purposes.

The purchase price was allocated to the net assets acquired on a preliminary basis at the estimated fair values on the acquisition date using the acquisition method of accounting. Certain adjustments have been made to the preliminary purchase price allocation as a result of adjustments to working capital balances. The purchase price allocation has not yet been finalized as there may be further adjustments to working capital and the value assigned to other categories. The following table sets out the net assets acquired and their estimated acquisition date fair values:

(thousands of Canadian dollars)	Preliminary	Adjustments	**Revised**
Cash	$ 639	(22)	**617**
Receivables	713	(40)	**673**
Prepaid expenses	40	31	**71**
Property and equipment	1,203	-	**1,203**
Broadcast licences	5,514	-	**5,514**
Goodwill	1,412	-	**1,412**
Total assets acquired	9,521	(31)	**9,490**
Current liabilities assumed	(193)	(35)	**(228)**
Deferred income tax liabilities	(1,629)	-	**(1,629)**
Net assets acquired	$ 7,699	(66)	**7,633**

Earnings have been included in profit since the date of acquisition. Included in the interim consolidated income statements related to this acquisition was $799,000 of revenue and minimal profit (excluding the acquisition-related transactions costs that included Canadian Content Development ("CCD") commitments of $372,000). Revenue and profit of the acquired stations prior to acquisition was $1,753,000 and $132,000 respectively. Pro-forma revenue including the results of the acquired stations, as though the acquisition date for this transaction had been January 1, 2017, would have been $124,194,000 year-to-date, and pro-forma profit, on the same basis, excluding interest and accretion expense would have been $19,662,000 year-to-date.

5. DISPOSAL OF BROADCASTING ASSETS

On June 30, 2017, the Company completed the previously announced sale of CISL-AM in Vancouver, British Columbia, for $5,250,000, resulting in a gain on disposal of $938,000, net of certain restructuring costs related to the disposal. This gain was recorded in business acquisition, integration, disposal, and other income on the interim consolidated income statements. This was a share transaction, and as such, the Company has derecognized certain deferred income tax liabilities that had been recorded as a result of taxable temporary differences recognized relating to the assets sold.

The major classes of assets and liabilities disposed of were as follows:

(thousands of Canadian dollars)		
Non-current assets		
Property and equipment	$	**907**
Broadcast licence		**3,801**
Goodwill		**452**
Total assets disposed of		**5,160**
Non-current liabilities		
Deferred income tax liabilities		**(1,045)**
Net assets disposed of	$	**4,115**

6. LONG-TERM DEBT

(thousands of Canadian dollars)		**September 30 2017**	December 31 2016
Revolving term credit facility of $90 million, renewable, expires in May 2019	$	**67,500**	68,000
Non-revolving term credit facility of $90 million, repayable in quarterly instalments, expires in May 2019		**53,437**	61,875
		120,937	129,875
Less: current portion of non-revolving credit facility		**(11,250)**	(11,250)
Less: debt transaction costs, net of accumulated amortization of $1,176 (2016 - $979)		**(369)**	(420)
	$	**109,318**	118,205

The $90,000,000 revolving term credit facility has no set terms of repayment. The undrawn amount, net of bank indebtedness, was $21,543,000. This amount may be used to fund future operations, capital requirements and investing activities, subject to the debt covenants that are disclosed in note 10. The $90,000,000 non-revolving term credit facility is being amortized over eight years and is repayable in quarterly instalments of $2,813,000.

In June 2017, the Company amended the credit facilities to extend the maturity date to May 31, 2019. The Company has provided a general assignment of book debts and a first ranking fixed charge demand debenture over all freehold and leasehold real property and all equipment and a security interest and floating charge over all other property as collateral for the bank indebtedness and the credit facilities.

7. SHARE CAPITAL

Outstanding share capital

Outstanding share capital was 25,541,759 as at September 30, 2017 (December 31, 2016 – 25,570,731).

Share repurchases

The Company has approval under a Normal Course Issuer Bid ("NCIB") to repurchase up to 1,090,116 Class A Subordinate Voting Shares ("Class A shares") and 75,386 Class B Common Shares ("Class B shares"). This bid became effective July 4, 2017 and expires July 3, 2018. During the third quarter, the Company repurchased 29,900 Class A shares for cash consideration of $319,000 (2016 – 36,900 Class A shares for $346,000), and year-to-date the Company repurchased 33,300 Class A shares for cash consideration of $352,000 (2016 – 1,092,600 Class A shares for $10,430,000). Included in the year-to-date share repurchases were 3,400 Class A shares under the NCIB that was in effect until June 5, 2017. As a result of the share repurchases, issued share capital was reduced by $44,000 in the third quarter and $49,000 year-to-date (2016 – $54,000 in the third quarter and $1,609,000 year-to-date), and retained earnings was reduced by $276,000 in the third quarter and $303,000 year-to-date (2016 – $292,000 in the third quarter and $8,821,000 year-to-date).

Executive stock options

Pursuant to the Company's executive stock option plan disclosed in note 8, no options were exercised in the third quarter (2016 – nil) and 20,000 options were exercised year-to-date (2016 – 252,500) using the cashless exercise option, resulting in 4,328 shares issued from treasury year to date (2016 – 87,965). Share capital was increased and contributed surplus was decreased by $19,000 (2016 – $204,000) as a result of the options being exercised during the year.

Dividends

During the third quarter, the Company declared dividends of $0.25 (2016 – $0.10) per Class A and Class B share. Dividends paid totaled $6,385,000 during the third quarter and $8,942,000 year-to-date (2016 – $2,566,000 in the third quarter and year-to-date).

Dividends of $0.10 per share ($2,557,000 in total) declared in the fourth quarter of 2016 were paid in 2017. Only one dividend payment was made in the first three quarters of 2016 because dividends declared in the fourth quarter of 2015 were paid in December 2015.

8. SHARE-BASED COMPENSATION PLANS

The following is a summary of the Company's compensation expense related to share-based compensation plans:

Executive stock options

A total of 2,020,000 stock options are outstanding pursuant to the Company's executive stock option plan. The options generally vest as follows: twenty-five percent on the date of grant and twenty-five percent on each of the three succeeding anniversary dates. Option holders may elect to exercise their options on a cashless basis, in which case capital shares are issued from treasury based on a formula that takes into account the market value of the Company's Class A shares and the option's strike price.

Year-to-date, the Company extended the expiry date of 1,850,000 executive stock options by five years after approval was received from the Toronto Stock Exchange and shareholders as required. During the third quarter, no options were granted (2016 – nil) and year-to-date, 30,000 options were granted (2016 – nil). During the third quarter, no options were exercised (2016 – nil) and year-to-date 20,000 options were exercised (2016 – 252,500). Compensation expense related to the stock option plan in the quarter was $16,000 (2016 – $18,000) and year-to-date was $620,000 (2016 – $71,000), which included $553,000 year-to-date related to the extension of executive stock options.

9. EMPLOYEE BENEFIT PLANS

		Three months ended September 30		Nine months ended September 30	
(thousands of Canadian dollars)		**2017**	2016	**2017**	2016
Defined contribution plan expense	$	**465**	458	**1,415**	1,395
Defined benefit plan expense		**89**	97	**268**	290

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Estimated fair value of financial instruments

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 three-month Canadian bankers' acceptance rates. The premium to bankers' acceptance rates is based on certain financial ratios and is consistent with market value. The fair values of CCD commitments approximate their carrying values as they were initially recorded at the net present value of their future cash flows, using a discount rate that remains consistent with fair value.

The following table outlines the hierarchy of inputs used in the calculation of fair value for each financial instrument:

(thousands of Canadian dollars)			**Level 1**	**Level 2**	**Level 3**
Description		**Total**	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs
Financial assets at fair value through profit or loss					
Investment included in *other assets*	$	**770**	-	770	-
Other liabilities at amortized cost, with fair values disclosed					
Long-term debt, excluding unamortized credit facility fees		**(120,937)**	-	(120,937)	-
CCD commitments		**(4,450)**	-	(4,450)	-

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities
Level 2: other techniques for which all inputs that have a significant effect on the recorded value are observable, either directly or indirectly
Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following sections discuss the Company's risk management objectives and procedures as they relate to credit risk, market risk, liquidity risk and capital risk.

Credit risk

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. Credit exposure is managed through credit approval and monitoring procedures. 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 maximum credit exposure approximated $39,396,000 as at September 30, 2017 (December 31, 2016 – $42,914,000), which included accounts receivable.

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Credit risk *(continued)*
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 totaled $1,013,000 as at September 30, 2017 (December 31, 2016 – $1,068,000). The Company is of the opinion that the provision for potential losses adequately reflects the credit risk associated with its receivables.

Approximately 82% 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. The total amount written off in the third quarter was $126,000 (2016 – $37,000) and year-to-date was $258,000 (2016 – $187,000), which represents a very small portion of accounts receivable and revenue. 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. As at September 30, 2017, the Company did not hold any derivative instruments, but did hold derivatives during the year and may, from time to time, enter into derivative contracts. With regard to the Company's derivative instruments, the counterparty risk is managed by only dealing with Canadian chartered banks having high credit ratings.

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 and interest rates.

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

As at September 30, 2017, the Company did not hold any marketable securities but did hold a long-term investment that is recorded in *other assets* and did hold marketable securities during the prior year. Investment values can fluctuate and are affected by numerous factors beyond the Company's control. In order to minimize the risk associated with changes in the value of any one particular investment, the Company only invested a limited amount of funds in marketable securities.

For the quarter ended September 30, 2017, $140,000 was recorded as an unrealized gain, and year-to-date, $270,000 was recorded as an unrealized gain in business acquisition, integration, disposal and other income as a result of changes in the fair value of investments (2016 – $359,000 gains were recorded during the third quarter and $834,000 gains were recorded year-to-date, of which $458,000 was realized losses on disposition and $1,292,000 was unrealized mark-to-market gains). As at September 30, 2017, a 10% change in the value of the Company's investments would result in an estimated $65,000 change in profit.

b) *Interest rate risk management*

The Company is exposed to interest rate risk on the long-term debt issued at floating rates under its credit facilities. A 0.5% change in the annual floating interest rates would have had a $110,000 impact on profit for the quarter ended September 30, 2017 and a $277,000 impact on year-to-date profit.

The Company had in place an interest rate swap agreement with a Canadian chartered bank to hedge its exposure to fluctuating interest rates on its long-term debt. The swap had a notional amount of $45,000,000 and expired in May 2017. The swap agreement involved the exchange of the three-month bankers' acceptance floating interest rate for a fixed interest rate. The difference between the fixed and floating rates was settled quarterly with the bank and recorded as an increase or decrease to interest expense. Changes in fair value of the swap were recorded in profit.

At quarter-end, there was no remaining liability related to the aggregate fair value of the swap (December 31, 2016 – $268,000 liability, all of which was classified as current).

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

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 facilities. 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, CCD payments, and other contractual obligations that are disclosed below.

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

Obligation *(thousands of Canadian dollars)*	**12 months**	**Years 2 to 5**	**Thereafter**
Long-term debt, excluding debt transaction costs *(note 6)*	$ 11,250	109,687	-
Bank indebtedness	957	-	-
Accounts payable and accrued liabilities, net of current portion of undiscounted CCD commitments	20,774	-	-
CCD commitments, undiscounted	1,523	3,173	132
	$ 34,504	112,860	132

Assuming the long-term debt is renewed in 2019 and at subsequent maturity dates, which is consistent with past practice, the payments would be $45,000,000 for years two to five and $64,687,000 thereafter.

Capital risk

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 facilities. The Company's bank covenants include certain maximum or minimum ratios such as total debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio and fixed charge coverage ratio. For the purpose of covenant calculations, EBITDA is adjusted as defined in the Company's credit agreements. Other covenants include seeking prior approval for acquisitions or disposals in excess of a quantitative threshold.

10. Financial Instruments and Financial Risk Management *(continued)*

Capital risk *(continued)*
Financial projections are updated and reviewed regularly to reasonably ensure that financial 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 throughout the year-to-date period and as at September 30, 2017.

11. Operating Segment 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 and is a strategic business unit that offers different services and is managed separately. Corporate and Other consists of a hotel and the head office functions. Its revenue relates to hotel operations as well as office space rental and related services revenue. The Company evaluates performance based on earnings before interest, taxes, depreciation and amortization, accretion of other liabilities, and business acquisition, integration, disposal and other income.

Included within the Broadcasting segment are distinct operating segments that have been aggregated as they operate within the same regulatory environment and use similar processes to provide advertising services to customers. Operating segments are evaluated by the Company based on specific geographic locations within Canada. The Company considered the economic characteristics of the various operating segments, including earnings before interest, taxes, depreciation and amortization, accretion of other liabilities, and business acquisition, integration, disposal and other income in determining that these segments are appropriate to aggregate.

11. OPERATING SEGMENT INFORMATION *(continued)*

(thousands of Canadian dollars)		Broadcasting	Corporate and Other	Total		Broadcasting	Corporate and Other	Total
		Three months ended September 30, 2017				**Nine months ended September 30, 2017**		
Revenue	**$**	**41,646**	**1,457**	**43,103**	**$**	**119,082**	**3,359**	**122,441**
Operating expenses		**(26,141)**	**(3,568)**	**(29,709)**		**(77,684)**	**(10,472)**	**(88,156)**
Segment profit (loss)		**15,505**	**(2,111)**	**13,394**		**41,398**	**(7,113)**	**34,285**
Depreciation, amortization and accretion of other liabilities		**(1,120)**	**(156)**	**(1,276)**		**(3,262)**	**(434)**	**(3,696)**
Interest expense		**-**	**(1,094)**	**(1,094)**		**-**	**(3,341)**	**(3,341)**
Business acquisition, integration, disposal, and other income		**251**	**124**	**375**		**242**	**60**	**302**
Profit (loss) before provision for income taxes	**$**	**14,636**	**(3,237)**	**11,399**	**$**	**38,378**	**(10,828)**	**27,550**
Other disclosures								
Capital expenditures	**$**	**(157)**	**(230)**	**(387)**	**$**	**(1,852)**	**(1,089)**	**(2,941)**
		Three months ended September 30, 2016				Nine months ended September 30, 2016		
Revenue	$	40,023	1,432	41,455	$	119,059	3,500	122,559
Operating expenses		(24,994)	(3,339)	(28,333)		(77,794)	(9,670)	(87,464)
Segment profit (loss)		15,029	(1,907)	13,122		41,265	(6,170)	35,095
Depreciation, amortization and accretion of other liabilities		(1,304)	(129)	(1,433)		(3,585)	(369)	(3,954)
Interest expense		-	(1,173)	(1,173)		-	(3,626)	(3,626)
Business acquisition, integration, disposal, and other income		72	366	438		83	841	924
Profit (loss) before provision for income taxes	$	13,797	(2,843)	10,954		37,763	(9,324)	28,439
Other disclosures								
Capital expenditures	$	(386)	(2,696)	(3,082)	$	(1,479)	(3,251)	(4,730)

(thousands of Canadian dollars)		Broadcasting	Corporate and Other	Total
		As at September 30, 2017		
Total assets	**$**	**356,484**	**16,898**	**373,382**
Total liabilities		**(21,992)**	**(186,822)**	**(208,814)**
Other disclosures				
Broadcast licences		**263,785**	**-**	**263,785**
Goodwill		**20,015**	**-**	**20,015**
		As at December 31, 2016		
Total assets	$	357,900	14,763	372,663
Total liabilities		(23,385)	(198,123)	(221,508)
Other disclosures				
Broadcast licences		262,064	-	262,064
Goodwill		19,055	-	19,055

12. SUBSEQUENT EVENT

Subsequent to September 30, 2017, the Company entered into a purchase and sale agreement to acquire two FM radio stations in New Glasgow, Nova Scotia. The purchase is subject to CRTC approval and will result in a net increase in long-term debt and other liabilities of approximately $3,300,000, which includes the Company's obligation to fund CCD payments over a seven-year period.

Transfer agent and registrar
The transfer agent and registrar for the shares of the Company is the AST Trust Company (Canada) at its offices in Halifax and Toronto.

For shareholder account inquiries:
Telephone: 1-800-387-0825 (toll free in North America)
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or write to: Newfoundland Capital Corporation Limited
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Investor relations contact
Institutional and individual investors seeking financial information about the Company are invited to contact Scott G. M. Weatherby, Chief Financial Officer and Corporate Secretary (902) 468-7557
E-mail: investorrelations@ncc.ca
web: www.ncc.ca

Stock exchange listing and symbols
The Company's Class A Subordinate Voting Shares and Class B Common Shares are listed on the Toronto Stock Exchange under the symbols NCC.A and NCC.B.

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