CKBA Athabasca, AB CJPR Blairmore, AB CJEV Elkford, BC CIBQ Brooks, AB CIQX Calgary, AB CFCW Camrose, AB CJCM Cold Lake, AB CKDQ Drumheller, AB CKRA Edmonton, AB CIRK Edmonton, AB CJYR Edson, AB CKYR Jasper, AB CKYR Grande Cache, AB CFYR Whitecourt, AB CKVH High Prairie, AB CIYR Hinton, AB CKWA Slave Lake, AB CHLW St. Paul, AB CKSQ Stettler, AB CKKY Wainwright, AB CFOK Westlock, AB CKJR Wetaskiwin, AB CIHT Ottawa, ON CHNO Sudbury, ON CJLB Thunder Bay, ON CJMO Moncton, NB CJXL Moncton, NB CFDR Halifax, NS CFRQ Halifax, NS CIEZ Halifax, NS CHTN Charlottetown, PEI CHVO Carbonear, NL CKVO Clarenville, NL CKXX Corner Brook, NL CKXX-FM1 Stephenville, NL CFCB Corner Brook, NL CFDL Deer Lake, NL CFNW Port au Choix, NL CFNN St. Anthony, NL CKXD Gander, NL CKGA Gander, NL CFLN Goose Bay, NL CFLC Churchill Falls, NL CFLW Wabush, NL CKXG Grand Falls-Windsor, NL CKXG-FM1

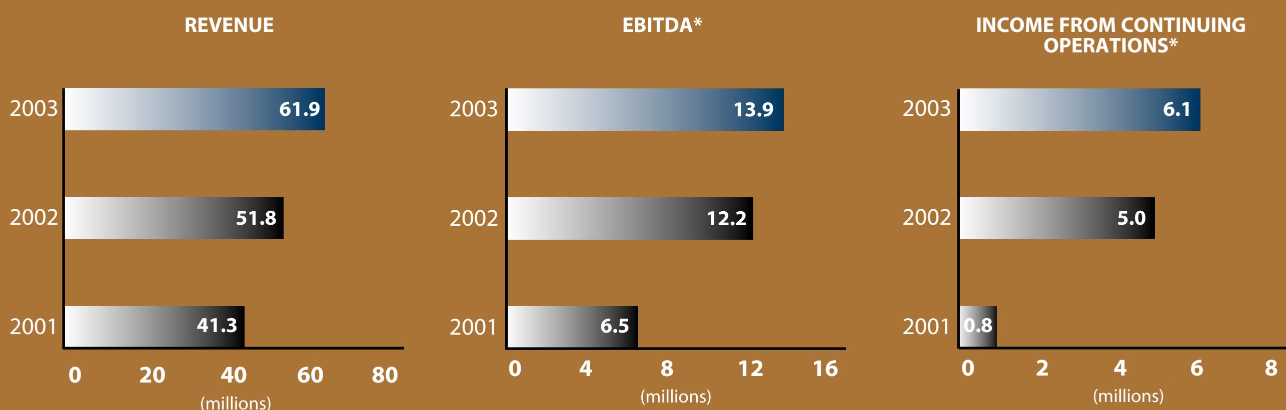
NEWFOUNDLAND CAPITAL CORPORATION LIMITED

Port aux Basques, NL CFCV St. Andrew's, NL CKBA Athabasca, AB CJPR Blairmore, AB CJEV Elkford, BC CIBQ Brooks, AB CIQX Calgary, AB CFCW Camrose, AB CJCM Cold Lake, AB CKDQ Drumheller, AB CKRA Edmonton, AB CIRK Edmonton, AB CJYR Edson, AB CKYR Jasper, AB CKYR Grande Cache, AB CFYR Whitecourt, AB CKVH High Prairie, AB CIYR Hinton, AB CKWA Slave Lake, AB CHLW St. Paul, AB CKSQ Stettler, AB CKKY Wainwright, AB CFOK Westlock, AB CKJR Wetaskiwin, AB CIHT Ottawa, ON CHNO Sudbury, ON CJLB Thunder Bay, ON CJMO Moncton, NB CJXL Moncton, NB CFDR Halifax, NS CFRQ Halifax, NS CIEZ Halifax, NS CHTN Charlottetown, PEI CHVO Carbonear, NL CKVO Clarenville, NL CKXX Corner Brook, NL CKXX-FM1 Stephenville, NL CFCB Corner Brook, NL CFDL Deer Lake, NL CFNW Port au Choix, NL CFNN St. Anthony, NL CKXD Gander, NL CKGA Gander, NL CFLN Goose Bay, NL CFLC Churchill Falls, NL CFLW Wabush, NL CKXG Grand Falls-Windsor, NL CKXG-FM1 Grand Falls-Windsor, NL CKIM Baie Verte, NL CKCM Grand Falls-Windsor, NL CHCM Marystown, NL CJYQ St. John's, NL CKIX St. John's, NL VOCM St. John's, NL VOCM-FM St. John's, NL VOCM-FM1 Clarenville, NL CFSX Stephenville, NL CFGN Port aux Basques, NL CFCV St. Andrew's, NL CKBA Athabasca, AB CJPR Blairmore, AB CJEV Elkford, BC CIBQ Brooks, AB CIQX Calgary, AB CFCW Camrose, AB CJCM Cold Lake, AB CKDQ Drumheller, AB CKRA Edmonton, AB CIRK Edmonton, AB CJYR Edson, AB CKYR Jasper, AB CKYR Grande Cache, AB CFYR Whitecourt, AB CKVH High Prairie, AB CIYR Hinton, AB CKWA Slave Lake, AB CHLW St. Paul, AB CKSQ Stettler, AB CKKY Wainwright, AB CFOK Westlock, AB CKJR Wetaskiwin, AB CIHT Ottawa, ON CHNO Sudbury, ON CJLB Thunder Bay, ON CJMO Moncton, NB CJXL Moncton, NB CFDR Halifax, NS CFRQ Halifax, NS CIEZ Halifax, NS CHTN Charlottetown, PEI CHVO Carbonear, NL CKVO Clarenville, NL CKXX Corner Brook, NL CKXX-FM1 Stephenville, NL CFCB Corner Brook, NL CFDL Deer Lake, NL CFNW Port au Choix, NL CFNN St. Anthony, NL CKXD Gander, NL CKGA Gander, NL CFLN Goose Bay, NL CFLC Churchill Falls, NL CFLW Wabush, NL CKXG Grand Falls-Windsor, NL CKXG-FM1 Grand Falls-Windsor, NL CKIM Baie Verte, NL CKCM Grand Falls-Windsor, NL CHCM Marystown, NL CJYQ St. John's, NL CKIX St. John's, NL VOCM St. John's, NL VOCM-FM St. John's, NL VOCM-FM1 Clarenville, NL CFSX Stephenville, NL CFGN Port aux Basques, NL CFCV St. Andrew's, NL CKBA Athabasca, AB CJPR Blairmore, AB CJEV Elkford, BC CIBQ Brooks, AB CIQX Calgary, AB CFCW Camrose, AB CJCM Cold Lake, AB CKDQ Drumheller, AB CKRA Edmonton, AB CIRK Edmonton, AB CJYR Edson, AB CKYR Jasper, AB CKYR Grande Cache, AB CFYR Whitecourt, AB CKVH High Prairie, AB CIYR Hinton, AB

ANNUAL REPORT 2003

Financial Highlights

(millions of dollars, except per share information)		**2003**	2002	2001
Operations				
Revenue	$	**61.9**	51.8	41.3
EBITDA*		**13.9**	12.2	6.5
Income from continuing operations*		**6.1**	5.0	0.8
Net income (loss)		**6.1**	8.9	(3.8)
Financial position				
Total assets	$	**156.6**	147.9	136.5
Long-term debt		**26.6**	30.2	31.8
Shareholders' equity		**79.8**	74.3	65.3
Per share information				
Income from continuing operations*	$	**0.51**	0.43	0.07
Net income (loss)		**0.51**	0.75	(0.32)
Dividends declared		**0.10**	—	—
Book value		**6.71**	6.30	5.54
Share price, NCC.A (closing)		**11.50**	8.50	8.50



Same station growth, acquisitions and new station launches increased revenue by $10.1 million.

A 14% increase in EBITDA was primarily organic.

Income from continuing operations improved 21%.

* The comparative amounts for 2001 exclude restructuring charges.

Report to Shareholders

Robert G. Steele

Robert G. Steele
President and
Chief Executive Officer

H R Steele

Harry R. Steele
Chairman

2003 was a very rewarding year for shareholders. The Company experienced double-digit growth in revenue, earnings before interest, taxes, depreciation and amortization (EBITDA) and income from continuing operations and declared the first dividend in four years.

Concentrating on our radio network dramatically improved financial results. Revenue was 19% better than a year ago while EBITDA was a respectable 14% ahead. Excluding the one-time gain in 2002 from the sale of our Publishing and Printing Division, income from continuing operations was up 21% to $6.1 million ($0.51 per share) as compared to last year's $5.0 million ($0.43 per share). Exceptional results in Newfoundland and Labrador, Edmonton, Halifax and Moncton were key.

These financial results led our Board of Directors to declare a $0.10 per share dividend on both Class A and Class B shares, payable on January 15, 2004 to shareholders of record at the close of business on December 31, 2003.

The year was one of stability that allowed us to focus on our core properties. There were no business acquisitions or disposals for the first time in several years. Of note, however, was the launch of our new Ottawa FM station in February 2003 and our 29.9% minority interest in a newly awarded FM licence in Kitchener-Waterloo, Ontario that hit the airwaves in February 2004.

To better serve communities in some of our markets in Alberta, the Company requested approval from the Canadian Radio-television and Telecommunications Commission (CRTC) for three new FM licences and permission to convert another three of our AM signals to FM. Our request was granted and implementation of these new services will occur throughout 2004 and 2005.

Once all of these conversions and new services are on-air, our valuable inventory of assets will be 31 FM and 30 AM radio broadcast licences.

We currently have two applications before the CRTC. The awarding of FM licences in Fredericton and Saint John, New Brunswick is not expected until late in the year.

The Bureau of Broadcast Measurement (BBM) rating results released last fall showed continued top ranking for K-Rock FM in Edmonton, Alberta and dominance of our Moncton, New Brunswick and St. John's, Newfoundland and Labrador stations. Other competitive markets also met our expectations, with the exception of the Calgary FM where our restricted licence faced competition from new formats. We are taking steps to improve ratings in this market.

In 2003 our geographic diversity was a significant asset as many of our rural Alberta markets were hit hard by the economic events in that province. Radio stations in other parts of Canada were able to compensate for this downturn, bringing 2003 to a successful conclusion.

Early in 2004 we completed the sale of our 20% position in Optipress Inc. This transaction has improved our balance sheet and gives the Company additional resources to expand our radio assets. Our first priority for corporate development is to apply to the CRTC for new licences. This is the most cost-effective expansion strategy to pursue. A strong balance sheet and the low interest rate environment puts us in a position to take advantage of suitable acquisitions as they present themselves.

At Newfoundland Capital Corporation, we are very proud of our accomplishments in the radio markets where we broadcast. We value the strong and deep relationships we have built with advertisers and listeners. These relationships have been developed by a dedicated group of employees who pride themselves on creativity, innovation and a keen business focus. We would like to thank everyone for their contribution to our success.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the annual consolidated financial statements and related notes contained in this 2003 Annual Report. These documents, along with the Company's Annual Information Form, are available on SEDAR at www.sedar.com. Management's discussion and analysis of financial condition and results of operations contains forward-looking statements. By their very nature, these statements involve inherent risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from those expressed in such forward-looking statements. Readers are cautioned not to place undue reliance on these statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CORPORATE OVERVIEW

Newfoundland Capital Corporation Limited (NCC) is a major radio broadcaster with 61 licences across Canada — 31 FM and 30 AM. The Company is an industry leader with a significant presence in Alberta and Atlantic Canada and broadcasts in a variety of formats depending on each market's needs. The majority of NCC's revenue is advertising-based and therefore subject to economic fluctuations. Almost half of its revenue is either generated in sole service markets or in markets where the Company is involved in strategic sales agreements with other broadcasters. These two attributes add stability to the revenue streams. Sales are made directly by the Company's sales staff and through advertising agencies. The shares of NCC trade on the Toronto Stock Exchange under the symbols NCC.A and NCC.B.

INDUSTRY OVERVIEW

Radio stations generate revenue by selling advertising airtime to clients, who are primarily in the retail industry. Companies compete for local and national advertising revenue by developing listener franchises within desirable demographic segments in their local market. This requires competitive competence in the areas of station programming, technology, community relations and sales promotion. In most medium and major radio markets, each station is rated to determine how much of the listening public tune in to a company's station(s). The better a station is rated, the more revenue it can attract from both local and national advertisers. The radio industry normally accounts for 12% to 13% of the estimated $8.0 billion of major media advertising dollars spent in Canada. Due to the fixed cost nature of the radio industry, revenue fluctuations directly impact operating earnings. Broadcast licences are governed by the Canadian Radio-television and Telecommunications Commission (CRTC) and normally have a licence term of seven years. Renewal of these licences is not normally withheld unless there are serious violations of CRTC regulations. All of the Company's broadcast licences are in good standing and the Company takes steps to ensure all conditions of licence are satisfied.

BUSINESS AND LICENCE ACQUISITIONS AND DISPOSALS

On April 29, 2002, the Company acquired 19 radio licences in the Province of Alberta from Télémédia Radio Inc., in accordance with an agreement with Standard Radio Inc., who retained a 24% interest in these licences. One of the licences acquired in

this transaction was the Calgary station that was launched in late August 2002. This acquisition was accounted for by the purchase method and the purchase price has been allocated to the fair value of the assets acquired and liabilities assumed. The consolidated statement of income includes the results of operations from the acquisition date.

The Company sold its Publishing and Printing Division on July 25, 2002 to a newly incorporated company, Optipress Inc., which completed its Initial Public Offering on that date. The transaction was effective June 30, 2002. This reportable segment has been accounted for as discontinued operations. Additional information on discontinued operations is provided in note 3 to the consolidated financial statements.

During the sale of the Publishing and Printing segment, the Company retained a 20% interest in Optipress Inc. The Company accounted for this investment using the equity method by recognizing its proportionate share of net income.

On November 27, 2003, the Company announced it had entered into an agreement with Transcontinental Inc. (TSX – TCL.A) to tender its 1,411,800 shares of Optipress Inc. pursuant to a takeover bid to be made by TCL. On January 16, 2004, TCL announced that all conditions of the offer were met and therefore the Company's investment was sold on that date for the offered price of $8.00 per share. The proceeds of $11.3 million will be used to reduce bank debt. The gain on sale is estimated to be $2.4 million, $2.0 million after tax. This gain will be recognized in the first quarter of 2004.

APPROVALS OF NEW LICENCES BY THE CRTC

In addition to the business and licence acquisitions, the Company has been successful in being awarded new licences from the CRTC. In 2001, the Company was awarded a new broadcast licence in Ottawa, Ontario and in February 2003, upon the launch of this new radio station, it became obligated to fund Canadian Talent Development for $5.2 million over a period of six years. This cost has been capitalized as broadcast licences.

The Company is a 29.9% minority partner in a newly awarded FM licence in Kitchener-Waterloo, Ontario, which commenced broadcasting early in 2004. The Company will account for its interest using the equity method.

To better serve smaller communities in Alberta which currently have AM services, the Company requested approval from the CRTC for three new FM licences and permission to convert three AM signals to FM. This request was granted and implementation of these new services will occur throughout 2004 and 2005. Aside from increasing the coverage in this province from 22 to 25 broadcast licences, these approvals have dramatically changed the mix of AM and FM signals. The valuable FM licences have more than doubled, from five to eleven.

SELECTED ANNUAL FINANCIAL INFORMATION

Business and licence acquisitions and disposals and the restructuring charges recognized in 2001 were the primary reasons for the trending over the past three years.

(thousands of dollars, except share data)		**2003**	2002	2001
Revenue	$	**61,906**	51,826	41,285
Income (loss) from continuing operations		**6,085**	5,024	(4,238)
Net income (loss)		**6,085**	8,866	(3,778)
Earnings (loss) per share				
Income (loss) from continuing operations				
– basic		**0.51**	0.43	(0.36)
– diluted		**0.51**	0.42	(0.36)
Net income (loss) – basic and diluted		**0.51**	0.75	(0.32)
Total assets	$	**156,555**	147,914	136,544
Long-term debt		**26,595**	30,173	31,774
Outstanding shares				
Class A Subordinate Voting Shares		**10,643**	10,535	10,515
Class B Common Shares		**1,258**	1,258	1,258
Dividends declared				
Class A Subordinate Voting Shares	$	**0.10**	—	—
Class B Common Shares		**0.10**	—	—

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

CONSOLIDATED OPERATING RESULTS

Consolidated revenue was $61.9 million for the year, a 19% improvement over 2002. A combination of radio licence acquisitions, new station launches and same-station growth were the main reasons for the gains over 2002. Growth at the stations in Newfoundland and Labrador, Edmonton and Moncton were responsible for the majority of the 9% organic growth. This growth rate surpassed the industry average of 6% and is the continuation of a trend that has seen the Company exceed the industry's average growth rate in the past number of years. The industry growth rate is based upon the Trans-Canada Radio Advertising by Market report released by the Radio Marketing Bureau. This report summarizes radio sales for major and some medium markets in Canada.

(thousands of dollars)		2003	2002	Growth Total	Growth Organic
Revenue					
Radio	$	**58,400**	48,116	21%	9%
Corporate and other		**3,506**	3,710	(5%)	(5%)
	$	**61, 906**	51,826	19%	8%

Lower occupancy rates in the hotel operation was the main reason for Corporate and other revenue coming in slightly below last year.

Operating expenses of $48.4 million were higher than the prior year, primarily due to business and licence acquisitions, the new station launch in Ottawa and the variable sales and royalty costs associated with increased revenue. The nature of the Company's operating expenses is such that the majority are fixed, meaning any fluctuation in revenue will have a significant impact on net operating results.

(thousands of dollars)		2003	2002	Growth Total	Growth Organic
EBITDA*					
Radio	$	**17,178**	15,519	11%	9%
Corporate and other		**(3,319)**	(3,354)	1%	1%
	$	**13,859**	12,165	14%	12%
% of Revenue					
Radio		**29%**	32%	(3%)	—
Total		**22%**	23%	(1%)	1%

Earnings before interest, taxes, depreciation and amortization (EBITDA — further defined on page 11) is $1.7 million ahead of last year due to both business and licence acquisitions and margin improvements in most existing stations. Annual Radio results reflect a very successful year with EBITDA growing 11% to $17.2 million. The majority of this growth came from same-station revenue improvements. As expected, Radio's EBITDA as a percentage of revenue was down this year due to the new station start-ups in Calgary and Ottawa, as these stations have not yet reached maturity. In addition the farming sector in Alberta had significant declines in profitability, reducing advertising revenue in some of the smaller markets in the province. Despite the decline to 29%, this percentage remains among the highest in the industry when compared to results reported by other public companies in the radio broadcasting business. Corporate and other EBITDA was on par with 2002.

Depreciation and amortization expense was $0.3 million more than a year ago. This is attributed to acquisitions and the station start-ups described above.

(thousands of dollars)		2003	2002
Operating Earnings*			
Radio	$	**15,204**	13,892
Corporate and other		**(3,685)**	(3,790)
	$	**11,519**	10,102

Operating earnings (defined on page 11) were $1.4 million higher than a year ago. This was attributed to the improved EBITDA noted above. Radio finished the year with operating earnings of $15.2 million, 9% better than 2002.

Interest expense of $1.5 million was $0.2 million lower than the prior year, as $0.6 million was attributed to discontinued operations in 2002. Lower costs were a result of lower average debt balances and lower interest rates.

The Company's share of Optipress Inc.'s net income is $0.3 million for the year, consistent with 2002.

The effective income tax rate of 37% is lower than the prior year due to lower Canadian statutory tax rates and a change in the mix of pre-tax earnings within provincial jurisdictions. This provision includes large corporations tax and accounts for the non-taxable portion of gains recognized. This rate is expected to decrease by another 1% to 2% in 2004.

Non-controlling interest in subsidiaries' earnings represents the 24% that Standard Radio Inc. holds in the 20 rural Alberta licences and the Calgary licence and the 38% that minority shareholders have in the Moncton, New Brunswick licences. This has increased over the prior year as the Alberta licences were acquired during 2002.

The $1.1 million improvement in income from continuing operations is directly attributable to improved EBITDA along with the lower effective income tax rate.

(thousands of dollars, except share data)		**2003**	2002	Basic Earnings Per Share **2003**	Basic Earnings Per Share 2002
Income from continuing operations	**$**	**6,085**	5,024	**0.51**	0.43
Net income		**6,085**	8,866	**0.51**	0.75

Income from discontinued operations of $3.8 million in 2002 was a combination of the gain on sale of the Publishing and Printing Division and the operating results of this division until the date of disposal, net of tax.

This year's net income was lower than the prior year due to the gain on sale of the Publishing and Printing Division in 2002.

SELECTED QUARTERLY FINANCIAL INFORMATION *(unaudited except totals)*

The Company's revenue and operating results vary depending on the quarter. The first quarter of the year is a period of lower retail spending and results in lower advertising revenue and net income.

(thousands of dollars, except per share data)		Quarter 1st	Quarter 2nd	Quarter 3rd	Quarter 4th	Year
2003						
Revenue	**$**	**12,357**	**16,621**	**15,315**	**17,613**	**61,906**
Income from continuing operations		**490**	**2,042**	**1,256**	**2,297**	**6,085**
Net income		**490**	**2,042**	**1,256**	**2,297**	**6,085**
Earnings per share						
Income from continuing operations – basic		**0.04**	**0.17**	**0.11**	**0.19**	**0.51**
– diluted		**0.04**	**0.17**	**0.10**	**0.19**	**0.51**
Net income – basic		**0.04**	**0.17**	**0.11**	**0.19**	**0.51**
– diluted		**0.04**	**0.17**	**0.10**	**0.19**	**0.51**
2002						
Revenue	$	8,659	13,479	13,262	16,426	51,826
Income from continuing operations		121	1,621	1,060	2,222	5,024
Net income		286	2,034	4,324	2,222	8,866
Earnings per share						
Income from continuing operations – basic		0.01	0.14	0.09	0.19	0.43
– diluted		0.01	0.14	0.09	0.19	0.42
Net income – basic		0.02	0.17	0.37	0.19	0.75
– diluted		0.02	0.17	0.36	0.19	0.75

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash flow from continuing operations before the change in non-cash working capital was $10.0 million, $1.1 million better than the $8.9 million posted last year. This increase is attributed to improved operating results.

Significant sources of cash included proceeds from issuance of capital stock of $1.9 million, borrowings of $1.5 million and the annual instalment from the note receivable of $1.0 million. Significant uses of cash included the repayment of long-term debt of $5.3 million, an investment in Halterm Income

Fund Trust Units of $2.6 million, repurchase of capital stock of $1.3 million, payment of Canadian Talent Development obligations of $1.8 million, the purchase of $2.3 million of capital assets and a $1.2 million increase in deferred charges. The new Ottawa station accounts for $0.8 million of the capital spending this year with the remaining $1.5 million being a mixture of sustaining and expansionary capital related to broadcasting and other equipment. Wherever possible the Company takes steps to improve efficiency by investing in new state-of-the-art broadcast equipment. The majority of the deferred charges were pre-operating costs related to the new Ottawa station.

The Company expects its level of cash flow to be sufficient to meet its working capital needs, capital expenditures, contractual obligations and other cash requirements. Any business and licence acquisitions or significant capital expenditures would be funded from a combination of cash flow from operations and the Company's credit facility.

As at December 31, 2003 the Company had $1.9 million of current bank indebtedness outstanding and $26.7 million of long-term debt, of which $0.1 million was current. The Company has also issued standby letters of credit totalling $1.9 million in support of certain long-term liabilities. The working capital deficiency was $1.5 million, up from the prior year end working capital deficiency of $1.0 million, and was primarily due to the increase in current bank indebtedness. Due to the flexible nature of the Company's credit facility, the mix of long-term debt and current bank indebtedness can fluctuate from month to month and the credit facility is more than sufficient to fund working capital.

The Company's primary credit facility is a $55 million revolving term credit facility that is renewed annually. Subsequent to year end the Company renewed the facility, which will now mature in April 2005. As a result, no portion of the revolving facility has been classified as current. If the Company renews its facility annually under the same terms and conditions, there will be no fixed repayment schedule. Up until the maturity date, the Company has the option to convert the revolving credit facility to a non-revolving facility, repayable in quarterly instalments over two years. The Company has chosen this type of credit facility because it provides flexibility with no scheduled repayment terms. This arrangement minimizes interest costs and allows the Company access to sufficient capital for growth while at the same time allowing the total bank debt balance to be reduced immediately with any positive cash flow from operations. Interest costs are based on either the bank's prime rate or bankers' acceptance rates. Covenants for the facility require that the Company maintain certain financial ratios. The Company was in compliance with these covenants

throughout the year and at year end. The Company expects to be in compliance with these covenants for the foreseeable future.

The Company's credit facility is subject to floating interest rates. On July 2, 2003 the Company entered into two interest rate swap agreements to hedge interest rate risk, whereby the Company will exchange the three-month bankers' acceptance floating interest rate for a fixed interest rate during the term of the agreements. The notional amount of the swaps total $15 million and the expiry dates range from two to three years. The difference between the fixed and floating rates is settled quarterly with the bank and recorded as an increase or decrease to interest expense. The fair value of the interest rate swap agreements at year end is a net payable of $0.2 million that has not been recognized in the accounts as the interest rate swap qualifies for hedge accounting.

Subsequent to the divestiture of the 20% interest in Optipress Inc., the long-term debt balance will be reduced by the proceeds of $11.3 million. Future fluctuations in interest rates will have minimal impact on interest expense because the majority of the Company's interest payments are hedged.

In December 2003 the Board of Directors declared a dividend of $0.10 per share on each of its Class A Subordinate Voting and Class B Common shares. The dividend was payable on January 15, 2004 to shareholders of record at the close of business on December 31, 2003. The total amount of $1.2 million was funded from cash flow from operations.

Other liabilities have increased by a net amount of $2.7 million. These obligations increased as a result of the long-term portion of the Ottawa station's $5.2 million obligation to fund Canadian Talent Development.

The sustaining capital budget for 2004 amounts to $1.8 million. In addition, during 2004 and 2005 the Company will undertake expansionary plans in six small Alberta markets. This cost will be approximately $3.1 million. Over the next 12 to 18 months, the Company is obligated to fund its proportionate share of the capital costs and initial operating costs of the new Kitchener-Waterloo FM licence estimated to be $0.5 million. The Company has no other significant capital commitments at this time.

CONTRACTUAL OBLIGATIONS

The Company has various contractual obligations that are recorded as liabilities in the consolidated financial statements. Other items such as operating lease commitments are not recognized as liabilities. The following table summarizes significant contractual obligations and commitments at December 31, 2003 and the future periods in which the obligations are expected to be paid. In addition, the table reflects the timing of principal payments on outstanding borrowings. Additional details regarding these obligations are provided in the notes to the consolidated financial statements, as referenced in the table.

(thousands of dollars)		**2004**	**2005**	**2006**	**2007**	**2008**	**There -after**	**Total**
Long-term debt *(note 6)*	$	78	6,648	13,273	6,648	23	3	**26,673**
Canadian Talent Development commitments *(note 7)*		1,871	1,700	1,643	1,630	1,389	1,357	**9,590**
Operating leases *(note 15)*		2,109	1,218	839	616	475	958	**6,215**
Total contractual obligations	$	4,058	9,566	15,755	8,894	1,887	2,318	**42,478**

All of the obligations are recorded as liabilities on the Company's balance sheet except for operating leases which are disclosed in the notes to the consolidated financial statements.

The minimum required principal repayments for long-term debt is under the assumption the Company exercises the option to convert to a non-revolving term as described in the Liquidity and Capital Resources section. Subsequent to year end, long-term debt will be reduced by $11.3 million.

The Company also has obligations with respect to its employee benefit plans as discussed in note 8 to the consolidated financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

CAPITAL EMPLOYED

Assets at year end totalled $156.6 million, up from $147.9 million at December 31, 2002. This is mainly due to the recognition of the $5.2 million in broadcast licences mentioned previously. The capital structure consisted of 51% equity ($79.8 million) and 49% debt ($76.8 million). Total bank debt is 36% of equity, 6% better than last year. The total bank debt to EBITDA ratio is 2.1 to 1. Subsequent to the disposition of the Company's investment in Optipress Inc., this ratio is expected to decline to 1.4 to 1.

Pursuant to a Normal Course Issuer Bid, the Company repurchased 138,000 (2002 – 15,000) of its outstanding Class A Subordinate Voting Shares for a total cost of $1.3 million (2002 – $0.1 million). The Company has approval under a Normal Course Issuer Bid to repurchase up to 532,000 Class A Subordinate Voting Shares and 63,000 Class B Common Shares. This bid expires January 6, 2005.

The Company issued 246,000 (2002 – 35,000) Class A Subordinate Voting Shares with proceeds of $1.9 million (2002 – $0.3 million) for the year pursuant to the executive stock option plan. This year 10,000 options were issued at a weighted average exercise price of $8.75. The weighted average number of shares outstanding remained constant at 11.8 million. As of February 27, 2004, there are 10,700,000 Class A Subordinate Voting Shares and 1,258,000 Class B Common Shares outstanding. The Company has 780,000 outstanding stock options exercisable, of which 663,000 are vested, for Class A Subordinate Voting Shares at prices ranging from $7.30 to $8.95.

CRITICAL ACCOUNTING ESTIMATES

The annual consolidated financial statements summarize the Company's accounting policies. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could be different from these estimates.

The following estimates are considered to be those that have the most impact on the Company's financial position, its results of operations and statement of cash flows.

The Company makes a provision for doubtful accounts based on a market-by-market and client-by-client basis to provide for possible uncollectible accounts. This requires judgment on the part of local station management and is based on prior collection history.

The Company has estimated the useful lives of property and equipment based on past experience and is depreciating these assets over their useful lives. Management assesses these estimates on a periodic basis and makes adjustments when appropriate.

The Company performs asset impairment assessments for broadcast licences on an annual basis. These assessments are based on discounted cash flows which are derived from internal company projections that include assumptions about growth rates and other future events.

In valuing its defined benefit pension obligations, the Company uses the accrued benefit actuarial method pro-rated on services and best estimate assumptions. These assumptions include the discount rate on plan liabilities, the expected long-term rate of return on plan assets and the rate of compensation increase. The Company reviews these estimates annually with its actuaries and compares to industry practices to ensure estimates are reasonable.

RECENT ANNOUNCEMENTS OF NEW ACCOUNTING POLICIES

Effective January 1, 2004 the CICA issued a new accounting guideline for hedging relationships. To qualify for hedge accounting, the hedging relationship must be designated and documented at inception and there must be reasonable assurance that the

hedging relationship will be effective. Effectiveness requires a high correlation of changes in fair values or cash flows between the hedged item and the hedging item. The Company's hedge relationships are currently in compliance with this new guideline.

The CICA announced changes to the standard for stock-based compensation and other stock-based payments. The modification dictates that the fair value of new awards of stock options must be expensed. The recommendations provide transitional provisions, allowing companies alternatives on how to treat the fair value of stock option awards that were previously disclosed but not recorded as an expense. The Company will begin expensing stock options in 2004, following the transitional provision whereby the fair value disclosed in 2002 and 2003 in the amount of $0.6 million will be charged against opening retained earnings in 2004. Adopting this policy will result in an operating expense of approximately $0.2 million in 2004 representing the impact of options issued prior to 2004.

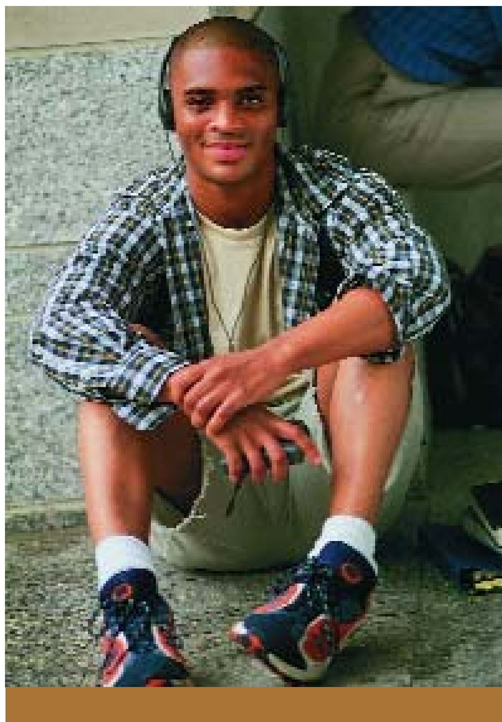
RELATED PARTY TRANSACTIONS

During the year, the Audit Committee and the Board of Directors approved the sale of a redundant piece of property (land and building) for the sum of $610,000 to an entity controlled by the Chairman of the Company. The transaction was measured at the exchange amount based on an independent appraisal of the property, and resulted in a gain of $135,000.

RISKS AND OPPORTUNITIES

The Company is subject to a number of risks and uncertainties, the more significant of which are discussed below. Additional risks and uncertainties not presently known to the Company may impact the Company's financial results in the future.

The Company's revenue is derived primarily from the sale of advertising directed at retail consumers. This revenue fluctuates depending on the economic conditions of each market and the Canadian economy as a whole. To partially mitigate this risk, the



Company retains a degree of geographic and sectoral diversification. In addition, almost half of the Company's revenue is generated in sole service markets or in markets where the Company is involved in strategic sales agreements with other broadcasters.

The Company faces competition in some of its markets which impacts the Company's audience and revenue share and the level of promotional spending required to be competitive. Any changes to the competitive state of these markets could adversely affect the Company's financial results. The Company takes steps to mitigate these risks by constantly modifying its product and performing market research to ensure it is meeting the needs of its listener base. The Company operates in many markets where it is the sole commercial radio service.

The Company is regulated by the CRTC under the Broadcasting Act. Although this regulatory body provides a stable operating environment, the Company's financial results may be affected by changes in regulations, policies and decisions made by it. The current regulations with respect to the maximum number of broadcast licences held in any one market, the percentage of foreign ownership, the required level of

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Canadian content as well as other aspects of the regulations could change in the future. The CRTC is expected to perform a Radio Policy Review in 2004 or 2005. The impact of possible changes is not determinable at this time. The Company actively monitors the regulatory environment to ensure it is aware of all risks and opportunities.

The licencing process creates a significant barrier to entry which provides a degree of protection for the Company in its existing markets. This also makes it difficult to enter new markets because a company either needs to be awarded a new licence (through a public process) or pay significant funds for existing stations in a market.

In markets where the Company does not hold the maximum allowable broadcast licences, it intends to file applications for any new licence calls that are initiated. In markets where the Company holds the maximum allowable licences, future calls for new licences will increase competition. The markets in which the Company has the maximum number of FM licences are Moncton, New Brunswick, Edmonton, Alberta and St. John's, Newfoundland and Labrador.

The CRTC will hold hearings for new licences in Halifax, Nova Scotia, and Moncton, Saint John and Fredericton, New Brunswick in March 2004. The Company already has a presence in Halifax and Moncton and has therefore applied for a new FM licence in Saint John and Fredericton. A decision is expected in late 2004 with new services not being on-air until late 2005. The CRTC recently announced that the Company's application for a new FM licence in Red Deer, Alberta was unsuccessful.

The Company is facing new competition in St. John's, Newfoundland and Labrador but due to its dominance in that market, the Company does not expect a significant impact on operating results. The new competition in Edmonton, Alberta is expected to be announced soon and the new station(s) to be on-air in 2005. The Company has taken steps to mitigate the risk of increased competition in Edmonton as management's programming team constantly monitors the stations in the market to ensure it maintains the number one rating. In addition to being adequately prepared for new competition, the Company expects that the total radio revenue in a particular market should grow sufficiently to absorb any new entrants that are awarded licences.

In late 1999, the CRTC ruled that it will no longer allow Local Management Agreements (LMAs) without prior approval. LMAs exist when two or more stations with separate ownership structures operate as one business unit. The fact that the CRTC may not allow licence renewal under LMA structures could give rise to increased operating costs in markets in which the Company participates in LMAs. The Charlottetown, PEI LMA will be terminated in 2004 and the only other market this applies to is Thunder Bay, Ontario where the Company is currently applying for renewal.

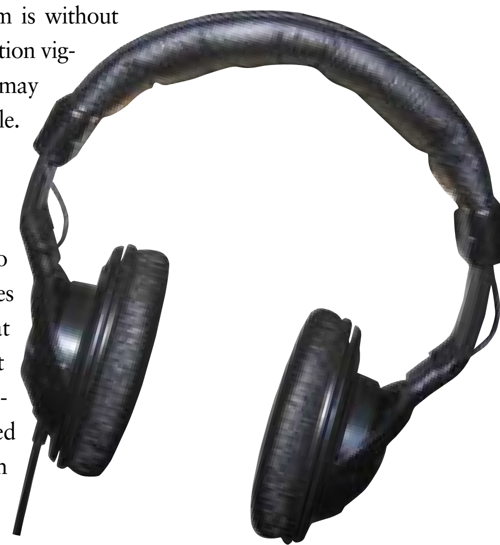
The Company is subject to certain fees, which in aggregate are approximately 6% of radio broadcasting revenue. Licence fees are payable to the CRTC, while copyright fees are payable to the Society of Composers, Authors and Music Publishers of Canada (SOCAN), the Neighbouring Rights Collective of Canada (NRCC), the Canadian Musical Reproduction Rights Agency

(CMRRA) and the Society for Reproduction Rights of Authors, Composers and Publishers in Canada (SODRAC) based on rates set by the Copyright Board of Canada. The CMRRA/SODRAC fee came into effect in 2003 (retroactive to January 1, 2001) when the Copyright Board rendered its decision on new reproduction fees based on broadcasting revenue. The structure of the fees is graduated based on the level of revenue for each broadcast licence that uses reproduction to air music, which is generally the case with most radio stations.

During hearings held to establish rates, radio industry members are vigorously represented by the Canadian Association of Broadcasters (CAB) to ensure any fees imposed are fair and reasonable. The Company takes an active role by having a member on the Board of the CAB. Hearings with respect to a renewal of the SOCAN and NRCC fees will take place in 2004. The impact of future changes to the structure of the existing fees or the implementation of new fees is not determinable at this time.

The CAB's position is that the new tariff implemented in 2003 is unfair and it is pursuing an amendment of the Copyright Act to exempt radio broadcasters for this liability. The Association has also commenced legal action against the CRTC, suggesting Part II licence fees represent an unconstitutional tax. The Company would benefit if these initiatives are successful, however the outcome cannot be determined at this time.

In connection with the disposition of the Company's interest in a container terminal ("Halterm") to the Halterm Income Fund (the "Fund") in May 1997, the Company indemnified Halterm for any material increases in the base rental fee payable by Halterm to the Halifax Port Corporation for the first ten years of the first lease renewal term which commenced January 1, 2001. The indemnity is only applicable to the extent, if any, that such increases in the base rental fee result in a reduction in distributions to Fund unitholders to a level below that anticipated in the forecast included in the prospectus for the initial public offering of trust units of the Fund. On February 27, 2004, the Company received a notice of claim for $1.8 million with respect to this indemnity for 2003. It is the Company's opinion that the claim is without merit and it intends to defend this position vigorously. As a result, any liability that may arise from this claim is not determinable.



OUTLOOK

The Company's growth strategy is to apply for new radio broadcast licences and make strategic acquisitions that make good economic sense and fit with the Company's direction. All target acquisitions are carefully analyzed to ensure they have a good growth profile to ensure acquisitions are accretive to shareholder value on a timely basis. The Company has a strong balance sheet heading into 2004 and the recent sale of the investment in Optipress Inc. has reduced debt levels to allow for potential acquisitions.

The Company feels that it can continue to grow both the revenue and the EBITDA of its existing stations. The Company was successful in the Bureau of Broadcast Measurement (BBM) fall ratings. The results, which will impact the first half of 2004, showed continued top ranking of our K-Rock FM in Edmonton, Alberta as well as dominance in the Moncton, New Brunswick and St. John's, Newfoundland and Labrador markets. Other competitive markets also met our expectations with the exception of Calgary, Alberta where we faced competition from new station formats which were heavily promoted to attract listeners. The Company is taking steps to improve the ratings of this station in 2004.

The Company's operating performance will improve over the next few years as the new station start-ups in Ottawa and Calgary reach maturity. The Company experienced three solid quarters of double-digit growth in 2003. In the fourth quarter, a general softening in the advertising market became evident. This weakness is continuing into the first quarter of 2004 but based on recent trends, management anticipates a more positive advertising environment for the balance of 2004.

February 27, 2004

**EBITDA is defined as operating earnings excluding depreciation and amortization. Operating earnings is defined as income from continuing operations excluding interest, equity income, income taxes and non-controlling interest. Both these supplemental earnings measures are not defined by Generally Accepted Accounting Principles and are not standardized for public issuers. These measures may not be comparable to similar measures presented by other public enterprises. The Company has included these measures because it believes certain investors use them as measures of the Company's financial performance and for valuation purposes. The Company also uses these measures internally to evaluate the performance of management.*

Corporate Profile

Newfoundland Capital Corporation Limited is a major radio broadcaster with 61 licences across Canada — 31 FM and 30 AM. The Company is an industry leader with a significant presence in Alberta and Atlantic Canada and broadcasts in a variety of formats depending on each market's needs.

LOCATION	NAME	FORMAT	FREQUENCY
ALBERTA			
Athabasca	CKBA	Hot Country	850 kHz
Blairmore	CJPR	Hot Country	94.9 MHz
	CJEV® (Elkford, BC)	Hot Country	1340 kHz
Brooks	Q13	Hot Country	1340 kHz
	New[1]	Adult Contemporary	101.1 MHz
Calgary	The Breeze	Smooth Jazz/New Adult Contemporary	103.1 MHz
Camrose	CFCW	Country	790 kHz
	New[1]	Classic Hits	98.1 MHz
Cold Lake	CJCM[2]	Adult Contemporary	95.3 MHz/1340 kHz
Drumheller	Q91	Hot Country	910 kHz
Edmonton	96X	Adult Contemporary	96.3 MHz
	K-Rock	Classic Rock	97.3 MHz
Edson	CJYR	Adult Contemporary	970 kHz
	CKYR® (Jasper)[2]	Adult Contemporary	95.5 MHz/1450 kHz
	CKYR-1® (Grande Cache)	Adult Contemporary	1230 kHz
	CFYR® (Whitecourt)	Adult Contemporary	96.7 MHz

LOCATION	NAME	FORMAT	FREQUENCY
ALBERTA			
High Prairie	CKVH	Hot Country	1020 kHz
Hinton	CIYR[2]	Adult Contemporary	97.5 MHz/1230 kHz
Slave Lake	CKWA	Hot Country/Adult Contemporary	1210 kHz
St. Paul	CHLW	Hot Country	1310 kHz
Stettler	Q14	Hot Country	1400 kHz
Wainwright	Key 83	Hot Country	830 kHz
	New[1]	Adult Contemporary	93.7 MHz
Westlock	CFOK	Hot Country	1370 kHz
Wetaskiwin	CKJR	Hot Country	1440 kHz
ONTARIO			
Kitchener-Waterloo	KICK 99.5 FM[1]	Country	99.5 MHz
Ottawa	Hot 89.9 FM	Contemporary Hit Radio	89.9 MHz
Sudbury	Z103	Contemporary Hit Radio	103.9 MHz
Thunder Bay	Hot 105	Hot Adult Contemporary	105.3 MHz
ATLANTIC CANADA			
Moncton, NB	C103	Classic Rock	103.1 MHz
	XL96	Hot Country	96.9 MHz
Halifax, NS	KIXX	Country Classics	780 kHz
	Q104	Classic Rock	104.3 MHz
	FM 96.5	Classic Hits	96.5 MHz
Charlottetown, PEI	CHTN	Oldies	720 kHz
Carbonear, NL	CHVO	Country	560 kHz
Clarenville, NL	CKVO	Country	710 kHz
Corner Brook, NL	K-Rock	Classic Rock	103.9 MHz
	K-Rock® (Stephenville)	Classic Rock	95.3 MHz
	CFCB	Country	570 kHz
	CFDL® (Deer Lake)	Country	97.9 MHz
	CFNW® (Port au Choix)	Country	790 kHz
	CFNN® (St. Anthony)	Country	97.9 MHz
Gander, NL	K-Rock	Classic Rock	98.7MHz
	VOCM	News Talk/Country	650 kHz
Goose Bay, NL	Radio Labrador	Adult Contemporary	1230 kHz
	Radio Labrador® (Churchill Falls)	Adult Contemporary	97.9 MHz
	Radio Labrador® (Wabush)	Adult Contemporary	1340 kHz
Grand Falls-Windsor, NL	K-Rock	Classic Rock	102.3 MHz
	K-Rock®	Classic Rock	101.3 MHz
	K-Rock® (Baie Verte)	Classic Rock	1240 kHz
	VOCM	Country	620 kHz
Marystown, NL	CHCM	Country	740 kHz
St. John's, NL	Radio Newfoundland	Newfoundland Music	930 kHz
	HITS-FM	Contemporary Hit Radio	99.1 MHz
	VOCM	News Talk/Country	590 kHz
	K-Rock	Classic Rock	97.5MHz
	K-Rock® (Clarenville)	Classic Rock	100.7 MHz
Stephenville, NL	CFSX	Adult Contemporary	870 kHz
	CFGN® (Port aux Basques)	Adult Contemporary	1230 kHz
	CFCV® (St. Andrew's)	Adult Contemporary	97.7 MHz

[1] *New licence awarded by CRTC.*

[2] *The Company has recently received approval to switch these stations to FM.*

® *Repeating signal.*

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The consolidated financial statements and other information in this Annual Report are the responsibility of the management of Newfoundland Capital Corporation Limited. The consolidated financial statements have been prepared in accordance with appropriately selected Canadian generally accepted accounting principles and include certain estimates that reflect management's best judgments. The financial information presented elsewhere in this report is consistent with that shown in the accompanying consolidated financial statements.

Management has established a system of internal control which it believes provides reasonable assurance that, in all material respects, the financial information is reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee which reviews the consolidated financial statements and recommends them to the Board for approval. The Committee meets periodically with management and independent auditors to review the work of each and to satisfy itself that the respective parties are properly discharging their responsibilities. The Audit Committee recommends the appointment of the Company's auditors, who have full and unrestricted access to the Committee.

On behalf of the shareholders, the consolidated financial statements have been audited by Ernst & Young LLP, the independent auditors, in accordance with Canadian generally accepted auditing standards.

February 27, 2004

Robert G. Steele
President and Chief Executive Officer

Scott G.M. Weatherby
Chief Financial Officer and Corporate Secretary

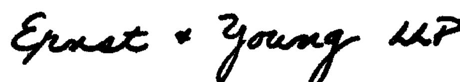
AUDITORS' REPORT

TO THE SHAREHOLDERS OF NEWFOUNDLAND CAPITAL CORPORATION LIMITED

We have audited the consolidated balance sheets of Newfoundland Capital Corporation Limited as at December 31, 2003 and 2002 and the consolidated statements of income, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Halifax, Canada
February 20, 2004
(except for note 15(b) which is as at February 27, 2004)

Consolidated Balance Sheets — As at December 31

(thousands of dollars)		2003	2002
ASSETS			
Current assets			
Short-term investments, at market value	$	**1,525**	855
Receivables		**15,389**	14,559
Note receivable (note 5)		**951**	953
Prepaid expenses		**675**	594
Total current assets		**18,540**	16,961
Property and equipment (note 4)		**17,340**	17,988
Other assets (note 5)		**20,927**	18,224
Broadcast licences, net of amortization of $7,558 (2002 – $7,558) (note 2)		**99,748**	94,741
	$	**156,555**	147,914
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank indebtedness (note 6)	$	**1,910**	711
Accounts payable and accrued liabilities		**12,200**	12,384
Dividends payable		**1,190**	—
Income taxes payable		**4,639**	4,573
Current portion of long-term debt (note 6)		**78**	315
Total current liabilities		**20,017**	17,983
Long-term debt (note 6)		**26,595**	30,173
Other liabilities (note 7)		**12,911**	10,212
Future income taxes (note 11)		**6,566**	4,914
Non-controlling interest in subsidiaries		**10,658**	10,367
Shareholders' equity		**79,808**	74,265
	$	**156,555**	147,914

Commitments and contingencies (note 15)
See accompanying notes to consolidated financial statements

On behalf of the Board:

Director Director

Harry R. Steele *Craig L. Dobbin*

Consolidated Statements of Income — For the years ended December 31

(thousands of dollars)		2003	2002
Revenue	$	**61,906**	51,826
Other income		**391**	133
		62,297	51,959
Operating expenses		**48,438**	39,794
Earnings before depreciation and amortization		**13,859**	12,165
Depreciation		**1,833**	1,699
Amortization of deferred charges		**507**	364
Operating earnings		**11,519**	10,102
Interest expense (note 6)		**1,462**	1,116
		10,057	8,986
Income on equity accounted investment		**263**	283
		10,320	9,269
Provision for income taxes (note 11)		**3,793**	3,911
		6,527	5,358
Non-controlling interest in subsidiaries' earnings		**442**	334
Income from continuing operations		**6,085**	5,024
Income from discontinued operations (note 3)		**—**	3,842
Net income	$	**6,085**	8,866
Earnings per share (note 12)			
Income from continuing operations			
Basic	$	**0.51**	0.43
Diluted		**0.51**	0.42
Net income			
Basic and diluted		**0.51**	0.75

See accompanying notes to consolidated financial statements

Consolidated Statements of Shareholders' Equity — For the years ended December 31

(thousands of dollars)		2003	2002
Retained earnings, beginning of year	$	**30,832**	22,032
Net income		**6,085**	8,866
Dividends declared		**(1,190)**	—
Repurchase of capital stock (note 10)		**(738)**	(66)
Retained earnings, end of year		**34,989**	30,832
Capital stock (note 10)		**44,819**	43,433
Total shareholders' equity	$	**79,808**	74,265

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows — For the years ended December 31

(thousands of dollars)		2003	2002
Operating Activities			
Income from continuing operations	$	**6,085**	5,024
Items not involving cash			
Depreciation and amortization		**2,340**	2,063
Future income taxes		**1,652**	1,877
Other		**(30)**	(20)
Cash flow from continuing operations		**10,047**	8,944
Change in non-cash working capital relating to operating activities (note 13)		**(1,816)**	3,461
Operating activities of discontinued operations		**—**	1,718
		8,231	14,123
Financing Activities			
Net change in bank indebtedness		**1,199**	(10,115)
Long-term debt borrowings		**1,500**	37,000
Long-term debt repayments		**(5,315)**	(38,716)
Issuance of capital stock (note 10)		**1,946**	273
Repurchase of capital stock (note 10)		**(1,298)**	(127)
Canadian Talent Development commitment payments		**(1,797)**	(414)
Other		**(198)**	(791)
		(3,963)	(12,890)
Investing Activities			
Note receivable		**1,000**	1,000
Property and equipment additions		**(2,296)**	(1,669)
Proceeds from disposal of property and equipment		**676**	49
Business and licence acquisitions (note 2)		**—**	(30,660)
Proceeds from disposition of discontinued operations, net of equity investment (note 3)		**—**	30,986
Investment in Halterm Income Fund Trust Units (note 5)		**(2,557)**	—
Deferred charges		**(1,242)**	(592)
Other		**151**	138
		(4,268)	(748)
Investing activities of discontinued operations		**—**	(485)
		(4,268)	(1,233)
Cash, beginning and end of year	$	**—**	—

See accompanying notes to consolidated financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company is incorporated under the Canada Business Corporations Act and its shares are traded on the Toronto Stock Exchange. Its primary activity is radio broadcasting.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

(a) Basis of presentation

The consolidated financial statements include the accounts of the Company and its subsidiaries as well as its proportionate share of assets, liabilities, revenues and expenses of jointly controlled companies. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could be different from those estimates.

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

(b) Investments

Investments in companies over which the Company exercises significant influence are accounted for by the equity method. Other long-term investments are accounted for at cost. Short-term investments are valued, on an aggregate basis, at the lower of cost and market value at the balance sheet date.

(c) Property and equipment

Property and equipment are recorded at cost and are depreciated over their estimated useful lives using the following methods and rates:

	Radio	Corporate and other
Method:	Declining balance	Straight-line
Rates:		
Buildings	5%	5% – 15%
Equipment	7.5% – 20%	14% – 20%

Investment tax credits related to the acquisition of property and equipment are deducted from the cost of the related assets.

(d) Acquisitions, broadcast licences and goodwill

The cost of acquiring businesses is allocated to the fair value of the related net identifiable tangible and intangible assets acquired. Identifiable intangible assets acquired consist primarily of broadcast licences. The excess of the cost of the acquired businesses over the fair value of the related net identifiable tangible and intangible assets acquired is allocated to goodwill. Broadcast licences are considered indefinite life intangibles and are therefore not subject to amortization.

Costs related to the acquisition of broadcast licences pursuant to applications to the Canadian Radio-television and Telecommunications Commission ("CRTC"), are capitalized as licence costs.

Effective January 1, 2002 the Company adopted the new standard as recommended by the Canadian Institute of Chartered Accountants ("CICA") for goodwill and other intangible assets. The standard establishes specific criteria for the recognition of intangible assets separately from goodwill. Under the standard, goodwill and indefinite life intangible assets will no longer be amortized but will be subject to impairment tests on at least an annual basis. The method used to assess if there has been a permanent impairment in the value of these assets is based on projected discounted cash flows. The Company has performed the required impairment tests and no provision for decline in value is required.

(e) Deferred charges

Deferred charges relating to pre-operating costs and bank financing charges are amortized on a straight-line basis over the periods to which they relate which is approximately five years. In addition, deferred charges include costs related to outstanding broadcast licence applications which will either be reclassified as broadcast licences if the applications are successful or charged to earnings if unsuccessful.

(f) Employee benefit plans

The Company offers a defined contribution plan to the majority of its employees. The Company matches employee contributions. The Company's portion is recorded as compensation expense when contributions are made to the plan.

The Company also has a defined benefit plan. In valuing its defined benefit pension obligations, the Company uses the accrued benefit actuarial method pro-rated on services and best estimate assumptions. Pension plan assets are valued at market value. The excess of the aggregate net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets at the beginning of the year is amortized over the average remaining service period of active employees of 10 years (2002 – 10 years).

(g) Stock-based compensation

As part of the Company's stock-based compensation plans, the Company matches a portion of employees' payments toward the purchase of its Class A Subordinate Voting Shares. The Company's portion is recorded as compensation expense when contributions are made to the plan.

The Company has an executive stock option plan. The proceeds from the exercise of stock options are credited to capital stock when options are exercised. No compensation expense is recorded when stock options are granted or exercised.

The Company adopted the CICA's new standard for stock-based compensation and other stock-based payments effective January 1, 2002 which applies to stock options granted on or after that date. The new standard requires either the use of the fair-value-based method to account for certain stock-based compensation arrangements or the pro forma disclosure of the impact the fair-value-based method would have had on net income and earnings per share. The Company has chosen to disclose the pro forma impact. The fair-value-based method would have reduced net income by $0.4 million or $0.03 per share (basic and diluted) (2002 - $0.2 million, $0.01 per basic and diluted share).

1. Summary of significant accounting policies (continued)

(g) Stock-based compensation (continued)

The fair value was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2003	2002
Weighted average risk-free interest rate	**3.3%**	4.0%
Dividend yield	**0.0%**	0.0%
Weighted average volatility factors of the expected market price of the Company's Class A Subordinate Voting Shares	**26.8%**	27.8%
Weighted average expected life of the options	**5.0 years**	5.0 years

(h) Revenue recognition

Revenue earned from the sale of advertising airtime is recognized in the accounts once the broadcasting of the advertisement has occurred. Revenue is recorded net of any agency commissions as these charges are paid directly to the agency by the advertiser. Revenue earned from the hotel operation is recognized as service is provided.

(i) Financial instruments

The carrying amounts of the Company's primary financial instruments recognized in the balance sheet approximate fair values except as disclosed in note 5. The Company is subject to normal credit risk with respect to its receivables and it maintains a provision for potential credit losses. A large customer base and geographic dispersion minimize this risk.

The Company enters into interest rate swap agreements to hedge interest rate risk. The Company's policy is not to utilize interest rate swaps for trading or speculative purposes and only enters into agreements with Canadian chartered banks. The Company formally designates its swap agreements as hedges of specifically identified cash flows. The Company believes these agreements are effective as hedges as it formally assesses, both at the hedge's inception and on an ongoing basis, whether the swaps are highly effective in offsetting changes in interest rates. The Company uses the change in fair value method for measuring effectiveness.

Gains and losses on terminations of interest rate swap agreements are deferred and amortized as an adjustment to interest expense related to the obligation over the remaining term of the original contract life of the terminated swap agreement. In the event of early extinguishment of the debt obligation, any realized or unrealized gain or loss from the swap would be recognized in the consolidated statement of income at the time of extinguishment.

On July 2, 2003 the Company entered into two interest rate swap agreements to hedge interest rate risk whereby the Company will exchange the three-month bankers' acceptance floating interest rate for a fixed interest rate during the term of the agreements. The notional amount of the swaps total $15 million and the expiry dates range from two to three years. The difference between the fixed and floating rates is settled quarterly with the bank and recorded as an increase or decrease to interest expense. The fair value of the interest rate swap agreements at year end is a net payable of $0.2 million that has not been recognized in the accounts as the interest rate swap qualifies for hedge accounting.

(j) Income taxes

Future income taxes is the cumulative amount of tax applicable to temporary differences between the carrying amount of assets and liabilities and their values for tax purposes. Future income taxes are measured at the substantively enacted tax rates applicable when these differences are expected to reverse. Changes in future income taxes related to a change in substantively enacted tax rates are recognized in income in the period of the change. The Company recognizes the benefits of capital and non-capital loss carryforwards as future tax assets when it is more likely than not that the benefits will be realized.

(k) Earnings per share

Basic earnings per share amounts are calculated using the weighted average number of shares outstanding during the year. Diluted earnings per share amounts are calculated using the weighted average number of shares that would have been outstanding had the relevant outstanding stock options been exercised at the beginning of the year, or their respective grant dates, if later.

2. Business and licence acquisitions

In the prior year, the Company purchased a 76% interest in 19 radio licences in Alberta on April 29, 2002. This acquisition was accounted for by the purchase method and the purchase price has been allocated to the fair value of the assets acquired and liabilities assumed. The consolidated statement of income includes the results of operations from the acquisition date.

The Company was awarded a new radio broadcast licence in Ottawa, Ontario in 2001. In February 2003, upon the launch of this new radio station the Company became obligated to fund Canadian Talent Development commitments of $5,194,000 over a period of six years. This cost has been capitalized as broadcast licences.

The following summarizes the transactions:

(thousands of dollars)		**2003**	2002
Property and equipment	**$**	**—**	3,962
Broadcast licences		**5,194**	40,109
Working capital		**(866)**	(598)
Other liabilities		**(4,328)**	(3,307)
Non-controlling interest in subsidiaries		**—**	(9,506)
Cash consideration	**$**	**—**	30,660

Included in the 2002 acquisition is a provision for professional fees and restructuring costs (employee relocation and involuntary termination costs) related to the acquisition of which $254,000 (2002 – $417,000) remained payable at year end. This balance is expected to be paid in 2004. Included in other liabilities are commitments made to the CRTC for Canadian Talent Development funding.

3. Discontinued operations

The Company completed the sale of its Publishing and Printing Division on July 25, 2002 to a newly incorporated company, Optipress Inc. which completed its Initial Public Offering on that date. The transaction was effective June 30, 2002. As part of the disposal of the business segment the Company retained a 20% equity interest in Optipress Inc. The proceeds from this sale were $31.0 million, which is net of the 20% equity investment. This reportable segment has been accounted for as discontinued operations.

Information relating to discontinued operations is summarized as follows:

(thousands of dollars, except per share data)		**2003**	2002
Revenue	**$**	**—**	26,831
Income from operations, net of income taxes of $489		**—**	578
Gain on disposal, net of income taxes of $638		**—**	3,264
Goodwill disposition		**—**	7,323
Earnings per share from discontinued operations			
– basic		**—**	0.33
– diluted		**—**	0.32

Income from operations includes an allocation of interest expense and large corporations tax based upon the segment's capital employed.

4. Property and equipment

(thousands of dollars)		**Cost**	**Accumulated depreciation**	**Net book value**
2003				
Land	$	1,721	—	**1,721**
Buildings		5,699	1,806	**3,893**
Equipment		23,179	11,453	**11,726**
	$	30,599	13,259	**17,340**
2002				
Land	$	1,706	—	1,706
Buildings		7,577	2,401	5,176
Equipment		21,044	9,938	11,106
	$	30,327	12,339	17,988

5. Other assets

(thousands of dollars)		**2003**	2002
Investment in Optipress Inc., at equity (notes 3 and 17)	**$**	**8,844**	8,760
Employee share purchase and other loans		**3,232**	3,278
Note receivable, net of current portion		**2,279**	2,904
Investment in Halterm Income Fund Trust Units		**2,557**	—
Investment tax credits recoverable		**2,024**	2,242
Deferred charges, net of amortization		**1,629**	790
Other		**362**	250
	$	**20,927**	18,224

During the disposal of the business segment described in note 3, the Company retained a 20% equity interest in Optipress Inc. which was recorded at $8,477,000, being the proportionate carrying value of the segment at the time of disposal.

Employee share purchase and other loans are payable on demand and bear interest at rates ranging from nil to prime minus 1%. The share purchase loans have a pledge of the related shares purchased as collateral with a market value of $5,635,000 (2002 - $4,165,000).

The note receivable is non-interest bearing and matures in 2007. It is repayable in annual instalments of $1,000,000, which have been discounted at interest rates ranging from 10.8% to 11.8%.

The investment in Halterm Income Fund Trust Units is recorded at cost. This represents 8% of the outstanding trust units, with a market value of $3,040,000 at year end.

6. Bank indebtedness and long-term debt

(thousands of dollars)		2003	2002
Revolving term credit facility of $55 million, renewable annually, maturing April 2004, bearing interest at prime (4.5%; 2002 – 4.5%)	$	**26,500**	30,000
Capital lease obligations, bearing interest at rates ranging from 8.4% to 11.0%, maturing to 2004		**14**	251
Other mortgages and loans bearing interest from nil to prime plus 1%, maturing to 2009		**159**	237
		26,673	30,488
Less: Current portion		**78**	315
	$	**26,595**	30,173

Subsequent to year end the Company renewed its credit facility which will now mature in April 2005. As a result, no portion of the revolving facility has been classified as current. If the Company renews its facility annually under the same terms and conditions, there will be no fixed repayment schedule. Up until the maturity date, the Company has the option to convert the revolving credit facility to a non-revolving facility, repayable in quarterly instalments over two years.

Minimum required principal repayments under the assumption the Company exercises the option to convert to a non-revolving term, are as follows: 2004 – $78,000; 2005 – $6,648,000; 2006 – $13,273,000; 2007 – $6,648,000; 2008 – $23,000 and thereafter $3,000.

Bank indebtedness bears interest at prime and is due on demand. 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 revolving term credit facility.

Interest expense related to continuing operations included $1,403,000 for interest on long-term debt (2002 – $854,000).

7. Other liabilities

(thousands of dollars)		2003	2002
Employee benefit plans (note 8)	$	**5,192**	5,095
Canadian Talent Development commitments related to broadcast licences awarded and acquired, net of current portion of $1,871 (2002 – $1,076)		**7,719**	5,117
	$	**12,911**	10,212

The scheduled payments for the Canadian Talent Development commitments are as follows: 2004 – $1,871,000; 2005 – $1,700,000; 2006 – $1,643,000; 2007 – $1,630,000; 2008 – $1,389,000 and thereafter $1,357,000.

The Company has issued letters of credit totaling $1.9 million in support of certain of these liabilities.

8. Employee benefit plans

Pension plans

(a) Defined contribution plans

The total expense for the Company's defined contribution plans for the year related to continuing operations was $825,000 (2002 – $730,000).

(b) Defined benefit pension plans

The following summarizes the Company's defined benefit plans:

(thousands of dollars)		2003	2002
Accrued benefit obligation			
Balance at the beginning of year	$	**10,695**	10,629
Current service cost		**150**	138
Interest cost		**645**	657
Benefits paid		**(740)**	(1,212)
Actuarial losses		**566**	483
Balance at the end of year	$	**11,316**	10,695
Plan assets			
Fair value at the beginning of year	$	**4,099**	3,740
Actual return on plan assets		**621**	464
Employer contributions		**—**	30
Employee contributions		**5**	4
Benefits paid		**(222)**	(139)
Fair value at the end of year	$	**4,503**	4,099
Funded status – plan deficit	$	**(6,813)**	(6,596)
Unamortized net actuarial loss		**3,348**	3,403
Unamortized transitional assets		**(1,727)**	(1,902)
Accrued benefit liability	$	**(5,192)**	(5,095)

Included in the above accrued benefit obligation at year end is $8,063,000 (2002 – $7,750,000) in respect of plans that are not pre-funded as there are no requirements to do so under the Income Tax Act.

8. EMPLOYEE BENEFIT PLANS (CONTINUED)

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations are as follows (weighted average assumptions as of December 31):

(percentages)	**2003**	2002
Discount rate	**6.2**	6.5
Expected long-term rate of return on plan assets	**7.0**	7.0
Rate of compensation increase	**4.0**	4.0

The Company's net defined benefit plans expense is as follows:

(thousands of dollars)		**2003**	2002
Defined benefit plans expense			
Current service cost, net of employee contributions	**$**	**145**	134
Interest cost		**645**	657
Expected return on plan assets		**(248)**	(266)
Amortization of net actuarial loss		**248**	234
Amortization of transitional assets		**(175)**	(175)
Net defined benefit plans expense	**$**	**615**	584

9. STOCK-BASED COMPENSATION PLANS

(a) Share purchase plan

The compensation expense for the Company's share purchase plan related to continuing operations was $170,000 (2002– $136,000).

(b) Executive stock option plan

The Company has reserved 1,209,000 Class A Subordinate Voting Shares pursuant to the executive stock option plan of which 35,000 remain available for issuance at December 31, 2003. The option price per share is determined by the Board of Directors at the time the option is granted but cannot be less than the closing price of the shares on the last trading date preceding the date of the grant. The expiry date of the options is established by the Board of Directors, not to exceed ten years from the date of the grant. Options either vest on the date they are granted or vest over time in the following manner: twenty-five percent vest on the date of granting and twenty-five percent vest on each of the three succeeding anniversary dates.

The following summarizes the Company's outstanding stock options which range in exercise price from $7.25 to $8.95, expire at varying dates from 2004 to 2008 and have a weighted average remaining contractual life of 3.4 years (2002 – 3.1 years).

	2003		2002	
	Number	**Price***	Number	Price*
Balance, beginning of year	**1,098,000**	**$8.11**	913,000	$8.02
Granted	**10,000**	**8.75**	220,000	8.48
Exercised	**(246,000)**	**7.91**	(35,000)	7.79
Balance, end of year	**862,000**	**8.18**	1,098,000	8.11
Total options vested	**745,000**	**8.12**	912,000	8.02

* *weighted average exercise price*

10. CAPITAL STOCK

	(thousands)	(thousands of dollars)		
	Issued Shares		**2003**	2002
Capital stock (unlimited number authorized at no par value):				
Class A Subordinate Voting Shares (2002 – 10,535)	10,643	**$**	**43,908**	42,522
Class B Common Shares (2002 – 1,258)	1,258		**911**	911
		$	**44,819**	43,433

The Company has also authorized an unlimited number of Class A and Class B Preferred Shares of which none are outstanding.

The outstanding Class B Common Shares are convertible to Class A Subordinate Voting Shares. The Class A Subordinate Voting Shares carry one vote per share and the Class B Common Shares carry ten votes per share. In the event of a vote to change any right, privilege, restriction or condition attached to either the Class A Subordinate Voting Shares or Class B Common Shares, the Class B Common Shares are entitled to one vote per share. In addition, the ten votes attaching to each Class B Common Share shall be decreased to one vote 180 days following the acquisition of Class B Common Shares pursuant to a take-over bid where the ownership of Class B Common Shares, after the acquisition, exceeds 50%. In all other respects, these shares rank equally.

During the year, the Company repurchased 138,000 (2002 – 15,000) of its outstanding Class A Subordinate Voting Shares for a total cost of $1,298,000 (2002 – $127,000), pursuant to a Normal Course Issuer Bid. As a result of these share repurchases, capital stock was reduced by $560,000 (2002 – $61,000) and retained earnings reduced by $738,000 (2002 – $66,000). Subsequent to year end the Company received approval under a Normal Course Issuer Bid to repurchase up to 532,000 Class A Subordinate Voting Shares and 63,000 Class B Common Shares. This bid expires January 6, 2005.

During the year, the Company issued 246,000 (2002 – 35,000) Class A Subordinate Voting Shares for proceeds of $1,946,000 (2002 – $273,000) pursuant to the executive stock option plan described in note 9.

11. Provision for income taxes

The Company's provision for income taxes is derived as follows:

(thousands of dollars, except percentages)		2003	2002
Income from continuing operations before income taxes	$	**10,320**	9,269
Combined federal and provincial statutory income tax rate		**37.9%**	40.0%
Provision based on the statutory income tax rate		**3,911**	3,708
Increase (decrease) due to:			
Large corporations tax, non-deductible portion of gains and other		**(118)**	203
	$	**3,793**	3,911
Comprised of:			
Current taxes	$	**2,141**	2,034
Future income taxes		**1,652**	1,877
	$	**3,793**	3,911

The significant items comprising the Company's net future income tax liability are as follows:

(thousands of dollars)		2003	2002
Future income tax assets			
Non-capital loss carryforwards	$	**1,196**	482
Investment, at equity		**436**	628
Employee benefit plans		**1,811**	1,859
		3,443	2,969
Future income tax liabilities			
Property and equipment		**(1,699)**	(2,085)
Broadcast licences		**(8,310)**	(5,798)
		(10,009)	(7,883)
Net future income tax liability	$	**(6,566)**	(4,914)

12. Earnings per share

(thousands)	2003	2002
Weighted average common shares used in calculation of basic earnings per share	**11,841**	11,787
Incremental common shares calculated in accordance with the treasury stock method	**190**	82
Weighted average common shares used in calculation of diluted earnings per share	**12,031**	11,869

13. Supplemental cash flow information

(thousands of dollars)		2003	2002
Change in non-cash working capital relating to operating activities			
Short-term investments	$	**(408)**	1,951
Receivables		**(830)**	(2,259)
Prepaid expenses		**(81)**	361
Accounts payable and accrued liabilities		**(563)**	(1,773)
Income taxes payable		**66**	5,181
	$	**(1,816)**	3,461
Interest paid	$	**1,414**	1,296
Income taxes paid (recovered)		**2,075**	(2,240)

14. Segmented information

The Company has one separately reportable segment—radio, which consists of the operations of the Company's radio stations. This segment derives its revenue from the sale of broadcast advertising. The reportable segment is a strategic business unit that offers different services and is managed separately. The Company evaluates performance based on earnings before depreciation and amortization and operating earnings. The accounting policies of the segment are the same as those described in the summary of significant accounting policies (note 1). Corporate and other consists of a hotel and the head office functions. Its revenue relates to hotel operations and investment income. Details of segment operations are set out below.

(thousands of dollars)		Radio	Corporate and other	Total
2003				
Revenue	**$**	**58,400**	**3,506**	**61,906**
Other income		**—**	**391**	**391**
		58,400	**3,897**	**62,297**
Operating expenses		**41,222**	**7,216**	**48,438**
Earnings (loss) before depreciation and amortization		**17,178**	**(3,319)**	**13,859**
Depreciation and amortization		**1,974**	**366**	**2,340**
Operating earnings (loss)	**$**	**15,204**	**(3,685)**	**11,519**
Assets employed	**$**	**131,190**	**25,365**	**156,555**
Capital expenditures		**2,234**	**62**	**2,296**
2002				
Revenue	$	48,116	3,710	51,826
Other income		—	133	133
		48,116	3,843	51,959
Operating expenses		32,597	7,197	39,794
Earnings (loss) before depreciation and amortization		15,519	(3,354)	12,165
Depreciation and amortization		1,627	436	2,063
Operating earnings (loss)	$	13,892	(3,790)	10,102
Assets employed	$	124,523	23,391	147,914
Capital expenditures		1,544	125	1,669

As disclosed in note 3, effective June 30, 2002, the Company completed the divestiture of its Publishing and Printing segment. The results of this business have been accounted for as discontinued operations in 2002 and prior years. The segment information for 2002 has been restated to exclude the effect of operations discontinued.

15. Commitments and contingencies

(a) Operating leases

The Company has total commitments of $6,215,000 under operating leases for properties and equipment. Minimum annual payments under these leases are as follows: 2004 – $2,109,000; 2005 – $1,218,000; 2006 – $839,000; 2007 – $616,000; 2008 – $475,000 and thereafter $958,000.

(b) Indemnity

In connection with the disposition of the Company's interest in a container terminal ("Halterm") to the Halterm Income Fund (the "Fund") in May 1997, the Company indemnified Halterm for any material increases in the base rental fee payable by Halterm to the Halifax Port Corporation for the first ten years of the first lease renewal term which commenced January 1, 2001. The indemnity is only applicable to the extent, if any, that such increases in the base rental fee result in a reduction in distributions to Fund unitholders to a level below that anticipated in the forecast included in the prospectus for the initial public offering of trust units of the Fund. On February 27, 2004, the Company received a notice of claim for $1.8 million with respect to this indemnity for 2003. It is the Company's opinion that the claim is without merit and it intends to defend this position vigorously. As a result, any liability that may arise from this claim is not determinable.

16. Related party transactions

During the year, the Audit Committee and the Board of Directors approved the sale of a redundant piece of property (land and building) for the sum of $610,000 to an entity controlled by the Chairman of the Company. The transaction was measured at the exchange amount, which was based on an independent appraisal of the property, and resulted in a gain of $135,000.

17. Subsequent event

On November 27, 2003, the Company announced it had entered into an agreement with Transcontinental Inc. (TSX – TCL.A) to tender its 1,411,800 shares of Optipress Inc. pursuant to a takeover bid to be made by TCL. On January 16, 2004, TCL announced that all conditions of the offer were met and therefore the Company's investment was sold on that date for the offered price of $8.00 per share. The proceeds of $11.3 million were used to reduce bank debt. The gain on sale is estimated to be $2.4 million, $2.0 million after tax. This gain will be recognized in the first quarter of 2004.

Corporate Information

BOARD OF DIRECTORS

Craig L. Dobbin, O.C.*
Chairman and Chief Executive Officer
CHC Helicopter Corporation

David I. Matheson, Q.C.*
Counsel
McMillan Binch LLP

Harry R. Steele, O.C.
Chairman
Newfoundland Capital Corporation

Robert G. Steele
President and Chief Executive Officer
Newfoundland Capital Corporation

Donald J. Warr, F.C.A.*
Partner
Blackwood & Warr

** Member of the Audit Committee*

J. Claude Hébert, O.C., D.F.C.
Honorary Director

OFFICERS AND MANAGEMENT

Harry R. Steele
Chairman

Robert G. Steele
President and Chief Executive Officer

Mark S. Maheu
Executive Vice President and
Chief Operating Officer

Scott G. M. Weatherby
Chief Financial Officer and Corporate Secretary

Linda A. Emerson
Assistant Secretary

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the shares of the Company is the CIBC Mellon Trust Company at its offices in Halifax and Toronto. For shareholder account inquiries:
Telephone: 1-800-387-0825
(toll free in North America)
e-mail inquiries @cibcmellon.com
or write to:
Newfoundland Capital Corporation
c/o CIBC Mellon Trust Company
P.O. Box 7010
Adelaide Street Postal Station
Toronto, ON M5C 2W9

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.

AUDITORS

Ernst & Young LLP

BANKERS

The Bank of Nova Scotia

ANNUAL MEETING

The Annual General and Special Meeting of Shareholders will be held at 11:00 am, Monday, May 3, 2004 in the Nova Scotia Rooms C & D, Casino Nova Scotia Hotel, 1919 Upper Water Street, Halifax, Nova Scotia.

In Memoriam

JOHN J. FLEMING

On March 3, 2004 Newfoundland Capital Corporation lost a long-time Director, former Chairman and friend. John J. Fleming passed away quietly in the company of his family in Calgary after a short but courageous battle with cancer.

John was a successful entrepreneur and, prior to his appointment to the Board of Directors in 1981, was a trusted advisor. Since that time, his guidance and advice were invaluable to the building of this Company.

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