2014
Annual Report
Newfoundland Capital Corporation Limited

Newfoundland Capital Corporation Limited ("the Company" or "Newcap") owns and operates Newcap Radio, which is one of Canada's leading radio broadcasters with 95 licences across Canada. The Company reaches millions of listeners each week through a variety of formats and is a recognized industry leader in radio programming, sales and networking.

The Company employs approximately 1,000 of the best radio professionals across the country. The majority of our stations are accessible via the Internet, allowing listeners to tune in to our stations at any time, from anywhere. The primary source of the Company's revenue is derived from the sale of advertising airtime. Newfoundland Capital Corporation Limited trades on the Toronto Stock Exchange under the symbols NCC.A and NCC.B.

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SCORECARD

GOAL - GROWTH BY MAXIMIZING RETURNS FROM EXISTING ASSETS

How	Why	2014 Results
By continuously increasing revenue while managing discretionary spending to enhance EBITDA.	By paying close attention to the needs of our advertisers and listeners alike and by delivering a quality product that meets those needs, we believe we can increase revenue thereby maximizing EBITDA and shareholder value.	Organic revenue was down slightly compared to last year and this impacted organic EBITDA. The revenue shortfall was mainly due to lower national advertising. To limit the impact declines in revenue had on EBITDA, management implemented a successful cost cutting plan which helped lower organic operating costs in the Broadcasting segment by 2%, or almost $2 million.
In order to continue to foster our long-term relationships with our advertisers and listeners alike, we must provide local content, produce creative ads that accomplish our advertisers' objectives and deliver exciting, compelling contests and promotions to fully engage our listeners every day.		In 2014, we continued to find ways to creatively meet the needs of our advertisers and listeners. National advertising revenue was the primary reason for the organic revenue declines this year. Local revenue was solid and this is indicative of the solid relationships formed with advertisers and listeners over the years.
It is our goal to be amongst the top rated stations in every market we operate in. To that end, we conduct ongoing research which helps identify the needs within a market and when we deem it appropriate, we re-brand stations to fulfill those needs.		Newcap has a total of 95 radio licences, of which 32 are in rated markets and 63 are in unrated markets. In December 2014 in the rated markets, Newcap had 6 stations place first, 6 stations place second and 10 stations place third in their respective markets. In the unrated markets, Newcap enjoys a loyal and dedicated listener base which contributes to stable profitability.

GOAL - GROWTH BY NEW LICENCES

How	Why	2014 Results
Acquire new radio stations that meet the Company's strategy for long-term growth.	By launching newly granted licences and by converting AM stations to the FM dial as quickly as possible, the Company benefits by increasing asset value, by reaching a larger audience base, and by having a larger market presence for the benefit of advertisers.	In March 2014, the Company completed the largest business acquisition in its history - two FM stations in Toronto, Ontario, two FM stations along with one AM station in Vancouver, British Columbia. In July 2014, it also completed the acquisition of an FM station in Saint John, New Brunswick.
Apply to the CRTC for new licences in underserved markets.		The Company received CRTC approval for a new licence in Hinton, Alberta. The work to launch this new station is underway and will be on-air in 2015.
Apply to the CRTC for Repeater signals which gives us the right to repeat our existing signals to outlying regions.		The CRTC awarded the Company a new FM repeater in Fox Creek, Alberta. The work to launch the repeater is ongoing and it will be on-air in 2015.

GOAL - INTEGRATE ACQUIRED PROPERTIES

How	Why	2014 Results
By effectively executing the plan of integrating the operations of the stations acquired in Toronto, Vancouver and Saint John into our operating platform.	To gain as much as possible from incremental financial results from day one.	Both revenue and EBITDA in 2014 posted double-digit growth over last year due to the results from the acquired stations.

LETTER TO SHAREHOLDERS

2014 was marked by the largest business acquisition in our Company's history. Newcap now owns radio stations in two of Canada's largest cities - Toronto and Vancouver.

It has been a long-term goal to operate in both these markets and we can say that the transition has been very successful.

FINANCIAL RESULTS

Double digit growth was achieved in revenue and earnings before interest, taxes, depreciation and amortization ("EBITDA"). This growth was due to the incremental revenue and EBITDA derived in the Broadcasting segment from the two stations acquired in Toronto, the three stations acquired in Vancouver and finally, an FM station acquired in Saint John.

Organically, being all other markets, 2014 was a challenge. Broadcasting segment revenue growth declined 3% this year. Industry results were comparable with a 2% decline. Throughout the year, national advertising revenue has been much lower than expectations. Organically, national advertising was 9% lower than 2013. While this accounted for the vast majority of the revenue softness, local revenue also declined by 1%. We've faced increased competition in certain markets and we changed station formats which take time to gain audience acceptance.

Broadcasting segment earnings before interest, taxes, depreciation and amortization ("EBITDA") were 19% higher than last year because of the business acquisitions. Organically, EBITDA was 2% lower than last year because of the revenue shortfall. In order to mitigate the impact the revenue shortfall had on EBITDA, management implemented a cost savings plan during the second quarter that helped reduce discretionary expenses.

Profit in 2014 was lower than last year due to acquisition-related transaction costs and the recognition of an impairment charge in one of our markets. The ratings results released in December 2014 showed that our stations are generally well positioned in their respective markets. Many of our stations were ranked in the top three. These ratings should contribute to solid revenue in 2015.

SIGNIFICANT EVENTS

In addition to the successful integration of the operations of stations acquired in Toronto, Vancouver and Saint John, the Company is working on launching recently-awarded new FM stations in Fox Creek and Hinton, Alberta. These are expected to be on air in 2015.

OUTLOOK

In 2015, the Company will continue to invest in marketing and research to promote its stations and improve ratings. We expect that results from the 2014 business acquisitions will continue to contribute positively to the Company. Management is committed to improve results from all its stations.

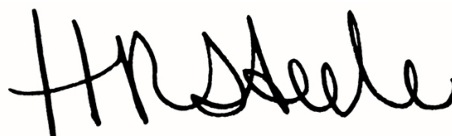
FINAL COMMENTS

While 2014 was challenging, financially, we must acknowledge the success the Company has enjoyed as a result of the rapid and smooth integration of operations in two of the largest cities in Canada. This expansion has been transformational for the Company, allowing the Company to post double-digit growth in revenue and EBITDA. We are the largest pure-play radio broadcaster in Canada with 95 licences that reach audiences coast to coast.

The efforts of our committed employees has helped the Company continue to grow and prosper. Our thanks to our employees; they are some of the best and most talented in the industry. We want to thank our Board of Directors whose ongoing guidance and support are truly valued. And finally to our shareholders, thank you for your continued interest in the Company.

Sincerely,

Rob Steele
President and Chief Executive Officer



Harry Steele
Chairman

2014 was a year of ambitious expansion...

The Company has long had ambitions of owning radio stations in two of Canada's largest cities - Toronto and Vancouver. When the opportunity arose to enter these markets, management embraced it. On March 31, 2014, the Company completed its largest business combination in its history, acquiring two stations in Toronto and three in Vancouver for $112 million. The Company also acquired the broadcasting assets of CHNI-FM in Saint John, New Brunswick for $0.8 million in July 2014. Because of the successful integration of these stations into operations, the Company posted double-digit growth in revenue and EBITDA in 2014.

Vancouver

In Vancouver, we acquired two FM stations and a heritage AM station.

Z95.3 (CKZZ-FM) plays a Hot Adult Contemporary format. As part of the acquisition, the seller retained the station's brand name and morning show, forcing us to re-brand the station and hire new talent. We seized the opportunity to revive the iconic Z95.3 brand name, which had enjoyed high ratings and audience share during its heyday. Launching a new brand and morning show presented challenges to Z95.3, but recent ratings are showing solid audience growth thanks to a commitment to excellent content that engages our listeners. In December 2014, Z95.3 featured a holiday promotion that was wildly popular: "Christmas Wishes on Z95.3". Listeners told us about someone in their life that deserved a special Christmas wish, and every week one of the wishes was granted live over the airwaves.

LG104-3 (CHLG-FM) plays Vancouver's Greatest Hits. It was reformatted in the summer of 2014, replacing an alternative rock station. In that very short time, LG104-3's share of ratings has doubled. The station is visible in Vancouver with marketing, promotions, and the annual SHOREFEST concert in conjunction with the Celebration of Light fireworks. SHOREFEST is Vancouver's largest, free community concert series, spanning three days. Hundreds of thousands of spectators are entertained by musicians on stage while enjoying the fireworks.

AM 650 (CISL) in Vancouver plays an "All Time Favourites" format targeting adults 35-64. AM 650 is a unique station which not only features classic music favourites, but also broadcasts several live and interactive talk show programs that draw large audiences. One of AM 650's more popular programs is Tony and Kasey's Best of Food and Wine which is heard every Thursday evening. Over the years, AM 650 has developed a very niche and loyal listener base.

Toronto

Two FM stations were acquired in Toronto, Canada's largest and most lucrative radio market.

Boom 97.3 (CHBM-FM) is a 70s, 80s, 90s station and has consistently been one of Toronto's top rated stations. It currently ranks third in a market of over 40 radio stations. Every Tuesday, Boom takes the 70s, 80s, and 90s to a more authentic level by spinning vinyl records on "Turntable Tuesday". Celebrities, musicians and dignitaries are invited to stop by Boom 97.3 and share their stories and memories. Celebrity guests have included: Ra McGuire (Trooper), Tom Cochrane, Gowan, Gord Deppe (The Spoons), Ed Robertson (Barenaked Ladies), Colin James, Ian Thomas, Rick Mercer, Andy Kim and many others.

Flow 93-5 (CFXJ-FM) is a Classic Hip Hop station. A wave of retro hip-hop stations have launched over all North America in the past year, and Flow 93-5 is the first station in Canada to focus exclusively on the great hip hop music made since the early 90s. There is no other sound like this in Toronto. As part of the station's Canadian Content Development initiative, FLOW held a concert in December 2014 showcasing the hottest up-and-coming local talent: Airplane Boys, A-Game and Tasha The Amazon. These newcomers were able to share the stage with multi Grammy award winning headliner: ASHANTI. The venue was sold out in advance of the show and the evening was a huge success.

Saint John

In July, Newcap acquired the broadcasting assets of CHNI-FM in Saint John, New Brunswick. Since its launch, Rock 89.9 has made its presence known in Saint John and debuted in second place during the December 2014 ratings season. This station complements very nicely the footprint Newcap has established over the years in New Brunswick where it owns and operates radio stations in the Province's capital city of Fredericton, as well as in Moncton and Miramichi.

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MANAGEMENT'S DISCUSSION & 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 annual audited consolidated financial statements ("annual financial statements"), prepared as of February 26, 2015, and related notes contained in this 2014 Annual Report.

These documents along with the Company's Annual Information Form, its Management Information Circular and other public information are filed electronically with various securities commissions in Canada through the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed at www.sedar.com.This information is also available on the Company's website at www.ncc.ca.

The Company's annual financial statements for the year ended December 31, 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All amounts herein are expressed in Canadian dollars. The Board of Directors, upon recommendation of the Audit and Governance Committee, approved the content of this MD&A on February 26, 2015. Disclosure contained in this document is current to this date, unless otherwise stated.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Management's Discussion and Analysis of financial condition and results of operations contains forward-looking statements. These forward-looking statements are based on current expectations. The use of terminology such as "expect", "intend", "anticipate", "believe", "may", "will", and other similar terminology relate to, but are not limited to, our objectives, goals, plans, strategies, intentions, outlook and estimates. By their very nature, these statements involve inherent risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from those expressed in such forward-looking statements. The Company has outlined in this MD&A a section entitled "Risks, Uncertainties and Opportunities" that discusses possible events or conditions that are beyond management's control and that could affect future results; these include topics surrounding the economy, the regulatory environment, the dependency on advertising revenues, competition, technological developments and potential contingencies. Readers are cautioned not to place undue reliance on these statements. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PROFILE

Newfoundland Capital Corporation Limited owns and operates Newcap Radio, which is one of Canada's leading radio broadcasters with 95 licences across Canada. The Company reaches millions of listeners each week through a variety of formats and is a recognized industry leader in radio programming, sales and networking. It is Canada's largest pure-play radio company, employing approximately 1000 of the best radio professionals across the country. The Company's portfolio of radio assets includes 80 FM and 15 AM licences which can be heard throughout Canada. Most of our stations are globally accessible via the internet and various mobile device applications, allowing listeners the flexibility to tune in to our stations at anytime 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 discretionary costs to drive EBITDA margins. The Company will continue to explore acquisition and expansion opportunities that fit the Company's acquisition objectives and it will make 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.

SIGNIFICANT 2014 FINANCIAL HIGHLIGHTS

Consolidated revenue was 17% higher than 2013 and consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA") increased by 25%. Consolidated profit was $11.2 million, lower than profit of $27.0 million last year for various reasons which are described below. In the Company's core operating segment, Broadcasting, revenue grew by 17% and EBITDA was 19% higher than 2013.

On March 31, 2014, the Company completed the largest business acquisition in its history when it acquired two radio stations in Toronto, Ontario and three radio stations in Vancouver, British Columbia. It also acquired an FM radio station in Saint John, New Brunswick. Revenue and EBITDA have benefited as a result of these new operations; however, significant costs were associated with the acquisitions and these costs, along with others described below, impacted profit in 2014.

The following points provide a brief description of the 2014 financial highlights, details of which follow in the *Analysis of Consolidated Results* section:

- The 17% increase in consolidated revenue was due to incremental revenue in the Broadcasting segment as a result of the addition of 6 new licences in 2014;

- The 25% increase in consolidated EBITDA[1] was also a result of the addition of the new radio licences in the year;

[1] *Refer to page 39 "Non-IFRS Accounting Measure"*

- Profit decreased to $11.2 million this year compared to $27.0 million last year. In 2014 the Company recognized the following significant items: transaction costs of $8.9 million associated with the business acquisitions and an impairment charge of $5.7 million. Conversely, in 2013 the Company recognized a $3.8 million gain on disposal of discontinued operations combined with a positive adjustment to the provision for income tax of $5.3 million; and

- The Company declared dividends at the rate of $0.15 per share during 2014, consistent with 2013.

SIGNIFICANT 2014 OPERATIONAL HIGHLIGHTS

These were the significant 2014 operational highlights:

- July - completed the acquisition of CHNI-FM (Rock 88.9) in Saint John, New Brunswick for cash consideration of $0.8 million.

- March - acquired five radio stations located in Toronto, Ontario and Vancouver, British Columbia for cash consideration of $111.9 million. The stations acquired consisted of Boom 97.3 and Flow 93.5 in Toronto, and Z95.3, LG1043 and CISL 650 in Vancouver.

- February - received CRTC approval for a new FM licence in Hinton, AB. This will be on-air in 2015.

- January - received CRTC approval for a new FM licence in Fox Creek, Alberta (a repeater of CFXW-FM Whitecourt, Alberta). This will be launched in 2015.

SIGNIFICANT 2013 OPERATIONAL HIGHLIGHTS

These were the significant 2013 operational highlights:

- December - finalized the sale of CHFT-FM in Fort McMurray, Alberta for cash proceeds of $5.0 million plus an amount for certain working capital balances.

- October - launched a repeater licence in Wabasca, Alberta.

- September - launched CKKY-FM in Wainwright, Alberta which was converted from the AM dial.

- June - launched the Company's second FM in Fredericton, New Brunswick. Up! 93.1 features a Classic Hits format. In March, CFRK-FM in Fredericton was re-branded as The New Hot 92.3.

- May - received CRTC approval for a new FM licence to serve Clarenville, Newfoundland and Labrador which is expected to launch later in 2015.

- April - launched 95.9 Sun FM in Miramichi, New Brunswick with a Top 40 format.

- April - converted and launched the Port Au Choix Newfoundland and Labrador AM station to FM.

- January - completed the acquisition of CKCH-FM, The Eagle, in Sydney, Nova Scotia.

FINANCIAL PERFORMANCE REVIEW

Business Combinations

In March 2014, the Company completed the largest business acquisition in its history when it acquired two radio stations in Toronto, Ontario and three in Vancouver, British Columbia. The total cash consideration paid was $111.9 million. The financial results of these stations have been included in profit since March 31, 2014. Upon the close of the acquisition, the Company completed a provisional purchase price allocation. As at December 31, 2014, the purchase price allocation was finalized resulting in certain adjustments to the provisional purchase price allocation. There was no impact on profit, earnings per share or cash flow as a result.

In July 2014, the Company acquired an FM station in Saint John, New Brunswick for cash consideration of $0.8 million. Results from this station have been included in profit since August 2014.

For a detailed description of these business combinations, including the adjustments to the provisional purchase price allocation, pro forma earnings and acquisition-related costs, please refer to note 6 of the annual financial statements.

Selected Financial Highlights

Since 2012, revenue has grown by 19%. This was due to growth in the broadcasting segment, and more particularly, due to incremental growth from stations acquired. Below are some of the other significant factors that affected profit between 2012 and 2014:

- 2012 - The Company recorded net impairment charges of $6.6 million, $2.2 million of unrealized mark-to-market losses on its investment portfolio and expensed $1.1 million related to the extension of the expiry dates of executive stock options.

- 2013 - The Company recorded a gain on the disposal of the Fort McMurray operations of $3.8 million and recognized a positive adjustment to the provision for income tax in the amount of $5.3 million.

- 2014 - The Company recorded business acquisition transaction costs of $8.9 million and a $5.7 million impairment charge.

Due to the disposal of broadcasting assets in Fort McMurray, Alberta in December 2013, the financial results of operations from this component and its gain on disposal were treated as discontinued operations in the comparative financial results presented below. The impact of discontinued operations was to reduce revenue by $1.3 million in 2013 and $1.7 million in 2012 and to reduce profit from continuing operations by $3.4 million in 2013 and $0.3 million in 2012.

Selected Financial Highlights

(thousands of Canadian dollars, except share data)		2014	2013	2012
Revenue	$	**154,500**	132,597	129,289
Profit from continuing operations		**11,195**	23,695	10,626
Profit		**11,195**	27,018	10,884
Weighted average number of outstanding shares				
– basic (thousands)		**28,152**	28,685	29,759
– diluted (thousands)		**29,339**	29,963	30,908
Earnings per share				
Profit from continuing operations				
– basic		**0.40**	0.83	0.36
– diluted		**0.38**	0.79	0.34
Profit				
– basic		**0.40**	0.94	0.37
– diluted		**0.38**	0.90	0.35
Total assets		**356,677**	235,605	232,396
Long-term debt, including current portion		**138,525**	42,642	47,904
Dividends declared				
Class A shares		**0.15**	0.15	0.15
Class B shares		**0.15**	0.15	0.15

Consolidated Financial Results of Operations

The Company's consolidated financial results of operations for the forth quarter in 2014 and 2013 and for the year ended December 31, 2014 and 2013 were as follows:

	Three months ended December 31			Twelve months ended December 31		
(thousands of Canadian dollars, except per share data and percentages)	**2014**	2013	% change	**2014**	2013	% change
Revenue	$ **44,438**	$35,649	25%	**154,500**	132,597	17%
Operating expenses	**(29,496)**	(25,318)	17%	**(112,879)**	(99,399)	14%
EBITDA	**14,942**	10,331	45%	**41,621**	33,198	25%
Depreciation and amortization	**(1,390)**	(1,068)	30%	**(4,914)**	(4,208)	17%
Accretion of other liabilities	**(116)**	(4)	—	**(680)**	(143)	—
Interest expense	**(1,925)**	(825)	133%	**(6,421)**	(2,545)	152%
Other expense	**(799)**	(8)	—	**(7,469)**	(1,017)	—
Impairment charge	**(5,685)**	—	—	**(5,685)**	—	—
Profit from continuing operations before provision for income tax	**5,027**	8,426	(40%)	**16,452**	25,285	(35%)
Provision for income tax	**(2,434)**	(1,402)	74%	**(5,257)**	(1,590)	231%
Profit from continuing operations	**2,593**	7,024	(63%)	**11,195**	23,695	(53%)
Profit from discontinued operations	—	3,271	—	—	3,323	—
Profit	$ **2,593**	$10,295	(75%)	**11,195**	27,018	(59%)
EPS[(1)] from continuing operations						
– basic	$ **0.09**	0.25		**0.40**	0.83	
– diluted	**0.08**	0.24		**0.38**	0.79	
EPS – basic	$ **0.09**	0.37		**0.40**	0.94	
– diluted	**0.08**	0.35		**0.38**	0.90	

[(1)] *EPS defined as earnings per share*

ANALYSIS OF CONSOLIDATED RESULTS

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

Revenue

Consolidated revenue was $44.4 million in the fourth quarter; an $8.8 million or 25% increase over the fourth quarter of 2013. Year-to-date consolidated revenue of $154.5 million was $21.9 million or 17% higher than last year. The growth was entirely attributable to the radio stations acquired in 2014 in Toronto, Ontario, Vancouver, British Columbia and Saint John, New Brunswick.

Operating Expenses

Consolidated operating expenses for the fourth quarter were $29.5 million, $4.2 million or 17% higher than 2013 and for the year ended December 31, 2014, they were $112.9 million, $13.5 million or 14% higher. The increase in operating expenses was attributable to incremental operating costs related to the stations acquired in the broadcasting segment, as well as increased variable costs in line with higher revenue and inflation.

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")

Fourth quarter consolidated EBITDA was $14.9 million, $4.6 million or 45% higher than the same time last year and year-to-date EBITDA of $41.6 million was $8.4 million or 25% higher than 2013. These improvements were a result of the incremental EBITDA derived from the acquired stations.

Depreciation and Amortization

Depreciation and amortization in the quarter of $1.4 million and $4.4 million year-to-date were higher than last year's comparative results because of a higher asset base.

Accretion of Other Liabilities

Accretion of other liabilities arises from discounting Canadian Content Development ("CCD") commitments to reflect the fair value of the obligations. The expense in the quarter and year-to-date were higher than the same periods last year because of the accretion arising on the Toronto and Vancouver CCD commitments.

Interest Expense

Interest expense in the quarter of $1.9 million (2013 - $0.8 million) and $6.4 million year-to-date (2013 - $2.5 million) was higher than the same periods last year because of the additional debt required to finance the business acquisitions and the fact that the Company's effective interest rate has increased by approximately 1.5% due to the higher debt level.

Other Expense
Other expense generally consists of gains and losses, realized and unrealized, on the Company's marketable securities and items that are not indicative of the Company's core operating results, and not used in the evaluation of the consolidated Company's performance such as acquisition-related costs. Other expenses in the quarter were $0.8 million; they were negligible the same quarter last year. Year-to-date other expenses were $7.5 million compared to $1.0 million last year.

In the fourth quarter, the Company recognized mark-to-market unrealized losses of $0.8 million (2013 - $nil). For the year ended December 31, 2014, the mark-to-market unrealized gains were less than $0.1 million compared to unrealized losses of $0.7 million in 2013. Year-to-date realized gains resulting from the sale of certain marketable securities were $0.8 million; there were no realized gains or losses in 2013.

Because of the business acquisitions this year in Saint John, Toronto and Vancouver, the Company incurred acquisition-related costs of $8.9 million; the bulk of which related to $6.3 million of CCD commitments required to complete the acquisitions (payable over seven years). In 2013, $0.2 million of acquisition-related costs were recorded due to the acquisition in Sydney. Refer to note 6 in the annual financial statements for additional details on the acquisition-related costs.

Impairment Charge
In the fourth quarter and year-to-date, the Company recognized an impairment charge of $5.7 million. In 2013, there were no impairment charges. The impairment was related to the Halifax, Nova Scotia cash-generating unit ("CGU") whereby the recoverable amount was determined to be lower than the carrying amount by $5.7 million. In addition to the increased competition in the Halifax market, the format of one of the stations in Halifax was changed and this has caused ratings to decline which has negatively impacted financial results.

Detailed information on broadcast licences, CGU's and related impairment results can be found in note 7 of the annual financial statements.

Provision for Income Taxes
In the fourth quarter, the provision for income tax was $2.4 million, $1.0 million or 74% higher than last year while the year-to-date provision for income tax of $5.3 million was $3.7 million or more than double the amount in 2013. The effective income tax rate in the quarter was 48% and year-to-date was 32%; the statutory rate was 31%. In the fourth quarter of 2014, the Company recognized an impairment charge of $5.7 million which is not deductible for tax purposes thereby increasing the effective tax rate. On a year over year basis, 2013 results included a large adjustment to the provision for taxes related to uncertain tax positions; the related net reduction to the provision for tax in 2013 was $5.3 million. For additional details, refer to note 16 of the annual financial statements.

Discontinued Operations
In 2013, the Company disposed of its net assets associated with the FM radio station located in Fort McMurray, Alberta and therefore, the financial results of operations from this component and the gain on its disposal were treated as discontinued operations in the consolidated income statements. Refer to note 8 of the annual financial statements for additional details on discontinued operations.

Profit

Profit for the fourth quarter of $2.6 million was $7.7 million lower than the same quarter last year due primarily to the impairment charge and the mark-to-market losses recognized in the quarter. There were several factors impacting profit year-over-year which, at $11.2 million, was $15.8 million lower than 2013. This year, the Company incurred acquisition-related costs of $8.9 million and recognized an impairment charge of $5.7 million. In contrast, last year the Company recognized a $3.8 million gain on disposal of Fort McMurray operations and reduced the income tax provision by $5.3 million, described above.

Other Comprehensive Income (loss) ("OCI")

OCI consists of the net change in the fair value of the Company's cash flow hedges (interest rate swap) and actuarial gains and losses arising from the Company's defined benefit pension plans. The after-tax unrealized income recorded in OCI for the interest rate swap was $nil in the fourth quarter (2013 - less than $0.1 million) and year-to-date it was a loss of less than $0.1 million (2013 - income of $0.4 million). Net actuarial losses of $0.2 million were recorded in OCI for the fourth quarter and year-to-date (2013 - actuarial gains of $1.3 million in the fourth quarter and year-to-date).

FINANCIAL REVIEW BY SEGMENT

Consolidated financial figures include the results of operation of the Company's two separately reported segments - Broadcasting and Corporate and Other. The Company provides information about segment revenue and segment 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 20 of the annual 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. CGU's within the broadcasting segment are managed and evaluated based on their revenue and EBITDA. The following summarizes the key operating results of the broadcasting segment. The results from discontinued operations have been excluded from the figures.

	Three months ended December 31				Twelve months ended December 31			
			Growth				Growth	
(thousands of Canadian dollars, except percentages)	**2014**	2013	Total	Organic	**2014**	2013	Total	Organic
Revenue	**$ 43,491**	34,786	25%	(3%)	**150,614**	128,905	17%	(2%)
Operating expenses	**(27,061)**	(22,609)	20%	(3%)	**(101,565)**	(87,691)	16%	(2%)
EBITDA	**$ 16,430**	12,177	35%	(1%)	**49,049**	41,214	19%	(4%)
EBITDA margin	**38%**	35%	3%	—	**33%**	32%	1%	—

Revenue
Fourth quarter revenue of $43.5 million was $8.7 million or 25% higher than the same quarter last year while year-to-date revenue of $150.6 million was $21.7 million or 17% higher compared to 2013. In the quarter and year-to-date, the revenue growth was entirely attributable to the incremental revenue derived from the business acquisitions in Toronto, Vancouver and Saint John. Organically (in all other markets), revenue declined 3% in the quarter and 2% year-to-date. The industry organic growth rate for the year was negative 2%.

The most significant reason for the decrease in organic revenue was the Company's under-performing national sales results. National advertising was 4% lower in the fourth quarter and 9% lower year-to-date when compared to the same periods last year. Organic local revenue was 3% lower in the fourth quarter and 2% lower than 2013 year over year.

Ratings results in December 2014 were strong with many of the Company's stations in the sixteen markets surveyed ranking within the top three spots.

Operating Expenses
Broadcasting operating expenses for the fourth quarter were $27.1 million, $4.5 million or 20% higher than 2013 and year-to-date expenses of $101.6 million were $13.9 million or 16% higher than last year. The increases were due to the incremental operating expenses associated with the Toronto and Vancouver stations. Organic expenses were down 3% in the quarter and 2% year-to-date as compared to the prior periods due to the combination of lower variable costs associated with lower revenue and lower fixed costs due to reducing discretionary spending.

EBITDA
Fourth quarter broadcasting EBITDA of $16.4 million was $4.3 million or 35% higher than 2013 and year-to-date EBITDA of $49.0 million was $7.8 million or 19% higher than last year. The growth in EBITDA and in EBITDA margins was a result of the business acquisitions.

CORPORATE AND OTHER SEGMENT

The Corporate and Other segment derives its revenue from hotel operations. Corporate and Other expenses are related to head office functions and hotel operations.

		Three months ended December 31			Twelve months ended December 31		
(thousands of Canadian dollars, except percentages)		**2014**	2013	% change	**2014**	2013	% change
Revenue	**$**	**947**	863	10%	**3,886**	3,692	5%
Operating expenses		**(2,435)**	(2,709)	(10%)	**(11,314)**	(11,708)	(3%)
EBITDA		**(1,488)**	(1,846)	19%	**(7,428)**	(8,016)	7%

Revenue
Hotel revenue was $0.1 million or 10% higher in the fourth quarter and for the year was $0.2 million or 5% higher than the same periods last year because of improved revenue growth from the hotel operations.

Operating Expenses
Operating expenses of $2.4 million in the fourth quarter were $0.3 million or 10% lower than the same quarter last year and year-to-date they were $11.3 million, $0.4 million or 3% lower than 2013 due to slight decreases in corporate expenses.

EBITDA
EBITDA improved in the quarter and year-to-date because of the lower operating expenses.

SELECTED QUARTERLY FINANCIAL INFORMATION

The Company's revenue and operating results vary, depending on the quarter. The first quarter is generally 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. Profit in the fourth quarter of 2014 was negatively impacted by the impairment charge and mark-to-market losses. In the third and second quarter of 2014, results from the Toronto and Vancouver stations increased revenue and profit. During the first quarter of 2014, the Company incurred significant acquisition-related costs arising from the Toronto and Vancouver business acquisition (refer to note 6 of the annual financial statements) which decreased profit.

Profit in the fourth quarter of 2013 benefited from the gain on disposal of the Fort McMurray net assets. Third quarter profit for 2013 was also positively impacted by the reduction in provision for income taxes. The results from discontinued operations have been excluded from the figures for revenue in 2013.

(unaudited, except totals)	Quarter				
(thousands of Canadian dollars, except share data)	**1st**	**2nd**	**3rd**	**4th**	**Year**
2014					
Revenue	**$ 28,463**	**42,298**	**39,301**	**44,438**	**154,500**
Profit (loss)	**(3,204)**	**7,541**	**4,265**	**2,593**	**11,195**
EPS – basic	**(0.11)**	**0.27**	**0.15**	**0.09**	**0.40**
– diluted	**(0.11)**	**0.26**	**0.15**	**0.08**	**0.38**
2013					
Revenue	$ 28,765	35,434	32,749	35,649	132,597
Profit	2,095	5,972	8,656	10,295	27,018
EPS – basic	0.07	0.20	0.30	0.37	0.94
– diluted	0.07	0.19	0.29	0.35	0.90

CASH FLOWS

The following table depicts the major sources of cash inflows and outflows in 2014 and 2013 by operating activities, financing activities and investing activities.

(thousands of Canadian dollars)		**2014**	2013
Funds generated from continuing operations, before undernoted items	**$**	**33,775**	30,649
Change in working capital from continuing operations		**297**	2,767
Interest and income taxes paid from continuing operations		**(7,986)**	(10,509)
Net cash flows from discontinued operations		—	123
Net cash flows from operating activities	**$**	**26,086**	23,030
Net long-term debt (repayments) borrowings	**$**	**96,000**	(4,500)
Dividends paid		**(4,221)**	(4,337)
Repurchase of capital stock		—	(9,921)
Other, including change in bank indebtedness		**(199)**	(307)
Net cash flows from financing activities	**$**	**91,580**	(19,065)
Acquisition of broadcasting assets	**$**	**(112,712)**	(2,040)
Property and equipment additions		**(5,922)**	(5,305)
Proceeds from disposal of broadcasting assets		—	5,139
Canadian Content Development commitment payments		**(2,068)**	(1,719)
Proceeds from disposal of marketable securities		**3,017**	—
Other		**19**	(40)
Net cash flows from investing activities	**$**	**(117,666)**	(3,965)

Cash Flows - 2014

Cash flows from operating activities of $26.1 million, combined with the $96.0 million long-term net debt borrowings and the $3.0 million proceeds from marketable securities, were used to fund the business acquisitions of $112.7 million, to purchase property and equipment for $5.9 million, pay dividends of $4.2 million, and pay CCD commitments in the amount of $2.1 million.

Cash Flows - 2013

Cash flows from operating activities of $23.0 million, combined with $5.1 million proceeds on disposal of broadcasting assets, were used to repay net long-term debt borrowings in the amount of $4.5 million, to repurchase capital stock for $9.9 million, pay dividends of $4.3 million, purchase property and equipment for $5.3 million, purchase broadcasting assets in Nova Scotia for $2.0 million, and pay CCD commitments in the amount of $1.7 million.

Capital Expenditures and Capital Budget

The more significant investments in property and equipment in 2014 related to the capital costs associated with the acquisitions of radio stations in Toronto, Vancouver and Saint John, investing in new broadcasting digital and automation equipment, as well as general improvements and upgrades throughout the Company.

Capital expenditures for 2015 are expected to approximate $9.5 million. The major planned expenditures include the relocation to new studios in Toronto, the continuation of investment in new broadcasting digital and automation equipment as well as capital costs associated with improving signals and frequency changes. The Company continuously upgrades its broadcast equipment to improve operating efficiencies.

FINANCIAL CONDITION

Total Assets

Assets of $356.7 million were $121.1 million higher than 2013 due to the business acquisitions in 2014.

Liabilities, Shareholder's Equity and Capital Structure

As at December 31, 2014, the Company had $1.1 million of current bank indebtedness and $138.5 million of long-term debt, of which $11.3 million was current. The capital structure consisted of 39% equity ($140.5 million) and 61% liabilities ($216.2 million) at quarter end.

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 to finance the Toronto and Vancouver business acquisition. The facility is being amortized over eight years and is repayable in quarterly instalments of $2.8 million. The maturity date for both credit facilities is March 2017.

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, interest coverage and fixed charge coverage ratio. Other covenants include seeking prior approval for acquisitions or disposals in excess of a quantitative threshold. The Company was in compliance with the covenants throughout the quarter and at year end.

Cash flow from operations and funds available from the Company's $90.0 million 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 the vast majority of its positive cash balances to reduce debt and minimize interest expense. As a result, the Company nets its deposits in banks with bank indebtedness. The fact that the Company does not have positive cash positions on its balance sheet does not pose an increase to its liquidity risk because the Company generates cash from operations and, as part of its credit facility, it has a $5.0 million current operating credit line to fund any current obligations. It can also access any unused capacity in its credit facility to fund obligations.

Working Capital Requirements

As at December 31, 2014, the Company had a working capital deficiency of $2.6 million. The cash from current receivables will be sufficient to cover the Company's current obligations to its suppliers and employees and in combination with ongoing cash from operations and the availability of cash from the undrawn portion of its debt facility, the Company will be able to meet all other current cash requirements as they arise. In addition, if cash inflows from customers are not sufficient to cover current obligations, because of timing issues, the Company has access to a $5.0 million operating credit line.

Future Cash Requirements

Other than for ongoing operations, the Company's cash requirements are mostly for interest payments, repayment of debt, capital expenditures, Canadian Content Development payments, dividends and other contractual obligations. Management anticipates that its cash flows from operations will provide sufficient funds to meet its cash requirements. The Company's future cash requirements are summarized in a table under the heading "Contractual Obligations".

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

CONTRACTUAL OBLIGATIONS

The following table summarizes the Company's significant contractual obligations and commitments as at December 31, 2014 and the future periods in which the obligations become due and payable. Additional details regarding these obligations are provided in the notes of the annual financial statements, as referenced in the table.

(thousands of Canadian dollars)		2015	2016	2017	2018	2019	thereafter	**Total**
Long-term debt (note 9)	$	11,250	11,250	116,875	—	—	—	**139,375**
CCD commitments, undiscounted (note 15)		2,889	2,541	1,664	1,451	1,245	1,550	**11,340**
Operating leases (note 19)		4,817	4,428	3,545	2,787	1,575	2,483	**19,635**
Pension funding obligation		511	516	522	526	532	5,031	**7,638**
Total contractual obligations	$	19,467	18,735	122,606	4,764	3,352	9,064	**177,988**

The Company assumes its long-term debt would be renewed in 2017, which is consistent with past practice, and that the annual required payments in the years 2017 and thereafter would continue to approximate $11.3 million per year.

The Company recognizes long-term debt and CCD commitments (when stations are launched) as liabilities on the balance sheet.

The Company also has obligations with respect to its employee benefit plans, as discussed in note 11 of the annual financial statements. The Supplementary Retirement Pension Arrangements ("SRPAs") provide benefits above and beyond that which can be provided under the Income Tax Act, and therefore are not pre-funded. As a result, the Company's annual funding obligation approximates $0.5 million.

SHARE CAPITAL

Outstanding Share Data
The weighted average number of shares outstanding for the year ended December 31, 2014 was 28,152,000 (2013 - 28,685,000). As of this date, there are 24,414,804 Class A Subordinate Voting Shares ("Class A shares") and 3,769,322 Class B Common Shares ("Class B shares") outstanding.

Dividends Declared
In 2014, the Board of Directors declared dividends of $0.15 (2013 - $0.15) per share on each of its Class A shares and Class B shares.

Share Repurchases
The Company has approval under a Normal Course Issuer Bid to repurchase up to 1,219,282 Class A shares and 75,386 Class B shares. This bid expires May 21, 2015. During the fourth quarter, and year-to-date, no shares were repurchased. In 2013, the Company repurchased 1,083,890 of its outstanding Class A shares for $9.9 million.

SHARE-BASED COMPENSATION PLANS

Executive Stock Option Plan
As of this date, the number of Class A shares reserved for issuance pursuant to the executive stock option plan is 3,176,246. The number of Class A shares underlying outstanding options under the executive stock option plan is 2,347,500, all of which are vested, at prices ranging from $2.43 to $7.46. 801,979 options remain available to grant.

During 2014, no executive stock options were granted. In 2014, 15,000 options were forfeited and 107,500 options were exercised using the cashless exercise option resulting in 26,767 shares being issued from treasury. In 2013, no options were granted; 60,000 options were exercised using the cashless exercise option resulting in 43,724 shares being issued from treasury.

Compensation expense related to the executive stock option plan in the year was less than $0.1 million (2013 - $0.1 million).

Stock Appreciation Rights Plan
A total of 1,745,000 stock appreciation rights (“rights”) have been granted since 2006 at a weighted-average reference price of $5.75. The rights vest at a rate of 50% at the end of year three, 25% at the end of year four and 25% at the end of year five and are exercisable as they vest. All rights granted under this plan expire on the 60th day following the 5th anniversary of the grant date. At the date of exercise, cash payments are made to the holders based on the difference between the market value of the Company’s Class A shares and the reference price. 50,000 rights remained outstanding as at December 31, 2014 and were exercised subsequent to year-end.

During 2014, 52,500 rights (2013 - 67,500) were exercised for cash proceeds of $0.2 million (2013 - $0.2 million). No rights were granted in 2014 or in 2013. For the year ended December 31, 2014, the compensation expense related to the rights was less than $0.1 million (2013 - less than $0.1 million). The obligation related to the rights was $0.1 million, all of which was classified as a current liability (2013 - $0.2 million all of which was current).

For more detailed disclosures about the Company’s share-based compensation plans, refer to note 12 of the annual financial statements.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Interest Rate Risk Management
The Company has 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 has a notional amount of $45,000,000 and expires in May 2017.

The swap agreement involves the exchange of the three-month bankers’ acceptance floating interest rate for a fixed interest rate. The difference between the fixed and floating rates is settled quarterly with the bank and recorded as an increase or decrease to interest expense. A 0.5% change in the projected floating interest rates during the remaining term of the hedge agreement would have impacted the fair value of the interest rate swap by approximately $0.4 million which would have flowed through profit since the swap was deemed ineffective for accounting purposes in June 2014.

As at December 31, 2014, the aggregate fair value payable of the swap agreement was $0.7 million (2013 - $0.5 million). The net change in OCI for the fourth quarter was $nil (2013 - less than $0.1 million gain) and a loss of less than $0.1 million year-to-date (2013 - $0.4 million gain).

Share Price Volatility Management
In July 2006, the Company entered into a cash-settled equity total return swap agreement to manage its exposure to fluctuations in its stock-based compensation costs related to the SAR Plan.

In July 2013, the swap expired and any remaining notional SARS were unwound. As a result there is no longer any balance receivable related to the equity total return swap. In 2013, realized before-tax losses recognized in the income statements in the fourth quarter were nil and $0.1 million year-to-date.

Market Risk Management
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The fair value of the Company's marketable securities is affected by changes in the quoted share prices in active markets. Such prices can fluctuate and are affected by numerous factors beyond the Company's control. In order to minimize the risk associated with changes in the share price of any one particular investment, the Company diversifies its portfolio by investing in varying industries. It also conducts regular financial reviews of publicly available information related to its investments to determine if any identified risks are within tolerable risk levels. As at December 31, 2014, a 10% change in the share prices of each marketable security would result in a $0.1 million after-tax change in profit.

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 which totaled $0.8 million as at December 31, 2014. The Company is of the opinion that the provision for potential losses adequately reflects the credit risk associated with its receivables. Approximately 90% 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. In 2014, $0.4 million was written off. The Company believes its provision for potential credit losses is adequate at this time given the current economic circumstances.

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.

For more detailed disclosure about the Company's financial instruments and financial risk management, refer to note 15 of the annual financial statements.

ADOPTION OF NEW ACCOUNTING STANDARDS

There was one new accounting standard adopted by the Company in 2014.

IFRIC 21 Levies
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The adoption of this standard did not have an impact on the Company's financial position or performance.

FUTURE ACCOUNTING STANDARDS

Standards issued but not yet effective up to the date of issuance of the Company's annual financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9 *Financial Instruments*
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. Management is assessing the impact the adoption of IFRS 9 will have on the classification and measurement of the Company's financial assets and financial liabilities.

IFRS 11 *Joint Arrangements*
IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The standard comes into effect on January 1, 2016 and is not likely to apply to the Company.

IFRS 15 *Revenue from Contracts with Customers*
IFRS 15 applies to all revenue contracts and provides a five step model for the recognition and measurement of revenue earned from a contract with a customer. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of certain non-financial assets that are not an output of the entity's ordinary activities. The standard comes into effect on January 1, 2017 with earlier adoption permitted. The Company will monitor the impact, if any, this standard will have on its revenue recognition procedures.

CRITICAL ACCOUNTING ESTIMATES

Financial statements prepared in conformity with IFRS 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 most significant judgments made in the preparation of the Company's financial statements include judgments related to the determination that broadcast licences have indefinite lives, identifying cash-generating units ("CGUs") based on whether or not there exists interdependency of revenue between radio stations and determining the tax rate for recognition of deferred tax on broadcast licences.

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.

Accounts Receivable
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 prior collection history.

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

Impairment of Non-Financial Assets
The Company's primary non-financial assets subject to impairment include the broadcast licences, goodwill, other intangible assets and property and equipment. Broadcast licences and goodwill are not amortized but are tested annually for impairment, or more frequently if events or circumstances indicate that it is more likely than not that the value of broadcast licences and/or goodwill may be impaired. For other non-financial assets, the Company assesses whether there is any indication that an asset may be impaired and if so, the Company estimates the recoverable amount of the asset.

Impairment exists when the carrying value of an asset or cash-generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGU's, including a sensitivity analysis, are further explained in note 7 of the annual financial statements.

Canadian Content Development Commitments
The Company measures its CCD commitments using the amortized cost using the effective interest method. As a result, the Company must use industry information to estimate appropriate discount rates used in the calculation of the discounted estimated future cash payments.

Employee Future Benefit Plans
The cost of defined benefit pension plans and the present value of the net pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, the net pension obligation is highly sensitive to changes in these assumptions.

Management engages the services of external actuaries to assist in the determination of the appropriate discount rate. Management, with the assistance of actuaries, consider the interest rates of high quality corporate bonds that have terms to maturity approximating the terms related to the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates. Further details about the assumptions used are given in note 11.

Share-Based Compensation
The Company's share-based compensation plans (SARS and executive stock options) are measured at fair value using the Black-Scholes option-pricing model. Management must determine the most appropriate inputs to the option-pricing model including the expected life, volatility and dividend yield and make assumptions about them. Further details about the assumptions used are given in note 12 of the annual financial statements.

Fair Value of Financial Instruments
Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Income Taxes
Deferred income tax assets and liabilities are measured using the substantively enacted tax rates and laws which are expected to be in effect when the differences are expected to be recovered, settled or reversed. The Company recognizes the benefits of capital and non-capital loss carryforwards as deferred tax assets to the extent that it is probable that taxable profit will be available against which the unused tax losses can be utilized. To determine the provision for income taxes, certain assumptions are made, including filing positions on certain items and the ability to realize deferred tax assets. In the event the outcome differs from management's assumptions and estimates, the effective tax rate in future periods could be affected.

Non-Monetary Transactions
From time to time, the Company exchanges airtime for products and services. The Standing Interpretations Committee ("SIC") issued SIC 31: *Revenue - Barter Transactions Involving advertising services.* Under SIC 31, the Company measures revenue at the fair value of the consideration received or receivable, or if this cannot be established, at the fair value of the airtime provided. Generally, the Company is able to fair value barter arrangement transactions since there are independent non barter transactions that involve similar airtime amounts, they occur frequently and they do not involve the same counterparty as in the barter transaction, thereby providing appropriate evidence of fair value of the consideration received or receivable.

OFF BALANCE SHEET ARRANGEMENTS

As at December 31, 2014, there were no off-balance sheet arrangements other than operating leases which are considered in the ordinary course of business.

RELATED PARTY TRANSACTIONS

These annual 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., 8384886 Canada Inc. and 8384878 Canada Inc. Any balances owing or receivable between these entities are eliminated on consolidation. Related party transactions during the year were reviewed and there were no material transactions and all transactions were at fair market value.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures
As part of the Form 52-109 certification, the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") must certify that they are responsible for designing Disclosure Controls and Procedures ("DC&P"), or caused them to be designed under their supervision. The CEO and CFO must also certify that they are responsible for evaluating the operating effectiveness of DC&P and that a conclusion as to the effectiveness and design of DC&P should be provided in the MD&A. DC&P should provide reasonable assurance that:

- material information relating to the Company is made known to the CEO and the CFO by others, to make a determination as to the appropriateness and timing of public disclosure, if any; and

- information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The Company's Disclosure Committee along with management and the CEO and CFO assist with the evaluation of DC&P design and operating effectiveness. Throughout the year, the Disclosure Committee is kept apprised of any material information affecting the Company so that it may discuss and evaluate such information to make a determination as to the appropriateness and timing of public release, if any.

As at December 31, 2014, the CEO and the CFO, based on their evaluation, concluded that DC&P were properly designed and were operating effectively.

Internal Controls over Financial Reporting
As part of the Form 52-109 certification, the CEO and the CFO must certify that they are responsible for designing Internal Controls over Financial Reporting ("ICFR"), or caused them to be designed under their supervision, and that they are responsible for evaluating the operating effectiveness of ICFR. ICFR should:

- provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

As at December 31, 2014, the CEO and the CFO, based on their evaluation, concluded that the design of ICFR provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Using the framework set forth in The 2013 COSO Internal Control - Intergrated Framework - issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), management, under the supervision of the CEO and CFO, conducted its evaluation of the effectiveness of the Company's ICFR as at December 31, 2014. Based on this evaluation, the CEO and CFO concluded that the Company's ICFR are operating effectively and provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Changes in Internal Controls over Financial Reporting
During fiscal 2014, there were no changes in internal controls over financial reporting that are likely to have, or had, a material effect on the Company's internal controls over financial reporting.

RISKS, UNCERTAINTIES AND OPPORTUNITIES

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

Impact of Regulation
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 the Commission. 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 Canadian content and other aspects of the regulations could change in the future. The Company actively monitors the regulatory environment to ensure it is aware of all risks and opportunities.

The licensing 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 the public process) or pay significant funds for existing stations in a market.

Regulatory Environment - Radio Tariffs

The Company is subject to certain fees. Licence fees are payable to the CRTC, while copyright fees are payable to Copyright collective societies ("Collectives") which include the Society of Composers, Authors and Music Publishers of Canada ("SOCAN"), Re:Sound, the Canadian Musical Reproduction Rights Agency, Society for Reproduction Rights of Authors, Composers and Publishers in Canada ("CSI") and the Audio-Video Licensing Agency ("AVLA") based on rates set by the Copyright Board of Canada.

The Collectives can apply at any time to the Copyright Board for amendments to the fees which could affect future results. The Copyright Committee of the Canadian Association of Broadcasters ("CAB") is comprised of broadcaster members who represent jointly the interests of the industry in matters of copyright negotiation between broadcasters, Collectives and the Copyright Board of Canada. Newcap is a member of this committee.

CRTC licence fees and copyright fees, combined, are currently approximately 7.8% of revenue, subject to certain exemptions for low use and low revenue stations. Tariff rates have remained constant at the levels set in 2010. In 2014 a Copyright Board of Canada hearing was held to review applications made by the following collectives for tariffs to remain at the 2010 rates: SOCAN (2011-2013), Re:Sound (2012-2014), CSI (2012-2013) and AVLA (2012-2017). A Copyright Board of Canada Decision regarding this hearing is not expected to be released until late in 2015. The outcome of this is not determinable at this time.

The Copyright Committee of the CAB continues to dispute the reproduction tariffs, CSI and AVLA, as unfair. Bill C-11, the Copyright Modernization Act, passed in Parliament on June 8, 2012 and received Royal Assent on June 29, 2012. This Act oversees the tariffs levied by CSI and AVLA. In theory, an exception for these tariffs exists for broadcasters, but in practice the exception can only be realized if a radio station chooses to delete and reconstitute its entire playlist each 30 days. While Bill C-11 updated several copyright provisions, it left this 30-day destroy exception intact. In the interim, radio broadcasters will continue to pay these two tariffs.

In July 2012, the CRTC announced that it was systematically phasing out the television Local Programming Improvement Fund ("LPIF") between September 2012 and August 31, 2014. This has impacted the financial results of the Company's television stations operated in Lloydminster, Alberta. The Company first began receiving LPIF funds in 2009. The Small Market Independent Television Coalition, which is a committee facilitated by the CAB, submitted a plan for a replacement fund at the CRTC's Television Policy hearing in September of 2014. However, in CRTC Decisions 2015-24 and 2015-25, the CRTC chose to address this request at a later date when it conducts its policy review of community television. Therefore no funding changes are anticipated in 2015 or 2016. In the interim, management is examining its options to help mitigate the decline in EBITDA.

General Competition
The Company faces competition in some of its markets which impacts the Company's audience, revenue share and the level of promotional spending required to remain competitive. Any changes to the competitive environment 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 is sheltered from the effect of competition in many of its small markets as it is the sole station serving those communities.

New Market Entrants
In recent years, the CRTC had been awarding an increasing number of new FM licences in markets. While the Company benefited from this trend by being the recipient of some of these new licences, it has also been negatively affected by new competition in some locations. In all markets where competition is a factor, the Company continuously studies the market, including demographic trends and the needs of both customers and listeners, to have reasonable assurance that the programming offered is tailored to the requirements of the audience.

Technological Developments
With the advent of new or alternative media technologies such as satellite radio, digital radio, the Internet, wireless broadcasting, podcasting and mobile advertising, competition for broadcasting advertising revenue and listeners has, and will continue to increase. This increased competition could have the impact of reducing the Company's market share, its ratings within a market, or have an adverse effect on advertising revenue locally and nationally. While such technologies could adversely impact operating results, the Company continuously seeks to achieve competitive advantages by keeping abreast of emerging technologies and enhancing its service offering to its audience.

Dependency on Advertising Revenue
The Company's revenue is derived from the sale of advertising airtime directed at retail consumers. This revenue fluctuates depending on the economic conditions of each market and the Canadian economy as a whole. Recently radio national advertising has declined compared to previous years. The Company takes steps to mitigate this risk by retaining a degree of geographic and sectoral diversification.

Other media compete for advertising dollars, such as print, television, yellow pages, outdoor, direct mail, on-line services and more recently, advertising via social media. In many instances, these competitors are targeting the same advertisers as radio broadcasters and advertising dollars often shift between the different media. While there is no assurance that the Company's radio stations will maintain or increase their share of the advertising dollars, the Company is focused on mitigating any loss to other media by creating long-term relationships with customers and providing innovative, high-quality campaigns. Over the past number of years, Radio's percentage share of advertising dollars has remained relatively constant with the increase of on-line advertising coming from the decline in print advertising.

Broadcast Licences and Goodwill
As previously disclosed in the *Critical Accounting Estimates* section, broadcast licences and goodwill are not amortized but are tested annually for impairment, or more frequently if events or circumstances indicate that it is more likely than not that the value of broadcast licences and/or goodwill may be impaired. The fair value of broadcast licences and goodwill are influenced by assumptions, based on prevailing economic conditions, to support the discount rate used to discount the future cash flows calculated by the Company to assess the value-in-use (or fair value) of its broadcast licences and goodwill. During a period of economic volatility, there can be no assurance that the Company's broadcast licences or goodwill would not be adversely affected following changes in the assumptions used to determine the discount rate. The Company monitors this on an ongoing basis and any changes to the fair value of broadcast licences or goodwill would result in a non-cash impairment charge in the Company's consolidated income statement.

Tax Matters
As previously disclosed in the *Critical Accounting Estimates* section, in order to calculate income tax, certain assumptions are made, including filing positions on certain items and the ability to realize deferred tax assets. In addition, the Company, like all companies, is subject to audits from different taxation authorities. The outcome of any audits could materially affect the amount of income taxes payable recorded on the Company's consolidated statement of financial position and provision for income tax expense in the consolidated income statement. Any cash payment or receipts arising from tax audits could have a material impact on the Company's cash flow from operating activities. To mitigate these risks, the Company has engaged external advisors to work with management in preparing the Company's income tax returns and in all transactions that are outside of the normal course of operations. Management, along with the external advisors, have up-to-date knowledge of Canadian and provincial income tax laws and their interpretations. Although these risks exist, management believes that it has sufficient amounts accrued for outstanding tax matters based on all of the information currently available.

Defined Benefit Pension Plans
The Company's defined benefit pension plans are impacted by economic conditions and there can be no assurance that pension expense and funding of its defined benefit pension plans will not increase in the future and negatively impact operating results and financial condition. Defined benefit funding risks arise when pension liabilities exceed the value of the plan assets. These unfunded differences can arise from lower than expected plan asset returns, changes in the discount rate used to value pension obligations and actuarial loss experiences. The Company mitigates the risk by continuously monitoring the performance of the plan assets and the funding position of the plans. Risk is also mitigated due to the fact that there are only a small number of retirees and employees covered under these plans. All other employees are included in the Company's defined contribution pension plan.

Potential Contingencies
The Company and its subsidiaries are involved in various legal actions which arise out of the ordinary course and conduct of its business. Management believes any potential liabilities that may result from these actions have been adequately provided for and are not expected to have a material adverse effect on the Company's financial position or its results.

OUTLOOK

2015 will be the first full year of operations in the Toronto and Vancouver markets compared to nine months in 2014. The Toronto operation is solid and results have exceeded expectations. The Vancouver market has had its challenges because of brand name and talent changes that were beyond the control of management. However, ratings in Vancouver have begun to show a rebound in audience share and this bodes well for the future.

Throughout 2014, the Company has experienced modest declines in organic revenue. The vast majority of that shortfall was due to a reduction in national advertising. In light of the declines in organic revenue, management reduced discretionary expenses in order to limit the impact on EBITDA.

The release of the December ratings results showed strong positioning for most of the Company's stations, many were in the top three positions in their respective markets. These ratings should contribute to solid revenue in 2015. The Company will continue to invest in marketing and research to promote its stations and improve ratings. Management is committed to continuous improvements at all its stations.

The efforts and commitment of our employees have allowed the Company to continue to grow and prosper. They are some of the best and most talented individuals in the industry. The Company is committed to being actively involved in the communities where it operates and in maintaining the relationships formed with advertisers and listeners alike.

Non-IFRS Accounting Measure

[1] ***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 annual consolidated income statements. 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.*

EBITDA is therefore calculated before (i) non-cash expenses such as depreciation and amortization as well as 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 charge and other income (expense). A calculation of this measure is as follows:

		Three months ended December 31		Twelve months ended December 31	
(thousands of Canadian dollars)		**2014**	2013	**2014**	2013
Profit from continuing operations	$	**2,593**	7,024	**11,195**	23,695
Provision for income tax		**2,434**	1,402	**5,257**	1,590
Impairment charge		**5,685**	—	**5,685**	—
Other expense		**799**	8	**7,469**	1,017
Interest expense		**1,925**	825	**6,421**	2,545
Depreciation and amortization		**1,390**	1,068	**4,914**	4,208
Accretion of other liabilities		**116**	4	**680**	143
EBITDA	$	**14,942**	10,331	**41,621**	33,198

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.

Consolidated Financial Statements

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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 International Financial Reporting Standards and include certain estimates that reflect management's best judgments. When alternative accounting methods exist, management chooses those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgment. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the Annual Report and has ensured that it is consistent with that shown in the accompanying consolidated financial statements.

The Company has designed and maintains high quality systems of internal controls over financial reporting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded. As at December 31, 2014, the President and Chief Executive Officer and the Chief Financial Officer of the Company, after evaluating the design and effectiveness of the Company's disclosure controls and procedures, have concluded that the Company's disclosure controls and procedures are adequate and effective to provide reasonable assurance that material information relating to the Company and its subsidiaries would have been known to them and disclosed. As at December 31, 2014, the President and Chief Executive Officer and the Chief Financial Officer of the Company, after evaluating the design and effectiveness of the Company's internal controls over financial reporting, have concluded that the Company's internal controls over financial reporting are adequately designed and are operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

The Board of Directors ("Board") is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility with its Audit and Governance Committee which consists of four independent directors who are appointed by the Board and are also unrelated to the Company. Upon recommendation from the Audit and Governance Committee, the Board approves the consolidated financial statements for issuance to the Company's shareholders. The Committee meets periodically with management and independent auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy itself that the respective parties are properly discharging their responsibilities. The Audit and Governance 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. Their opinion is presented hereafter.

February 26, 2015

Robert G. Steele
President and Chief Executive Officer

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

Independent Auditors' Report

To the Shareholders of Newfoundland Capital Corporation Limited

We have audited the accompanying consolidated statement of financial position of Newfoundland Capital Corporation Limited as at December 31, 2014 and 2013 and the consolidated income statements, statements of comprehensive income, changes in shareholders' equity, and cash flows for the years ended December 31, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Newfoundland Capital Corporation Limited as at December 31, 2014 and 2013 and its financial performance and its cash flows for the years ended December 31, 2014 and 2013 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Accountants

Halifax, Canada
February 26, 2015

Newfoundland Capital Corporation Limited

Consolidated Statements of Financial Position

(thousands of Canadian dollars)	Notes		**December 31 2014**	December 31 2013
Assets				
Current assets				
Marketable securities	15(a)	$	**1,532**	3,595
Receivables	15		**35,615**	27,995
Prepaid expenses			**1,186**	915
Total current assets			**38,333**	32,505
Non-current assets				
Property and equipment	4		**38,342**	36,460
Other assets	5		**1,583**	1,622
Broadcast licences	6 & 7		**262,029**	154,481
Goodwill	6 & 7		**12,014**	7,422
Deferred income tax assets	6 & 16		**4,376**	3,115
Total non-current assets			**318,344**	203,100
Total assets		$	**356,677**	235,605
Liabilities and Shareholders' Equity				
Current liabilities				
Bank indebtedness	9	$	**1,125**	998
Accounts payable and accrued liabilities	10 & 12		**21,817**	16,496
Dividends payable	13		**2,534**	2,532
Income taxes payable	16		**4,165**	3,745
Current portion of long-term debt	9		**11,250**	—
Total current liabilities			**40,891**	23,771
Non-current liabilities				
Long-term debt	9		**127,275**	42,642
Other liabilities	10 &15(b)		**17,078**	10,626
Deferred income tax liabilities	6 & 16		**30,904**	24,781
Total non-current liabilities			**175,257**	78,049
Total liabilities			**216,148**	101,820
Shareholders' equity			**140,529**	133,785
Total liabilities and shareholders' equity		$	**356,677**	235,605

Commitments and contingencies (note 19)

See accompanying notes to the consolidated financial statements

On behalf of the Board

H.R. Steele
Director

D.I. Matheson
Director

Newfoundland Capital Corporation Limited

Consolidated Income Statements — For the years ended December 31

(thousands of Canadian dollars, except per share data)	Notes	2014	2013
Revenue		$ **154,500**	132,597
Operating expenses		**(112,879)**	(99,399)
Depreciation and amortization	4	**(4,914)**	(4,208)
Accretion of other liabilities	10	**(680)**	(143)
Interest expense	9	**(6,421)**	(2,545)
Other expense	6 & 15(a)	**(7,469)**	(1,017)
Impairment charge	7	**(5,685)**	—
Profit from continuing operations before provision for income taxes		**16,452**	25,285
Provision for income tax (expense) recovery			
Current		**(2,767)**	3,670
Deferred		**(2,490)**	(5,260)
	16	**(5,257)**	(1,590)
Profit from continuing operations		**11,195**	23,695
Profit from discontinued operations	8	**—**	3,323
Profit		$ **11,195**	27,018
Earnings per share from continuing operations	17		
– basic		$ **0.40**	0.83
– diluted		**0.38**	0.79
Earnings per share	17		
– basic		$ **0.40**	0.94
– diluted		**0.38**	0.90

See accompanying notes to the consolidated financial statements

Newfoundland Capital Corporation Limited

Consolidated Statements of Comprehensive Income — For the years ended December 31

(thousands of Canadian dollars)	Notes	**2014**	2013
Profit		**$ 11,195**	27,018
Other comprehensive income (loss):			
Cash flow hedges:			
Net movement on interest rate swaps	15(b)	**(60)**	557
Income tax recovery (expense)	16	**16**	(151)
Amounts that will be reclassified to profit and loss		**(44)**	406
Defined benefit plan actuarial (losses) gains	11	**(301)**	1,928
Income tax recovery (expense)	16	**94**	(597)
Amounts that will not be reclassified to profit and loss		**(207)**	1,331
Other comprehensive (loss) income		**(251)**	1,737
Comprehensive income		**$ 10,944**	28,755

See accompanying notes to the consolidated financial statements

Newfoundland Capital Corporation Limited

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

(thousands of Canadian dollars)		**Issued share capital (note 13)**	**Contributed surplus (note 14)**	**Accumulated other comprehensive income (loss)**	**Retained earnings (note 13)**	**Total**
Balance at January 1, 2014	$	36,495	2,680	107	94,503	133,785
Profit		—	—	—	11,195	11,195
Other comprehensive income		—	—	(251)	—	(251)
Total comprehensive income		—	—	(251)	11,195	10,944
Dividends		—	—	—	(4,223)	(4,223)
Exercise of stock options		101	(101)	—	—	—
Executive stock option compensation expense		—	23	—	—	23
Balance at December 31, 2014	**$**	**36,596**	**2,602**	**(144)**	**101,475**	**140,529**

See accompanying notes to the consolidated financial statements

(thousands of Canadian dollars)		**Issued share capital (note 13)**	**Contributed surplus (note 14)**	**Accumulated other comprehensive income (loss)**	**Retained earnings (note 13)**	**Total**
Balance at January 1, 2013	$	38,079	2,614	(1,630)	80,065	119,128
Profit		—	—	—	27,018	27,018
Other comprehensive income		—	—	1,737	—	1,737
Total comprehensive income		—	—	1,737	27,018	28,755
Dividends		—	—	—	(4,243)	(4,243)
Repurchase of share capital		(1,584)	—	—	(8,337)	(9,921)
Executive stock option compensation expense		—	66	—	—	66
Balance at December 31, 2013	**$**	**36,495**	**2,680**	**107**	**94,503**	**133,785**

See accompanying notes to the consolidated financial statements

Newfoundland Capital Corporation Limited

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

(thousands of Canadian dollars)	Notes	2014	2013
Operating Activities			
Profit from continuing operations before provision for income taxes		$ **16,452**	25,285
Items not involving cash			
Depreciation, amortization and accretion of other liabilities		**5,594**	4,351
Share-based compensation expense	12	**28**	100
Impairment charge	7	**5,685**	—
Realized and unrealized (gains) losses on marketable securities	15(a)	**(884)**	649
Canadian Content Development commitments arising from business combinations	6	**6,288**	—
Other		**612**	264
		33,775	30,649
Net change in non-cash working capital from continuing operations	18	**297**	2,767
Cash generated from continuing operations		**34,072**	33,416
Interest paid		**(5,663)**	(2,301)
Income taxes paid		**(2,323)**	(8,208)
Net cash flow from continuing operations		**26,086**	22,907
Cash flow from discontinued operations		**—**	123
Net cash flow from operating activities		**26,086**	23,030
Financing Activities			
Change in bank indebtedness		**127**	569
Long-term debt borrowings		**113,000**	6,000
Long-term debt repayments		**(17,000)**	(10,500)
Dividends paid	13	**(4,221)**	(4,337)
Repurchase of capital stock	13	**—**	(9,921)
Other		**(326)**	(876)
Net cash flow from (used in) financing activities		**91,580**	(19,065)
Investing Activities			
Acquisition of broadcasting assets	6	**(112,712)**	(2,040)
Property and equipment additions	4	**(5,922)**	(5,305)
Canadian Content Development commitment payments		**(2,068)**	(1,719)
Proceeds from disposal of marketable securities		**3,017**	—
Other		**19**	(40)
Net cash flow from continued operatons used for investing activities		**(117,666)**	(9,104)
Proceeds from disposal of broadcasting assets (discontinued operations)	8	**—**	5,139
Net cash flow used for investing activities		**(117,666)**	(3,965)
Cash, beginning and end of period		$ **—**	—

See accompanying notes to the consolidated financial statements

Notes to the Consolidated Financial Statements - December 31, 2014 and 2013

1. REPORTING ENTITY

Newfoundland Capital Corporation Limited (the "Company") is incorporated in Nova Scotia, Canada. The address of the Company's registered office of business is 745 Windmill Road, Dartmouth, Nova Scotia, B3B 1C2. The Company's primary activity is radio broadcasting. These consolidated financial statements comprise the financial position of the Company and its subsidiaries, together referred to as the "Company". The Company's revenue is derived primarily from the sale of advertising airtime.

These consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on February 26, 2015.

2. BASIS OF PREPARATION

Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRIC") interpretations issued and effective or issued and early adopted as at the date of these statements. The policies set out below have been consistently applied to all the periods presented.

These consolidated financial statements contain all of the information and disclosures required by IFRS for annual financial 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.

Basis of measurement
These consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- liabilities for cash-settled share-based payment arrangements are measured at fair value; and
- the defined benefit pension liability is recognized as the net total of the plan assets and the present value of the defined benefit obligation.

Significant accounting estimates and assumptions
Financial statements prepared in conformity with IFRS require 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 most significant judgments made in the preparation of the Company's financial statements include judgments related to the determination that broadcast licences have indefinite lives, identifying cash-generating units ("CGUs") based on whether or not there exists interdependency of revenue between radio stations and determining the tax rate for recognition of deferred tax on broadcast licences.

2. BASIS OF PREPARATION *(continued)*

Significant accounting estimates and assumptions *(continued)*
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.

Property and Equipment
The Company has estimated the useful lives of the components of all of its property and equipment based on past experience and industry norms, and is depreciating these assets over their useful lives. Management assesses these estimates on an annual basis and makes adjustments when appropriate.

Impairment of Non-Financial Assets
Impairment exists when the carrying value of an asset or cash-generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are further explained in note 7.

Employee Future Benefit Plans
The cost of defined benefit pension plans and the present value of the net pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, the net pension obligation is highly sensitive to changes in these assumptions.

Management engages the services of external actuaries to assist in the determination of the appropriate discount rate. Management, with the assistance of actuaries, consider the interest rates of high quality corporate bonds that have terms to maturity approximating the terms related to the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates. Further details about the assumptions used are given in note 11.

Share-based compensation
The Company's share-based compensation plans (Stock Appreciation Rights Plan ("SARS") and Executive Stock Option Plan) are measured at fair value using the Black-Scholes option-pricing model. Management must determine the most appropriate inputs to the option-pricing model including the expected life, volatility and dividend yield and make assumptions about them. Further details about the assumptions used are given in note 12.

2. BASIS OF PREPARATION *(continued)*

Significant accounting estimates and assumptions *(continued)*

Fair value of financial instruments
Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Income Taxes
Deferred income tax assets and liabilities are measured using the substantively enacted tax rates and laws which are expected to be in effect when the differences are expected to be recovered, settled or reversed. The Company recognizes the benefits of capital and non-capital loss carryforwards as deferred tax assets to the extent that it is probable that taxable profit will be available against which the unused tax losses can be utilized. To determine the provision for income taxes, certain assumptions are made, including filing positions on certain items and the ability to realize deferred tax assets. In the event the outcome differs from management's assumptions and estimates, the effective tax rate in future periods could be affected.

Non-Monetary Transactions
From time to time, the Company exchanges airtime for products and services. The Standing Interpretations Committee ("SIC") issued SIC 31: Revenue - Barter Transactions Involving advertising services. Under SIC 31, the Company measures revenue at the fair value of the consideration received or receivable, or if this cannot be established, at the fair value of the airtime provided. Generally, the Company is able to fair value barter arrangement transactions since there are independent non barter transactions that involve similar airtime amounts, they occur frequently and they do not involve the same counterparty as in the barter transaction, thereby providing appropriate evidence of fair value of the consideration received or receivable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

Basis of consolidation
The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Intercompany transactions and balances are eliminated on consolidation.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents
The Company's cash and cash equivalents are deposits in banks. The Company nets its cash and cash equivalents with bank indebtedness.

Business combinations, broadcast licences and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition costs incurred are expensed and included in other income (expense). The cost of a business combination is allocated to the fair value of the related net identifiable tangible and intangible assets. 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. If the consideration is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

To receive approval to launch a new broadcast licence pursuant to applications made by the Company to the Canadian Radio-television and Telecommunications Commission ("CRTC"), the CRTC may require the Company to commit to fund Canadian Content Development ("CCD") during the initial term of the licence over and above the prescribed annual requirements. These obligations are considered to be part of the costs related to the award of new broadcast licences and are recognized as a liability upon the launch of the new broadcast licence. Any other direct costs related to the award and launch of new broadcast licences are also capitalized as broadcast licences. CCD that arises from a business acquisition is considered a transaction cost and is expensed in the income statement.

After initial recognition, goodwill and broadcast licences are recorded at cost less any accumulated impairment losses. Both goodwill and broadcast licences have indefinite useful lives and are not amortized. Broadcast licences are deemed indefinite life assets since they are renewed every seven years without significant cost, with the unlikely chance that the renewal will be denied; therefore, there is no foreseeable limit to the period over which broadcast licences are expected to generate net cash flows for the Company.

Impairment testing of goodwill, other intangible assets and property and equipment
Goodwill and intangible assets with indefinite useful lives, like broadcast licences, are not amortized but are tested for impairment annually, either individually or at the CGU level. Intangible assets with finite lives and property and equipment are amortized over their useful life and assessed for impairment whenever there is an indication that the asset may be impaired.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units or "CGUs"). As a result, some assets are tested individually for impairment and some are tested at the CGU level when cash inflow interdependencies exist. Goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management monitors goodwill.

An impairment loss is recognized for the amount by which the asset's or CGUs carrying amount exceeds its recoverable amount. To determine the recoverable amount, management considers the higher of fair value less costs to sell ("FVLCS") and value-in-use ("VIU"). For VIU, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved five year budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment testing of goodwill, other intangible assets and property and equipment *(continued)*
Discount factors are determined individually for each asset or CGU and reflect their respective risk profiles as assessed by management.

Impairment losses for CGUs first reduce the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro rata to the other long-lived assets in the CGU. However, an individual asset is not impaired below its recoverable amount if determinable. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the asset or CGUs recoverable amount exceeds its carrying amount.

Property and equipment
Property and equipment is carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on the derecognition of the asset are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income (expense) in profit or loss.

Depreciation is recognized on a straight-line basis over the estimated useful lives of each component part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of the assets are as follows:

Building structure	60 years
Major building components	20 - 30 years
Computer hardware and software	4 - 6 years
Vehicles	5 years
Radio equipment and digital automation	10 years
Furniture, fixtures and office equipment	5 - 10 years
Towers and transmitters	8 - 25 years
Leasehold improvements	Over the term of the lease plus one renewal period

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

Deferred tenant inducements

In common with many lease agreements, the Company receives tenant inducements in exchange for making long-term commitments for leased premises. These inducements may be in the form of rent-free periods, reduced rent, or the provision of leasehold improvements. These inducements are being recognized as reduced rental expense on a straight-line basis over the term of the lease.

Income taxes

Current income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the provinces where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. The Company maintains provisions for uncertain tax positions that it believes appropriately reflect its risk with respect to tax matters. These provisions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at each balance sheet date. It is possible that additional liability could result. Where the final tax outcome of these matters is different from the amounts that were recorded, the tax provisions will be affected in the period in which the final outcome is determined.

Deferred income taxes

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deferred income taxes (continued)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company has not recognized any deferred tax liability for temporary differences associated with investments in subsidiaries on the basis that the Company is able to control the timing of the reversal of such temporary differences and such reversal is not probable in the foreseeable future.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is recognized during the measurement period and reflects facts and circumstances in place at the acquisition date or in profit or loss.

Operating segments

The Company has two reportable segments - Broadcasting and Corporate and Other. The Broadcasting segment consists of the operations of the Company's radio and television licences. This segment derives its revenue from the sale of broadcast advertising. This reportable segment is a strategic business unit that offers different services and is managed separately. Corporate and Other consists of a hotel and the head office functions. Its revenue relates to hotel operations.

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.

Revenue recognition *(continued)*
The Company, from time to time, exchanges airtime for products and services. These non-monetary transactions are measured at the fair value of the consideration received or receivable.

Other income (expense) generally includes realized and unrealized gains and losses on marketable securities, interest, dividends and distributions from investments. Interest revenue is recognized on an accrual basis over the term of the interest-bearing instrument. Dividends and trust distributions are recognized as revenue on the declaration date of the respective amounts.

Financial instruments
Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to receive cash flows and benefits related to the financial asset expire, or if the Company transfers the control or substantially all the risks and rewards of ownership of the financial asset to another party. Financial liabilities are derecognized when obligations under the contract expire, are discharged or cancelled. Upon initial recognition, financial instruments are measured at fair value and classified as either financial assets or financial liabilities at fair value through profit or loss, held-to-maturity investments, available-for-sale assets, loans and receivables, other financial liabilities or as derivatives designated as hedging instruments in an effective hedge. Financial instruments are included on the consolidated statement of financial position and measured at fair value, except for loans and receivables, held-to-maturity financial assets and other financial liabilities, which are measured at amortized cost. Fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated using valuation methodologies, primarily discounted cash flows taking into account external market inputs where possible. Gains and losses on fair value through profit or loss financial assets and financial liabilities are recognized in income before income taxes in the period in which they are incurred. Transaction costs other than those related to financial instruments classified as fair value through profit or loss, which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method.

The Company's financial instruments have been classified as either assets and liabilities at fair value through profit or loss ("FVTPL"), loans and receivables or other liabilities. The following table illustrates the classification of the Company's financial instruments and the related measurement basis for accounting purposes:

Asset/Liability	Classification	Measurement
Cash and bank indebtedness	FVTPL	Fair value
Marketable securities	FVTPL	Fair value
Receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Cash and marketable securities are held for trading which is why they are classified as FVTPL. Instruments classified as fair value through profit or loss are measured at fair value with unrealized gains and losses recorded immediately in net income. The fair value of marketable securities is based on the quoted share prices in active markets. Additional information is contained in note 15(a).

Loans, receivables and other liabilities
Loans, receivables and other liabilities are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. Financial instruments classified as loans and receivables and other liabilities are measured using amortized cost using the effective interest rate method ("EIM") less any impairment. Under the EIM, interest income and expense are calculated and recorded using the effective interest rate which is the rate that discounts estimated future cash receipts or payments throughout the expected life of the financial instrument to the fair value at initial recognition.

Impairment of financial instruments
An assessment of whether there is objective evidence that a financial asset or a group of financial assets is impaired is performed at each balance sheet date. A financial asset or group of financial assets is considered to be impaired if one or more loss events that have an impact on the future cash flows of the financial asset or group of assets occur after initial recognition of the financial asset and the loss can be reliably measured. This assessment is done on an individual financial asset basis or on a portfolio of financial assets basis. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has occurred, the loss is based on the difference between the carrying amount of the financial asset, or portfolio of financial assets, and the respective estimated future cash flows discounted at the financial instruments original effective interest rate and is recorded as an allowance for losses. If, in a subsequent period, the impairment loss decreases, the previously recognized impairment is reversed to the extent of the impairment.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Hedges
The Company has a derivative financial instrument designated as a cash flow hedge which is recorded on the statement of financial position at fair value. The Company has designated an interest rate swap as a hedging instrument in a cash flow hedge relationship. The Company entered into an interest rate swap to mitigate its exposure to fluctuating interest rates in relation to its long-term debt.

Hedges *(continued)*
At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The derivative financial instrument used for hedge accounting is recognized initially at fair value and reported subsequently at fair value in the statement of financial position. To the extent that the hedge is effective, changes in the fair value of the derivative designated as a hedging instrument in a cash flow hedge is recognized in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognized immediately in the income statement.

At the time the hedged item affects profit or loss, any gain or loss previously recognized in other comprehensive income is reclassified to the income statement and presented as a reclassification adjustment within other comprehensive income.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in equity is transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Pension benefits
The Company maintains a defined contribution pension plan and defined benefit pension plans. The Company does not provide any non-pension post-retirement benefits to employees.

Defined contribution pension plan
The Company matches employee contributions under the defined contribution plan. In this plan, contributions are funded to a separate entity and the Company has no legal or constructive obligation to pay further amounts. The Company's portion is recorded as compensation expense as contributions are made which coincides with the periods during which services are rendered by employees.

Defined benefit pension plans
The cost of providing benefits under the defined benefit plans is determined on an annual basis by independent actuaries separately for each plan using the projected unit credit costing method. Actuarial gains and losses for both defined benefit plans are recognized immediately in full in the period in which they occur in other comprehensive income. Actuarial gains and losses are not reclassified to the statement of income in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of: (i) the date of the plan amendment or curtailment, and (ii) the date that the Company recognizes restructuring-related costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Defined benefit pension plans *(continued)*
The discount rate is applied to the net defined benefit asset or liability to determine net interest expense or income. The Company recognizes the following changes in the net defined benefit obligation under operating expenses in the consolidated statements of income: (i) service costs comprising current service costs, past service costs, gains and losses on curtailments and settlements, and (ii) net interest expense or income.

The value of any defined benefit asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Share based payments
The Company has a cash-settled Share Purchase Plan for which the Company matches a portion of employees' payments toward the purchase of its Class A Subordinate Voting Shares ("Class A shares"). The Company's portion is recorded as compensation expense when contributions are made to the plan.

The Company has a cash-settled Stock Appreciation Rights Plan ("SARS"), a form of stock-based compensation. Compensation expense is accrued with a corresponding increase in liabilities in the amount which represents the fair value of the amount payable to employees in respect of SARS, over the period that the employees unconditionally become entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as compensation expense in the income statement. Fair value is measured using the Black-Scholes option-pricing model.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. The Company has several operating lease commitments for which lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

New accounting standards

These are the new accounting standards adopted by the Company in 2014 and future accounting standards to be adopted in the future.

Adoption of New Accounting Standards

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The adoption of this standard did not have an impact on the Company's financial position or performance.

Future Accounting Standards not Yet Effective

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. Management is assessing the impact the adoption of IFRS 9 will have on the classification and measurement of the Company's financial assets and financial liabilities.

IFRS 11 Joint Arrangements

IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The standard comes into effect on January 1, 2016 and is not likely to apply to the Company.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 applies to all revenue contracts and provides a five step model for the recognition and measurement of revenue earned from a contract with a customer. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of certain non-financial assets that are not an output of the entit's ordinary activities. The standard comes into effect on January 1, 2017 with earlier adoption permitted. The Company will monitor the impact, if any, this standard will have on its revenue recognition procedures.

4. PROPERTY AND EQUIPMENT

The table below reconciles the activity in cost and accumulated depreciation of property and equipment.

(thousands of Canadian dollars)	Land	Building structures	Major building components	Radio equipment	Towers and transmitters	Computer hardware, software and peripherals	Furniture and fixtures	Leasehold imporovements	Vehicles	Total
Cost										
Balance at January 1, 2013	2,301	3,633	4,619	17,439	24,460	5,484	6,022	8,370	871	**73,199**
Additions	-	27	184	2,035	2,381	475	301	243	169	**5,815**
Additions through business acquisitions *(note 6)*	-	-	-	152	283	43	41	226	21	**766**
Disposals	(29)	-	-	(1,926)	(273)	(57)	(31)	(196)	(98)	**(2,610)**
Disposals - discontinued operations *(note 8)*	-	-	-	(245)	(251)	(60)	(39)	(562)	(2)	**(1,159)**
Balance at December 31, 2013	2,272	3,660	4,803	17,455	26,600	5,885	6,294	8,081	961	**76,011**
Additions	50	60	90	1,511	2,382	529	233	641	194	**5,690**
Additions through business acquisitions (note 6)	-	-	-	56	493	21	64	345	-	**979**
Deposits for assets under construction	-	-	-	-	390	-	-	-	-	**390**
Disposals	-	(20)	(2)	(97)	(323)	(367)	(3)	-	(16)	**(828)**
At December 31, 2014	**2,322**	**3,700**	**4,891**	**18,925**	**29,542**	**6,068**	**6,588**	**9,067**	**1,139**	**82,242**
Accumulated Depreciation										
Balance at January 1, 2013	-	(426)	(2,054)	(12,203)	(10,294)	(4,464)	(4,274)	(3,704)	(529)	**(37,948)**
Depreciation for the year	-	(46)	(194)	(1,190)	(1,255)	(491)	(365)	(624)	(119)	**(4,284)**
Disposals	-	-	-	1,727	135	57	27	159	86	**2,191**
Disposals - discontinued operations *(note 8)*	-	-	-	119	71	47	23	228	2	**490**
Balance at December 31, 2013	-	(472)	(2,248)	(11,547)	(11,343)	(4,851)	(4,589)	(3,941)	(560)	**(39,551)**
Depreciation for the year	-	(47)	(192)	(1,239)	(1,313)	(532)	(342)	(1,101)	(146)	**(4,912)**
Disposals	-	1	2	92	80	369	3	-	16	**563**
At December 31, 2014	-	**(518)**	**(2,438)**	**(12,694)**	**(12,576)**	**(5,014)**	**(4,928)**	**(5,042)**	**(690)**	**(43,900)**
Net Book Value										
At December 31, 2013	2,272	3,188	2,555	5,908	15,257	1,034	1,705	4,140	401	**36,460**
At December 31, 2014	**2,322**	**3,182**	**2,453**	**6,231**	**16,966**	**1,054**	**1,660**	**4,025**	**449**	**38,342**

5. OTHER ASSETS

(thousands of Canadian dollars)		2014	2013
Accrued pension benefit asset *(note 11)*	$	**1,263**	1,325
Other		**320**	297
	$	**1,583**	1,622

6. ACQUISITION OF BROADCASTING ASSETS

Business Acquisitions - 2014

Saint John, New Brunswick
On July 28, 2014, the Company acquired the CHNI-FM broadcasting assets in Saint John, New Brunswick. Cash consideration, including an amount for working capital, was $790,000. The assets acquired included the FM broadcast licence, capital assets and certain working capital. The primary working capital amount consisted of trade accounts receivable having a gross contractual amount receivable of $39,000. The contractual cash flows not expected to be collected were estimated to be $2,000 and this was factored in to the determination of fair value.

The purchase price was allocated to the net assets acquired on the basis of the estimated fair values on the acquisition date using the acquisition method of accounting. The assets acquired and their estimated acquisition date fair values were as follows: working capital - $40,000, capital equipment - $200,000 and broadcast licences - $550,000. The purchase price allocation has been finalized.

The Company completed this transaction to increase the value of its assets and profitability. The purchase was financed by the Company's credit facilities which are described in note 9.

Toronto, Ontario and Vancouver, British Columbia
On March 31, 2014, the Company acquired the shares of five companies that held the radio broadcasting assets of two radio stations in Toronto, Ontario and three radio stations in Vancouver, British Columbia for total cash consideration of $111,922,000. Because this was a share deal, the Company did not receive full tax basis on the assets acquired and this resulted in the recognition of deferred tax assets and liabilities as set out in the table below.

The major assets acquired included broadcast licences, goodwill and capital assets while certain accrued liabilities along with Canadian Content Development ("CCD") obligations were assumed. No trade receivables or trade payables were acquired. Goodwill arose as a result of the combination of sales forces and the cost synergies that will benefit the Company by combining the operations of the two stations in Toronto and by combining the operations of the three stations in Vancouver. 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 Company completed this transaction to increase the value of its assets and profitability and also to have a presence in these large markets which offer great growth potential. The purchase was financed by the Company's credit facilities which are described in note 9.

6. ACQUISITION OF BROADCASTING ASSETS *(continued)*

Business Acquisitions - 2014 *(continued)*

Purchase price allocation

The purchase price was provisionally allocated to the net assets acquired on the basis of the estimated fair values on the acquisition date using the acquisition method of accounting. As at December 31, 2014, the purchase price allocation, as set out in the table below, has been finalized. As a result, the consolidated statement of financial position has been restated from the provisional allocation made on March 31, 2014 to record adjustments related to: (1) the allocation of purchase price consideration between the Toronto and Vancouver cash-generating units ("CGU") based on the final estimates of their fair values; (2) the final estimates of the future cash flow projections used in determining the fair value of broadcast licences; (3) working capital adjustments; and (4) certain tax adjustments including changes to deferred taxes as a result of the above adjustments.

The following tables set out, by CGU, the net assets acquired along with their estimated acquisition date provisional fair values, the adjustments made to the provisional allocation and the adjusted fair values subsequent to re-measurement:

Toronto CGU *(thousands of Canadian dollars)*		**Provisional fair value recognized on acquisition date**	**Adjustments to the provisional allocation**	**Adjusted fair value allocation**
Property and equipment	$	397	—	397
Broadcast licences		65,690	12,576	78,266
Goodwill		5,446	1,381	6,827
Deferred tax assets		—	398	398
Total assets acquired		71,533	14,355	85,888
Accrued liabilities		(497)	215	(282)
CCD commitments assumed		(708)	—	(708)
Deferred tax liabilities		(2,506)	(2,570)	(5,076)
Net assets acquired	$	67,822	12,000	79,822

Vancouver CGU *(thousands of Canadian dollars)*		**Provisional fair value recognized on acquisition date**	**Adjustments to the provisional allocation**	**Adjusted fair value allocation**
Property and equipment	$	382	—	382
Broadcast licences		44,996	(14,134)	30,862
Goodwill		2,598	(1,313)	1,285
Deferred tax assets		—	2,197	2,197
Total assets acquired		47,976	(13,250)	34,726
Accrued liabilities		(376)	241	(135)
CCD commitments assumed		(2,491)	—	(2,491)
Deferred tax liabilities		(1,009)	1,009	—
Net assets acquired	$	44,100	(12,000)	32,100

The adjustments set forth above have had no impact on results of operations, earnings per share, or cash flows.

6. ACQUISITION OF BROADCASTING ASSETS *(continued)*

Business Acquisitions - 2014 *(continued)*

Earnings since date of acquisition and pro-forma information
Earnings from the acquisitions have been included in profit since the date of acquisition. Revenue and profit (excluding acquisition-related costs) recognized to date in the income statements related to these acquired stations were approximately $26,134,000 and $3,500,000, respectively.

Pro-forma consolidated revenue including the results of the acquired stations, as though the acquisition date for the transactions had been January 1, 2014, would have been approximately $162,000,000. Pro-forma consolidated profit would have approximated $11,300,000.

Acquisition-related costs
As a result of the acquisitions, the Company has become obligated to fund $11,213,000 of CCD commitments. For accounting purposes, the CCD commitments must be recorded on the statement of financial position as *other liabilities* at fair value which was determined based on discounting cash flows using the effective interest method ("EIM"). Under EIM, accretion expense is calculated and recorded using the effective interest rate (5.0%) that discounts estimated future cash payments throughout the life of the CCD commitment to the fair value at initial recognition. The discounted fair value of the total CCD commitments was determined to be $9,487,000 and was recognized in *other liabilities*. Of this liability, $3,199,000 represents the existing obligations that the Company assumed on acquisition, while the remaining $6,288,000 was the commitment required in order for the Canadian Radio-television and Telecommunications Commission ("CRTC") to approve the transactions. The $6,288,000 liability was a separate transaction and not factored in to the purchase price allocations and as such has been expensed in *Other income (expense)*. Additional incremental costs approximating $2,600,000 directly related to these acquisitions were also expensed in *Other income (expense)* in the income statements and these included audit fees, legal fees, consulting charges, severances, research, travel and certain other regulatory required amounts.

Business Acquisition - 2013

Sydney, Nova Scotia
On January 2, 2013, the Company acquired 70.1% of the shares of 3221809 Nova Scotia Limited which operates the CKCH-FM radio station in Sydney, Nova Scotia. The Company previously held 29.9% of the shares and as a result, this was a business combination achieved in stages whereby the Company was required to measure the acquisition-date fair value of the 29.9% equity interest the day immediately preceding the transaction. The fair value was determined to be $600,000 which closely approximated the carrying value of the investment and therefore no gains or losses were recorded as a result.

Total consideration was $4,425,000 and this was made up of the fair value of the initial 29.9% investment of $600,000, the settlement of an existing note having a fair value of $1,425,000 payable by the acquiree to the Company and cash paid of $2,400,000. The major net assets acquired included the FM broadcast licence, property and equipment and a small amount of working capital. Trade accounts receivable having a gross contractual amount receivable of $246,000 were included in working capital. The contractual cash flows not expected to be collected were estimated to be $34,000 and this was factored in to the determination of fair value. The purchase price allocation, as set out in the table below, has been finalized.

6. ACQUISITION OF BROADCASTING ASSETS *(continued)*

Business Acquisition - 2013 *(continued)*

The Company already operated an FM radio station in Sydney, and complementing it with this FM station was the reason for the acquisition. This allowed the Company to increase its revenue base and benefit from cost synergies which is why goodwill in the amount of $1,313,000 arose on this transaction. 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 was financed by the Company's credit facility.

The purchase price was allocated to the net assets acquired on the basis of the estimated fair values on the acquisition date using the acquisition method of accounting. The following table sets out the net assets acquired and their estimated acquisition date fair values:

(thousands of Canadian dollars)		CKCH-FM
Working capital	$	198
Deferred tax asset		215
Property and equipment		766
Broadcast licence		2,387
Goodwill		1,313
Total assets acquired		4,879
Deferred tax liabilities on property and equipment and broadcast licence		(454)
Net assets acquired	$	4,425

In order for the acquisition to have been approved by the CRTC, the Company had to commit to additional CCD payments of $222,000, payable in equal instalments over seven years. This financial liability was recognized on the statement of financial position as *other liabilities* and its fair value was determined based on discounting cash flows using EIM. Under EIM, accretion expense is calculated and recorded using the effective interest rate (3.9%) that discounts estimated future cash payments throughout the seven year life of the CCD commitment to the fair value at initial recognition. The amount of CCD expensed in *Other income (expense)* in the income statements was $191,000.

7. GOODWILL, BROADCAST LICENCES AND OTHER INTANGIBLE ASSETS

Goodwill and broadcast licences are tested for impairment annually on October 31 and when circumstances indicate the carrying value may be impaired. The Company's impairment test for goodwill and broadcast licences having indefinite useful lives was based on value-in-use calculations as of the fiscal years ended December 31, 2014 and December 31, 2013. A discounted cash flow model is used to determine the Company's value-in-use. The key assumptions used to determine the recoverable amount for the different CGUs is discussed below with respect to the most recently completed impairment calculation as of the fiscal years ended December 31, 2014 and December 31, 2013.

7. GOODWILL, BROADCAST LICENCES AND OTHER INTANGIBLE ASSETS *(continued)*

(thousands of Canadian dollars)		Goodwill	Broadcast Licences
Cost			
Balance, January 1, 2013	$	7,045	160,015
Additions		—	722
Additions, business acquisitions *(note 6)*		1,313	2,387
Disposals, discontinued operations *(note 8)*		—	(458)
Balance, December 31, 2013		8,358	162,666
Additions		—	35
Additions, business acquisitions *(note 6)*		8,112	109,678
Balance, December 31, 2014	**$**	**16,470**	**272,379**
Accumulated impairment			
Balance, January 1, 2013	$	(936)	(8,185)
Balance, December 31, 2013		(936)	(8,185)
Impairment charge		(3,520)	(2,165)
Balance, December 31, 2014	**$**	**(4,456)**	**(10,350)**
Net book value			
At December 31, 2013	$	7,422	154,481
At December 31, 2014	**$**	**12,014**	**262,029**

Additions

The 2014 additions to broadcast licences and goodwill were primarily a result of the business acquisitions in Toronto, Ontario, Vancouver, British Columbia and Saint John, New Brunswick. An additional $35,000 was added to broadcast licences in 2014 due to the launch of an FM radio station in Alberta. The 2013 additions to broadcast licences were a result of launching the new FM radio stations in Fredericton and Miramichi, New Brunswick and the Company acquired a broadcast licence and goodwill in Sydney, Nova Scotia. The details of the business acquisitions are fully described in note 6.

Disposals

There were no disposals in 2014. The disposal in 2013 of $458,000 represented the carrying value of the Fort McMurray licence sold in December 2013. Additional details on this disposal are included in note 8.

Annual impairment assessments

For the purposes of assessing impairment, broadcast licences are grouped at the cash-generating unit ("CGU") level which is the lowest level for which there are largely independent cash inflows. As a result, some broadcast licences are tested individually for impairment and some are tested at the CGU level. For broadcast licence impairment testing purposes, the Company has identified twenty-two CGUs, based on geographical areas where interdependent cash inflows exist. Impairment charges and reversals are included as a separate line on the income statement.

Goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management monitors goodwill.

7. GOODWILL, BROADCAST LICENCES AND OTHER INTANGIBLE ASSETS *(continued)*

Cash-Generating Units

The carrying amounts of goodwill and broadcast licenses allocated to each CGU and/or group of CGUs are set out in the following tables:

(thousands of Canadian dollars)		2014	2013
Goodwill			
Toronto	$	**6,827**	—
Red Deer		**1,668**	1,668
Vancouver		**1,285**	-
Sydney		**1,313**	1,313
All other Radio CGUs [1]		**921**	4,441
	$	**12,014**	7,422
Broadcast licences			
Toronto	$	**78,266**	—
Vancouver		**30,860**	—
Edmonton		**29,278**	29,278
All other Radio CGUs [1]		**123,625**	125,203
	$	**262,029**	154,481

[1] *The carrying values of goodwill and broadcast licences in all other Radio CGUs are less than 10% of the total carrying values of goodwill and broadcast licences and are therefore grouped together.*

Impairment charges

In 2014 the Company recognized a goodwill impairment charge of $3,520,000 and a broadcast licence impairment charge of $2,165,000. There has been no reversal of any prior year impairment charges in 2014. During 2013, there were no impairment charges and no reversal of any prior year impairment charges.

The impairment charge related to the CGU in Halifax, Nova Scotia because of a reduction in its financial results due to increased market competition and a change in format of one station. The recoverable amount of this CGU was calculated to be $10,869,000 which was $5,685,000 lower than its carrying value of $16,554,000. The impairment amount was first applied against goodwill in the amount of $3,520,000 with the remaining $2,165,000 applied to reduce licence value.

Recoverable amounts

The recoverable amounts of the CGUs have been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the Board of Directors covering a five-year period. Cash flows beyond the five-year period were extrapolated using a 2.0% growth rate which is based upon historical inflation rates. The pre-tax discount rates applied to cash flow projections, which were derived from the Company's weighted average cost of capital, ranged from 10.2% to 10.9% as at October 31, 2014 and from 9.2% to 9.9% as at October 31, 2013. Cash flow projections are extended beyond the five year budget period because broadcast licences and goodwill are indefinite life assets.

7. GOODWILL, BROADCAST LICENCES AND OTHER INTANGIBLE ASSETS *(continued)*

Key assumptions used in value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

- Discount rates
- Growth rates and market share during the budget period, and
- Growth rates used to extrapolate cash flows beyond the budget period

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of the Company and its CGUs and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest bearing borrowings the Company is obliged to service. CGU specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Growth rates and market share assumptions - Growth rates used over the five year budget period are largely based on historical growth rates achieved for two to three years preceding the start of the budget period. The rates are increased over the budget period for anticipated improvements. The growth rates depend also on whether the CGU is a mature market station versus a start-up (defined to be in its first 5 years of operations). Management assesses how the CGU's market position, relative to its competitors, might change over the budget period. For most CGU's, the average growth rates used in the five year budget period ranged between 2% and 15%. For certain newly acquired stations and those in start-up mode, the growth rates were as high as 40% in initial years.

Long-term growth rate estimates - Cash flows beyond the five-year period were extrapolated using a 2% growth rate which is based upon historical inflation rates. Management expects the Company's share of the market to be stable over the long-term budget period.

Sensitivity to changes in assumptions

The possibility of new market entrants can have an impact on growth rate assumptions, as can adverse ratings results which would impact market share. However, management does not believe these would have a significant adverse effect on the forecasts included in the budget and management's conclusions on impairment would not be materially different as a result. The determination of value-in-use is sensitive to the discount rates used and therefore management's conclusions on impairment could be materially different if the assumptions used to determine the discount rates changed.

An increase of 50 basis points in the pre-tax discount rate, a decrease of 50 basis points in the earnings growth rate for each of the five years in the budget period, or a decrease of 50 basis points in the terminal growth rate, each used in isolation to perform the goodwill impairment test, would have resulted in additional goodwill impairment of between $100,000 and $1,300,000. If each of these same assumptions were used in isolation to perform the broadcast licence impairment test, it would have resulted in additional broadcast licence impairment of between $100,000 and $1,400,000.

8. DISCONTINUED OPERATIONS

There were no discontinued operations in 2014. In December 2013, the Company disposed of its net assets associated with CHFT-FM in Fort McMurray, Alberta for proceeds of $5,000,000, plus an amount for certain working capital items. The financial results from this cash-generating unit ("CGU") and the gain on disposal have been treated as discontinued operations in the income statement and statement of cash flows for 2013. The results from this CGU were also excluded from the Broadcasting segment comparative results in segmented information presented in note 20.

As a result of this disposal, in 2013 the Company decreased broadcast licences by $458,000, property and equipment by $669,000, working capital by $158,000 and recorded a gain of $3,776,000. Selected financial information for the cash-generating unit included in discontinued operations in 2013 is presented below:

(thousands of Canadian dollars)		2013
Revenue	$	1,338
Operating expenses		(1,087)
Depreciation		(79)
Accretion of other liabilities		(9)
Gain on disposal of discontinued operations		3,776
Profit from discontinued operations before provision for taxes		3,939
Provision for income taxes:		
Current income tax recovery		(619)
Deferred income tax recovery		3
		(616)
Profit from discontinued operations	$	3,323
Earnings per share, from discontinued operations		
Basic	$	0.12
Diluted		0.11

9. BANK INDEBTEDNESS AND LONG-TERM DEBT

(thousands of Canadian dollars)		**2014**	2013
Revolving term credit facility of $90 million, renewable, expires in March 2017	**$**	**55,000**	43,500
Non-revolving term credit facility of $90 million. repayable in quarterly instalments, expires in March 2017		**84,375**	—
		139,375	43,500
Less: current portion of non-revolving credit facility		**(11,250)**	—
Less: Debt transaction costs, net of accumulated amortization of $352 (2013 – $115)		**(850)**	(858)
	$	**127,275**	42,642

The $90 million revolving term credit facility has no set terms of repayment. The $34 million undrawn amount may be used to fund future operations, capital requirements and investing activities, subject to the debt covenants which are disclosed in note 15. The Company secured an additional $90 million non-revolving credit facility which was drawn on March 31, 2014 when the business acquisition disclosed in note 6 closed. The facility is being amortized over eight years and is repayable in quarterly instalments of $2,812,500. The first quarterly instalment was made in September 2014. Both credit facilities expire on March 31, 2017.

9. BANK INDEBTEDNESS AND LONG-TERM DEBT *(continued)*

Long-term debt bears interest at bankers' acceptance rates plus a premium based on certain financial ratios. To manage interest rate risk and ensure stability in the Company's interest costs, the Company has in place an interest rate swap agreement (see note 15(b)) for a portion of its debt which fixes the floating bankers' acceptance rates. Interest on long-term debt in the year was $6,019,000 (2013 - $2,377,000).

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.

10. OTHER LIABILITIES

(thousands of Canadian dollars)		2014	2013
CCD commitments, net of current portion of $2,579 (2013 - $728) included in accounts payable and accrued liabilities	$	**7,539**	1,257
Accrued pension benefit liability *(note 11)*		**7,638**	7,641
Deferred tenant inducements		**1,229**	1,261
Interest rate swap payable, net of current portion of $32 (2013 – $32) included in accounts payable and accrued liabilities *(note 15(b))*		**672**	467
	$	**17,078**	10,626

CCD commitments are measured based on the amortized cost using EIM which gives rise to accretion expense which amounted to $680,000 (2013 - $143,000). EIM rates used to determine the value of CCD commitments range from 3.9% to 8.0%. The discounted CCD commitments are due as follows: 2015 - $2,425,000; 2016 - $2,192,000; 2017 - $1,425,000; 2018 - $1,280,000; 2019 - $1,218,000 and thereafter $1,424,000. The undiscounted amount payable for CCD commitments is $11,340,000 of which $2,889,000 is current (2013 - $2,160,000 of which $779,000 was current).

The Company has a letter of credit totaling $750,000 in support of a portion of the pension benefit liability.

11. EMPLOYEE BENEFIT PLANS

The Company maintains a defined contribution pension plan and defined benefit pension plans.

Defined contribution pension plan

The defined contribution pension plan covers the majority of the Company's employees. The Company's contributions to the defined contribution plan are based on percentages of gross salaries and totaled $1,760,000 (2013 - $1,628,000).

Defined benefit pension plans

The Company maintains a defined benefit plan ("the Basic Plan") for a small group of the Company's current and former employees. The plan provides pension benefits based on length of service and the last five years of average earnings of each member. The Company measures its accrued benefit obligations and fair value of plan assets for accounting purposes as of December 31 of each year. The most recent actuarial valuation of the pension plan was December 31, 2012.

11. EMPLOYEE BENEFIT PLANS *(continued)*

Defined benefit pension plans *(continued)*

In addition, the Company has two individual Supplementary Retirement Pension Arrangements ("SRPAs") that each pay a pension to a retired executive. These SRPAs provide benefits over and above what can be provided under the Income Tax Act, and are thus not pre-funded.

Items related to the Company's defined benefit pension plans are presented as follows in the consolidated financial statements:

(thousands of Canadian dollars)		**2014**	2013
Statement of financial position:			
Accrued pension benefit liability, included in other liabilities *(note10)*	$	**(7,638)**	(7,641)
Accrued pension benefit asset *(note 5)*		**1,263**	1,325
Net accrued pension liability	$	**(6,375)**	(6,316)
Income statement:			
Pension benefit expense, included in operating expenses	$	**395**	432
Other comprehensive (gains) losses and accumulated other comprehensive losses:			
Actuarial (gains) losses recognized in the statement of other comprehensive income	$	**301**	(1,928)
Cumulative actuarial losses recognized in the statement of other comprehensive income	$	**510**	209

The following summarizes the movements in the defined benefit pension plan balances:

		2014		2013	
		Basic		Basic	
(thousands of Canadian dollars)		**Plan**	**SRPA**	Plan	SRPA
Accrued benefit obligations					
Balance, beginning of year	$	**5,211**	**7,641**	5,798	8,122
Current service cost		**98**	**—**	118	—
Interest cost		**235**	**317**	204	263
Benefits paid		**(183)**	**(525)**	(182)	(524)
Actuarial (gains) losses:					
Impact of changes in demographic assumptions		**(14)**	**(2)**	42	387
Impact of changes in financial assumptions		**522**	**302**	(736)	(558)
Impact of changes in experience adjustments		**(86)**	**(95)**	(33)	(49)
Balance, end of year		**5,783**	**7,638**	5,211	7,641
Plan assets					
Fair value, beginning of year		**6,536**	**—**	5,473	—
Interest income		**292**	**—**	190	—
Actuarial gains:					
Return on plan assets, excluding interest income		**327**	**—**	981	—
Administrative expenses		**(40)**		(40)	—
Employer contributions		**111**	**—**	111	—
Employee contributions		**3**	**—**	3	—
Benefits paid		**(183)**	**—**	(182)	—
Fair value, end of year		**7,046**	**—**	6,536	—
Net accrued pension benefit asset (liability)	$	**1,263**	**(7,638)**	**1,325**	**(7,641)**

11. EMPLOYEE BENEFIT PLANS *(continued)*

Defined benefit pension plans *(continued)*

The Company determined that there was no limit on the defined benefit asset (asset ceiling) because the Company has unimpaired rights to the surplus in the Basic Plan and it has the right to take contribution holidays when available. The actual return on plan assets was a gain of $580,000 (2013 - gain of $1,130,000). Employer contributions to the plans are estimated to be $622,000 in 2015.

Pension benefit expense recognized in the income statement, as operating expenses, is as follows:

(thousands of Canadian dollars)		**2014** Basic Plan	**2014** SRPA	2013 Basic Plan	2013 SRPA
Current service cost, net of employee contributions	$	**95**	**—**	115	—
Interest cost		**235**	**317**	204	263
Interest income on plan assets		**(292)**	**—**	(190)	—
Administrative expenses		**40**	**—**	40	—
Defined benefit plan expense	$	**78**	**317**	169	263

Actuarial gains and losses recognized in other comprehensive income are as follows:

(thousands of Canadian dollars)		**2014** Basic Plan	**2014** SRPA	**2014** Total	2013 Basic Plan	2013 SRPA	2013 Total
Cumulative actuarial (gains) losses , beginning of year	$	**(225)**	**444**	**209**	1,473	664	2,137
Recognized actuarial losses (gains) during the year		**96**	**205**	**301**	(1,708)	(220)	(1,928)
Cumulative actuarial (gains) losses, end of year	$	**(139)**	**649**	**510**	(235)	444	209

The principal actuarial assumptions were as follows:

	2014 Basic Plan	**2014** SRPA	2013 Basic Plan	2013 SRPA
Discount rate for the accrued benefit obligation	**3.8%**	**3.8%**	4.5%	4.5%
Future pension increases	**1.7%**	**0.3%**	2.0%	0.5%
Future compensation increases for the accrued benefit obligation	**3.5%**	**3.5%**	3.5%	3.5%

As of December 31, 2014 and based on an actuarial review, the net re-measurements (loss) recorded in Other Comprehensive Income of $301,000 was reflective of a decrease in estimated discount rate, updated mortality and liability experience assumptions, and an incremental return on plan assets.

Plan assets for the Basic Plan consist of:

	2014	2013
Equity funds	**64%**	67%
Fixed income funds	**29%**	27%
Money market funds	**7%**	6%
	100%	100%

11. EMPLOYEE BENEFIT PLANS *(continued)*

Defined benefit pension plans *(continued)*

The pension plan has no direct investments in Newfoundland Capital Corporation Limited nor any of its affiliates. Investments are diversified such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in equities; although there is a good portion also invested in bonds and other highly liquid assets. The Company believes that equities offer the best returns over the long term with an acceptable level of risk.

Since the benefit obligation is adjusted to consumer price index, the pension plan is exposed to inflation; it is also exposed to interest rate risks and changes in life expectancy of pensioners. A large portion of the plan assets consist of equity shares which are exposed to equity market risk.

A quantitative sensitivity analysis of the significant assumptions for the benefit obligations as at December 31, 2014 is presented below:

	Discount rate		Future salary increase		Future pension cost	
Sensitivity level	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**	**1.0% increase**	**1.0% decrease**
(thousands of dollars)						
Impact on net defined benefit obligation, increase (decrease)	**$ (676)**	**748**	**5**	**(5)**	**822**	**(339)**

	Life expectancy	
Sensitivity level	**Increase by 1 year**	**Decrease by 1 year**
(thousands of dollars)		
Impact on netdefined benefit obligation, increase (decrease)	**$ 716**	**(743)**

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit plan obligation at the end of the reporting period is 11.3 years.

12. SHARE-BASED COMPENSATION PLANS

The Company has the following share-based compensation plans:

Share Purchase Plan

Compensation expense for the Company's share purchase plan was $618,000 (2013 - $563,000) and is included in operating expenses.

Stock Appreciation Rights Plan

A total of 1,745,000 stock appreciation rights ("SARS" or "rights") have been granted since 2006 at a weighted-average reference price of $5.75. As at December 31, 2014, 50,000 rights remained outstanding (2013 - 102,500). The rights vest at a rate of 50% at the end of year three, 25% at the end of year four and 25% at the end of year five and are exercisable as they vest. At the date of exercise, cash payments are made to the holders based on the difference between the market value of the Company's Class A shares and the reference price. All rights granted under this plan expire on the 60th day following the 5th anniversary of the grant date. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as compensation expense in the income statement. Fair value is measured using the Black-Scholes option-pricing model.

Year-to-date, 52,500 SARS (2013 - 67,500) were exercised for cash proceeds of $159,000 (2013 - $249,000). Compensation expense related to SARS for the year was $5,000 (2013 - $33,000). The total obligation for SARS compensation was $85,000, all of which was current and classified as accounts payable and accrued liabilities (2013 - compensation payable was $239,000, all of which was current). The intrinsic value obligation for SARS, for those SARS that were fully vested at December 31, 2014 was $85,000 (2013 - $245,000). The 50,000 SARs outstanding as at December 31, 2014 were exercised subsequent to year end for cash consideration of $85,000.

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

	As at December 31, 2014	As at December 31, 2013
Risk-free interest rate	**1.0%**	1.1%
Dividend yield	**1.7%**	1.7%
Volatility factors of the expected market price of the Company's Class A shares	**23.4%**	27.5%
Expected life of the SARS	**1 year**	2 years
Fair value per SAR	**$1.65**	$2.33

The expected life of the SARS is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the SARS is indicative of future trends, which may also not necessarily be the actual outcome.

12. SHARE-BASED COMPENSATION PLANS *(continued)*

Executive Stock Option Plan

At year end, the number of Class A shares reserved for issuance pursuant to the executive stock option plan was 3,176,246. The number of Class A shares underlying outstanding options under the executive stock option plan was 2,347,500. 801,979 options remained available to grant. The exercise price per share is determined by the Board of Directors at the time the option is granted but cannot be less than either the closing price of the shares on the last trading date preceding the date of the grant or the average closing price of the preceding twenty trading days. The expiry date of the options is established by the Board of Directors. The expiry dates range from March 2015 to December 2019. 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. Option holders may elect to exercise their options on a cashless basis in which case 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.

The following summarizes the Company's outstanding stock options which have a weighted average remaining contractual life of 3.36 years (2013 - 4.29 years).

	2014		2013	
	Number	**Price***	Number	Price*
Balance, beginning of year	**2,470,000**	**$4.36**	2,530,000	$4.31
Granted	**—**	**—**	—	—
Forfeited	**(15,000)**	**$7.22**	—	—
Exercised	**(107,500)**	**$6.71**	(60,000)	$2.55
Balance, end of year	**2,347,500**	**$4.23**	2,470,000	$4.36
Total options vested	**2,347,500**	**$4.23**	2,402,500	$4.27

** weighted average exercise price*

Range of Exercise Price	Number of Options Outstanding at December 31, 2014	Weighted Average Remaining Life	Weighted Average Exercise Price	Number of Options Exercisable at December 31, 2014	Weighted Average Exercise Price
$ 2.43 – 3.89	**1,560,000**	**3.56**	**$ 2.94**	**1,560,000**	**$ 2.94**
5.83 – 7.46	**787,500**	**2.96**	**6.78**	**787,500**	**6.78**
	2,347,500	**3.36**	**4.23**	**2,347,500**	**4.23**

The compensation expense related to stock options was $23,000 (2013 - $66,000) and was recorded in operating expenses.

There have been no options granted or modified during the years 2014 or 2013 and therefore there has been no need to estimate the fair value of any options using the Black-Scholes Option Pricing Model.

13. SHARE CAPITAL

	Issued shares		
	(thousands of shares)		*(thousands of Canadian dollars)*
Balance, January 1, 2013	29,168	$	**38,079**
Share repurchase	(1,084)		**(1,584)**
Exercise of execuive stock options	44		—
Balance, December 31, 2013	28,128		**36,495**
Exercise of executive stock options	27		**101**
Balance, December 31, 2014	28,155	$	**36,596**

Capital stock , unlimited number authorized at no par value , is made up as follows:

	Issued shares		**2014**	2013
	(thousands of shares)		*(thousands of Canadian dollars)*	
Class A Subordinate Voting Shares (2013 – 24,358)	24,386	$	**35,710**	35,600
Class B Common Shares (2013 – 3,770)	3,769		**886**	895
	28,155	$	**36,596**	36,495

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

The Class A Subordinate Voting shares ("Class A shares") carry one vote per share and the Class B Common shares ("Class B 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 shares or Class B shares, the Class B shares are entitled to one vote per share. In addition, the ten votes attaching to each Class B share shall be decreased to one vote 180 days following the acquisition of Class B shares pursuant to a take-over bid where the ownership of Class B shares, after the acquisition, exceeds 50%. In all other respects, these shares rank equally. The outstanding Class B shares are convertible to Class A shares at the option of the shareholder, on a one-for-one basis.

The Company may impose restrictions respecting the issuance, transfer and voting of the Company's shares due to externally-imposed regulations more fully described under "Capital risk" in note 15.

Share repurchases

There were no share repurchases in 2014 pursuant to the Normal Course Issuer Bid which expires May 21, 2015. In 2013, the Company repurchased for cancellation 1,083,890 of its outstanding Class A shares for $9,921,000 and as a result, capital stock was reduced by $1,584,000 and retained earnings by $8,337,000.

13. SHARE CAPITAL *(continued)*

Exercise of stock options

Pursuant to the Company's executive stock option plan disclosed in note 12, no options were granted in 2014. During 2014, 15,000 options were forfeited and 107,500 options were exercised using the cashless exercise option resulting in 26,767 shares being issued from treasury. In 2013, no options were granted; 60,000 options were exercised using the cashless exercise option resulting in 43,724 shares being issued.

Dividends

During 2014, the Company declared total dividends of $0.15 (2013 - $0.15) per Class A and Class B shares. Dividends paid in 2014 totaled $4,221,000 (2013 - $4,337,000). Dividends totaling $2,534,000 were payable at year end (2013 - $2,532,000).

14. CONTRIBUTED SURPLUS

		Twelve months ended December 31	
(thousands of Canadian dollars)		**2014**	2013
Balance, January 1	$	**2,680**	2,614
Exercise of stock options *(note 13)*		**(101)**	—
Executive stock option plan compensation expense *(note 12)*		**23**	66
Balance, December 31	$	**2,602**	2,680

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Estimated fair value of financial instruments

Current assets and current liabilities' carrying values are representative of their fair values due to the relatively short period to maturity. The fair value of long-term debt approximates the carrying value because the interest charges under the terms of the long-term debt are based on the 3-month Canadian banker's acceptance rates.

The 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:				
Cash and bank indebtedness	$ **(1,125)**	(1,125)	—	—
Marketable securities	**1,532**	1,532	—	—
Loans and receivables, with fair values disclosed:				
Accounts receivable	**35,615**	—	35,615	—
Items accounted for as hedges:				
Interest rate swap payable	**(704)**	—	(704)	—
Other liabilities at amortized cost, with fair values disclosed				
Accounts payable and accrued liabilities, net of current portion of the interest rate swap	**(22,385)**	—	(22,385)	—
Long-term debt, excluding unamortized credit facility fees	**(139,375)**	—	(139,375)	—

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 which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Offsetting financial assets and liabilities

The Company sets off its positive cash balances with bank indebtedness in accordance with its mirror-netting agreement with a Canadian Chartered Bank. Positive cash balances at December 31, 2014 were equal to $741,000 while negative cash balances were $1,866,000 which net to $1,125,000. The Company does not set off any other financial instruments.

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.

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

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 $36,400,000 as at December 31, 2014, which represented the accounts receivable balance. 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 $800,000 as at December 31, 2014. The Company is of the opinion that the provision for potential losses adequately reflects the credit risk associated with its receivables. Approximately 90% 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 year approximated $355,000. The Company believes its provision for potential credit losses is adequate at this time given the current economic circumstances.

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment fails to perform. With regard to the 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, interest rates and the Company's quoted share price as it relates to the stock appreciation rights plan.

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

The fair value of the Company's marketable securities is affected by changes in the quoted share prices in active markets. Such prices can fluctuate and are affected by numerous factors beyond the Company's control. In order to minimize the risk associated with changes in the share price of any one particular investment, the Company diversifies its portfolio by investing in varying industries. It also conducts regular financial reviews of publicly available information related to its investments to determine if any identified risks are within tolerable risk levels. As at December 31, 2014, a 10% change in the share prices of each marketable security would result in a $130,000 change in profit.

For the year ended December 31, 2014, the mark-to-market change in fair value of marketable securities, recorded in *other income (expense)*, was an unrealized gain of $48,000 (2013- unrealized loss of $649,000). Realized gains were $836,000 year-to-date (2013 - $nil).

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

Market risk *(continued)*

b) Interest rate risk management

The Company has 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 has a notional amount of $45,000,000 and expires in May 2017. The swap agreement involves the exchange of the three-month bankers' acceptance floating interest rate for a fixed interest rate. The difference between the fixed and floating rates is settled quarterly with the bank and recorded as an increase or decrease to interest expense. The Company elected to apply hedge accounting and as such formally assesses effectiveness of the swaps at inception and on a regular basis.

In 2012, the Company amended the terms of the $45,000,000 swap agreement to extend the expiry date and to take advantage of lower interest rates. The interest rate on this swap was reduced by approximately 200 basis points. The aggregate fair value payable of the swap agreement at the time of the extension was $1,375,000 and this was blended into the new fixed rate of interest of the swap. This amount was being transferred from Other Comprehensive Income ("OCI") to interest expense over the term of the original agreement which ended in May 2013. In 2013, the amount expensed was $573,000.

The swap is ineffective for accounting purposes. This means that the change in fair value of the swap (from the time the swap was deemed ineffective in May 2012) is transferred from OCI to profit.

At year end, the aggregate fair value of the swap agreement was a $704,000 liability, of which $32,000 was classified as a current liability (2013 - $499,000; $32,000 classified as current). The change in fair value along with other components related to this swap were as follows:

	Twelve months ended December 31	
(thousands of Canadian dollars)	**2014**	2013
OCI income (expense) related to change in the fair value of the swap	**$ (210)**	586
Interest expense (recovery) transferred to Profit due to hedge ineffectiveness	**145**	(517)
Interest expense transferred to Profit due to the extension of the swap	**—**	573
Other items transferred to Profit	**5**	(85)
Net movement on interest rate swaps, before provision for tax	**$ (60)**	557

A 0.5% change in the projected floating interest rates during the remaining term of the hedge agreements would have impacted the fair value of the interest rate swaps by approximately $415,000 which would have flowed through profit since the swap was ineffective for accounting purposes as at December 31, 2014.

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

Market risk *(continued)*

c) Share price volatility risk management

In July 2006, the Company entered into a cash-settled equity total return swap agreement to manage its exposure to fluctuations in its stock-based compensation costs related to the SAR Plan. Compensation costs associated with the SAR Plan fluctuate as a result of changes in the market price of the Company's Class A shares. The Corporation entered into this swap for a total of 1,275,000 notional Class A shares with a hedged price of $5.85.

In July 2013, the swap expired and any remaining notional SARS were unwound. As a result there is no longer any balance receivable related to the equity total return swap. In 2013, the Company recognized before-tax losses of $72,000 related to this swap.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash flows from operations and borrowings under the existing credit facility. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. Other than for operations, the Company's cash requirements are mostly for interest payments, repayment of debt, capital expenditures, dividends 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**	**2016 - 2019**	**Thereafter**
Long-term debt excluding debt transaction costs *(note 9)*	$	**11,250**	128,125	—
Bank indebtedness		**1,125**	—	—
Accounts payable and accrued liabilities, net of current portion of undiscounted CCD commitments		**19,528**	—	—
Dividends payable		**2,534**	—	—
Income taxes payable		**4,003**	—	—
CCD commitments, undiscounted *(note 10)*		**2,889**	6,901	1,550
	$	**41,329**	135,026	1,550

Assuming long-term debt is renewed in 2017, which is consistent with past practice, the payments would be $45,000,000 for the years 2016 to 2019 and $83,125,000 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.

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

Capital risk *(continued)*

To comply with Federal Government directions, the Broadcasting Act and regulations governing radio stations (the "Regulations"), the Company has imposed restrictions respecting the issuance, transfer and, if applicable, voting of the Company's shares. Restrictions include limitations over foreign ownership of the issued and outstanding voting shares. Pursuant to such restrictions, the Company can prohibit the issuance of shares or refuse to register the transfer of shares or, if applicable, prohibit the voting of shares in circumstances that would or could adversely affect the ability of the Company, pursuant to the provisions of the Regulations, to obtain, maintain, renew or amend any licence required to carry on any business of the Company, including a licence to carry on a broadcasting undertaking, or to comply with such provisions or with those of any such licence.

The Company is subject to covenants on its credit facility. The Company's bank covenants include certain maximum or minimum ratios such as total debt to EBITDA ratio, interest coverage and fixed charge coverage ratio. Other covenants include seeking prior approval for acquisitions or disposals in excess of a quantitative threshold. The Company was in compliance with the covenants throughout the quarter and at quarter end.

Financial projections are updated and reviewed regularly to reasonably ensure that financial debt covenants will not be breached in future periods. The Company monitors the covenants and foreign ownership status of the issued and outstanding voting shares and presents this information to the Board of Directors quarterly. The Company was in compliance with all the above as at December 31, 2014.

16. PROVISION FOR INCOME TAXES

The reconciliation of income tax attributable to operations computed at the statutory rates to the Company's provision for income taxes is derived as follows:

(thousands of Canadian dollars, except percentages)		**2014**	2013
Statutory income tax rate		**31%**	31%
Provision based on the statutory income tax rate applied			
to profit from continuing operations	**$**	**5,100**	7,838
Increase (decrease) due to:			
Subsidiary rate differential		**(627)**	(1,028)
Non-deductile impairment charge		**1,243**	—
Revision to estimate for uncertain tax positions (see below)		**(526)**	(5,270)
Other		**67**	50
		5,257	1,590
The components of the provision for income taxes on			
profit from continuing operations are as follows:			
Current tax expense (recovery)		**2,767**	(3,670)
Deferred income tax expense (recovery)		**2,490**	5,260
	$	**5,257**	1,590

16. PROVISION FOR INCOME TAXES *(continued)*

In 2014, the Company settled on certain tax matters and re-measured its tax estimates related to uncertain tax positions. As a result, current income taxes payable and current tax expense were reduced by $3,157,000 while deferred tax liabilities and deferred tax expense were increased by $2,631,000. In 2013, the Company settled on certain tax matters and re-measured certain estimates, including accrued interest, related to uncertain tax positions. The Company reduced current income taxes payable and current tax expense by $10,324,000 and increased deferred tax liabilities and deferred tax expense by $5,054,000.

The significant components of the Company's deferred income tax assets and liabilities are as follows:

(thousands of Canadian dollars)		**2014**	2013
Deferred income tax assets			
Canadian Content Development commitments	**$**	**2,114**	334
Tax loss carryforwards		**1,085**	523
Employee benefit plans		**1,721**	1,714
Broadcast licences		**1,137**	—
Other		**611**	544
Deferred income tax liabilities			
Property and equipment		**(2,499)**	(2,533)
Broadcast licences and goodwill		**(30,697)**	(22,248)
Net deferred income tax liability	**$**	**(26,528)**	(21,666)
Reflected in the consolidated statements of financial positions as follow:			
Long-term deferred income tax assets	**$**	**4,376**	3,115
Long-term deferred income tax liabilities		**(30,904)**	(24,781)
	$	**(26,528)**	(21,666)

The reconciliation of the net deferred income tax liability is as follows:

(thousands of Canadian dollars)		**2014**	2013
Opening net deferred tax liability	**$**	**(21,666)**	(15,422)
Deferred income tax expense recognized in profit		**(2,490)**	(5,260)
Deferred income tax expense due to business acquisitions *(note 6)*		**(2,482)**	(239)
Deferred income tax recovery from discontinued operations *(note 8)*		—	3
Deferred income tax (expense) recovery recognized in OCI		**110**	(748)
Closing net deferred tax liability	**$**	**(26,528)**	(21,666)

16. PROVISION FOR INCOME TAXES *(continued)*

The Company recognizes the benefits of capital and non-capital loss carryforwards as deferred tax assets to the extent that it is probable that taxable profit will be available against which the unused tax losses can be utilized. As at year end, the Company had available non-capital loss carryforward balances equal to $4,108,000 (2013 - $1,927,000). A deferred income tax asset of $1,085,000 (2013 - $523,000) has been recognized in respect of non-capital loss carryforward balances. The available non-capital loss carryforwards will expire as follows: $98,000 in 2026; $173,000 in 2027; $300,000 in 2028; $355,000 in 2033; and $3,182,000 in 2034.

The changes in the components of the Company's deferred income tax assets and liabilities recognized in profit and other comprehensive income (loss) are as follows:

		For the Year Ended December 31, 2014			For the Year Ended December 31, 2013		
(thousands of Canadian dollars)		Continuing Operations	Discontinued Operations	OCI	Continuing Operations	Discontinued Operations	OCI
Deferred income tax assets							
Canadian Content Development commitments	$	**(1,471)**	—	—	156	(3)	—
Tax loss carryforwards		**270**	—	—	(269)	—	—
Employee benefit plans		**86**	—	**(94)**	(29)	—	597
Other		**93**	—	**(16)**	(37)	—	151
Deferred income tax liabilities							
Property and equipment		**(19)**	—	—	6	—	—
Broadcast licences and goodwill		**3,531**	—	—	5,433	—	—
Deferred income tax expense (recovery)	$	**2,490**	—	**(110)**	5,260	(3)	748

17. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year by the weighted average number of ordinary shares outstanding during the year. The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

Diluted earnings per share amounts are calculated by dividing profit by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

(thousands)	**2014**	2013
Weighted average common shares used in calculation of basic earnings per share	**28,152**	28,685
Effect of dilution related to executive stock options	**1,187**	1,278
Weighted average common shares used in calculation of diluted earnings per share	**29,339**	29,963

18. SUPPLEMENTAL CASH FLOW INFORMATION

(thousands of Canadian dollars)		**2014**	2013
Change in non-cash working capital relating to operating activities from continuing operations			
Marketable securities, excluding $48 related to unrealized losses (2013 – unrealized losses of $649)	**$**	**(69)**	—
Receivables		**(7,583)**	(1,013)
Prepaid expenses		**379**	3
Accounts payable and accrued liabilities		**7,570**	3,777
	$	**297**	2,767

19. COMMITMENTS AND CONTINGENCIES

Operating leases and other

The Company has total commitments of $19,635,000 under operating leases for properties and equipment. Minimum annual amounts under these leases are as follows: 2015 - $4,817,000; 2016 - $4,428,000; 2017 - $3,545,000; 2018 - $2,787,000; 2019 - $1,575,000 and thereafter $2,483,000.

Generally, lease terms for properties extend from five to fifteen years, with at least one renewal period while leases for vehicles and equipment generally have no renewal periods with terms extending from one year to several years.

Legal Claims

The Company and its subsidiaries are involved in various legal actions which arise out of the ordinary course and conduct of its business. Management believes any potential liabilities that may result from these actions have been adequately provided for and are not expected to have a material adverse effect on the Company's financial position or its results.

20. 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. This reportable segment is a strategic business unit that offers different services and is managed separately. The Company evaluates performance based on earnings before interest, taxes, depreciation and amortization. Corporate and Other consists of a hotel and the head office functions. Its revenue relates to hotel operations. Details of segment operations are set out below. Results from Fort McMurray, Alberta operations have been excluded from the Broadcasting segment comparative figures as a result of accounting for discontinued operations in 2013 as described in note 8.

20. OPERATING SEGMENT INFORMATION *(continued)*

(thousands of Canadian dollars)		Broadcasting	Corporate and Other	Total
2014				
Revenue	**$**	**150,614**	**3,886**	**154,500**
Operating expenses		**(101,565)**	**(11,314)**	**(112,879)**
Segment profit (loss)		**49,049**	**(7,428)**	**41,621**
Depreciation, amortization and accretion of other liabilities		**(5,251)**	**(343)**	**(5,594)**
Interest expense		**—**	**(6,421)**	**(6,421)**
Other (expene) income		**(8,343)**	**874**	**(7,469)**
Impairmet charges		**(5,685)**	**—**	**(5,685)**
Profit (loss) from continuing operations before provision for income taxes	**$**	**29,770**	**(13,318)**	**16,452**
Assets employed	**$**	**344,046**	**12,631**	**356,677**
Liabilities		**(27,975)**	**(188,173)**	**(216,148)**
Other disclosures				
Broadcast licences carrying value		**262,029**	**—**	**262,029**
Goodwill carrying value		**12,014**	**—**	**12,014**
Capital expenditures		**(5,776)**	**(146)**	**(5,922)**
Broadcast licences impairment		**(2,165)**	**—**	**(2,165)**
Goodwill impairment		**(3,520)**	**—**	**(3,520)**
2013				
Revenue	$	128,905	3,692	132,597
Operating expenses		(87,691)	(11,708)	(99,399)
Segment profit (loss)		41,214	(8,016)	33,198
Depreciation, amortization and accretion of other liabilities		(4,067)	(284)	(4,351)
Interest expense		—	(2,545)	(2,545)
Other expense		(464)	(553)	(1,017)
Profit (loss) from continuing operations before provision for income taxes	$	36,683	(11,398)	25,285
Assets employed	$	222,329	13,276	235,605
Liabilities		(30,053)	(71,767)	(101,820)
Other disclosures				
Broadcast licences carrying value		154,481	—	154,481
Goodwill carry value		7,422	—	7,422
Capital expenditures		(5,089)	(216)	(5,305)

21. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

Related Parties

These consolidated financial statements include the financial statements of the following wholly-owned subsidiaries: Newcap Inc., Glynmill Inn Incorporated., 8504580 Canada Inc., 8384827 Canada Inc., 8384860 Canada Inc., 8384886 Canada Inc. and 8384878 Canada Inc

The Canada Inc. companies each hold one of the radio stations in Toronto and Vancouver, respectively. Any balances owing or receivable between the related entities are eliminated on consolidation.

Directors of the Company control 76% of the Class A Shares and 98% of the Class B shares of the Company. The Company has transacted with Directors and key personnel during the reporting period. The terms and conditions of the transactions with key management personnel and related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel or related entities on an arm's length basis. From time to time directors of the Company, or their related entities, may purchase or sell goods and services from/to the Company. These transactions are on the same terms and conditions as those entered into by other Company employees or customers. No transactions with key personnel or related parties, either individually or as a group, were material in the year.

The key management personnel of the Company are the Chairman, President and Chief Executive Officer, Chief Operating Officer and Chief Financial Officer. Key management personnel remuneration for the years ended December 31 includes:

(thousands of Canadian dollars)		**2014**	2013
Short-term benefits			
Salaries including bonuses	$	**2,897**	3,053
Other		**280**	278
Post-employment benefits			
Defined benefit pension plan expense		**184**	152
Defined contribution pension plan expense		**61**	60
Share-based compensation expense		**8**	6
Total remuneration included in operating expenses	$	**3,430**	3,549

The amounts disclosed in this table are the amounts recognized as operating expenses for accounting purposes during the period and do not represent cash payments.

The Company's executive compensation program is based on attracting, motivating and retaining high-quality executives by providing a competitive level of compensation that rewards individual performance. The major elements of the Company's executive compensation program are base salary, performance based compensation and long-term compensation in the form of granting executive stock options, stock appreciation rights, and retirement benefits. Personal benefits and other perquisite benefits provided to senior management relate to employer contributions toward the Company's Employee Share Purchase Plan and to life insurance policies.

Board of Directors

Board of Directors

Harry R. Steele, O.C.
Dartmouth, Nova Scotia
Director since 1972
Chairman of the Board of Directors

Harry R. Steele, OC is the non-executive Chairman of the Board of Directors. Mr. Steele was appointed an Officer of the Order of Canada in 1992.

Robert G. Steele
Halifax, Nova Scotia
Director since 1997
President and Chief Executive Officer

Robert G. Steele has been President and Chief Executive Officer of Newfoundland Capital Corporation Limited since May 1, 2002 after having served as President and Chief Operating Officer from March 1, 2001 and as a member of the Board of Directors since 1997. Prior to joining the Company, Mr. Steele built one of the most diversified auto groups in Atlantic Canada, currently consisting of sixteen dealerships. Robert is a member of the Young Presidents Organization, and is actively involved in several local charitable organizations.

Michael (Mickey) C. MacDonald [1]
Halifax, Nova Scotia
Director since 2006
President - Micco Companies

Michael (Mickey) C. MacDonald, President of Micco Companies, is a well-known entrepreneur whose business interests are diversified across many industries including automotive leasing, retail, food and beverage, fitness and residential land development. He continuously evaluates his current business holdings and potential business acquisitions for expansion while continually striving to improve operational success. In 2005 Saint Mary's University presented Mr. MacDonald with an Honorary Doctor of Commerce. Mr. MacDonald has won numerous business and personal awards including the 2008 Nova Scotia Humanitarian of the Year, 2005 Nova Scotia Philanthropist of the Year, 2004 Newfoundland Philanthropist of the Year, Ernst and Young Entrepreneur of the Year, Halifax Chamber of Commerce Business Person of the Year and was among the Top 50 CEO's in Atlantic Canada for five years in a row.

Allen F. MacPhee [1]
Halifax, Nova Scotia
Director since 2011
President - A.F. MacPhee Holdings Ltd.

Allen F. MacPhee is a well-known businessman who has run many successful automobile dealerships, one of which became the largest General Motors dealership in Atlantic Canada as well as one of the "top ten" dealerships in Canada. He is currently the President of MacPhee Ford in Dartmouth, Nova Scotia. From 2011 to 2012 he was the Chairman of the Canadian Automobile Dealers Association. Al is a Past President of the Nova Scotia Automobile Dealers Association as well as the Halifax/Dartmouth Automobile Dealers Association. Currently he is the Chairman of Leader Auto Resources Inc. a national automotive buying group. In June, 2013, the Canadian Automobile Dealers Association announced that Al MacPhee had won the CADA's Laureate Dealer Recognition Award for 2013 in the category of Ambassadorship. In 2009, Al MacPhee was inducted into the Junior Achievement of Nova Scotia Business Hall of Fame and for the last five years has been honoured as one of Atlantic Canada's Top 50 CEO's.

David I. Matheson, Q.C.[1]
Toronto, Ontario
Director since 2004 (and from 1986 to 1998)
Managing Director, Matheson Global Advisory Group

David I. Matheson, Q.C. conducts a corporate and international advisory business through the services of the Matheson Global Advisory Group as its managing director after having been a corporate and tax partner at McMillan LLP for many years. The Group is a national and international business connecting organization. He has a Bachelor of Commerce degree, with a major in accounting, and a Law degree from Dalhousie University. As a tax lawyer, he worked extensively with the accounting profession in tax reform and on financial reporting issues for tax purposes. He has served as a director and as a chairman and member of numerous audit and governance committees for public companies. He has written and spoken extensively, nationally and internationally, on tax-related financial reporting, corporate governance and securities law compliance.

Donald J. Warr, F.C.A.[1]
St. John's, Newfoundland and Labrador
Director since 1995
Partner - Blackwood & Warr

Donald J. Warr, FCA is partner with the chartered accounting firm Blackwood & Warr in Newfoundland and Labrador. He obtained a Bachelor of Commerce degree in 1967 before obtaining his Chartered Accountancy designation in 1970. Prior to starting his own practice in 1992, Mr. Warr was a tax partner with a large national accounting firm. He was past President of the Newfoundland and Labrador Institute of Chartered Accountants and was awarded the designation of FCA in 1983 for outstanding service to the profession and the community. Mr. Warr, in addition to serving as a director for the Company, also serves as a director to Altius Minerals Corp., a public entity.

[1] Member of Audit & Governance Committee

Corporate Governance

Corporate governance is instrumental for the effective management of the Company. Newfoundland Capital Corporation Limited strives to not only meet current corporate governance standards; but also, to exceed current practices of transparency, integrity and duty of care. Good corporate governance is fundamental to the long-term success of the Company.

The Audit and Governance Committee, in conjunction with leadership provided by the Board of Directors, is continuously updating its corporate governance practices so that the Company is in compliance with all applicable requirements. On an annual basis a formal review of all corporate governance-related policies, mandates, position descriptions and the like is undertaken and improvements are made as considered necessary. Our corporate governance practices are disclosed in the Company's Management Information Circular.

Some examples of our commitment to transparency, integrity, and duty of care are:

FINANCIAL LITERACY

All of our Audit and Governance Committee members are independent and financially literate.

CODE OF ETHICS

The Company has a written Code of Business Conduct and Ethics ("Code") which is reviewed and updated at least annually. Every year, all employees, directors and certain consultants must read and acknowledge in writing their understanding of the Code. The overall goal of the Code is to deter wrongdoing and promote honest and ethical conduct throughout our organization.

POLICY ON CORPORATE GOVERNANCE

Our Policy on Corporate Governance formalizes the principal corporate governance applications and practices of the Company.

WHITSTLEBLOWER POLICY

A whistleblower policy and procedure is in place that allows persons to report a complaint or concern regarding accounting or audit matters, or behaviour or acts that are inconsistent with the Company's Code.

DISCLOSURE COMMITTEE

A Disclosure Committee is in place and it is charged with ensuring that communications with the investing community meet the standards of timely, factual and accurate information. A formal policy on Corporate Disclosure, Confidentiality and Insider Trading supports this Committee's activities and is reviewed annually and updated when required.

ESTABLISHED MANDATES

Mandates have been established for the Board of Directors, the Audit and Governance Committee, the Disclosure Committee, the respective Chairpersons, and the President and Chief Executive Officer. Position descriptions for senior officers, including individuals who perform senior officer functions,are formalized and used to assess their performance. These are reviewed annually and are updated as required.

For further details on our corporate governance practices, please visit our website at www.ncc.ca.

Assets at a Glance

Region	Location	Name	Call Letters	Format	AM /FM /TV	Frequency
West	Athabasca	94.1 The River	CKBA-FM	Hits	FM	94.1 MHz
West	Blairmore	Mountain Radio	CJPR-FM	Country	FM	94.9 MHz
West	Bonnyville	KOOL-FM	CJEG-FM	Hot AC	FM	101.3 MHz
West	Brooks	Q105.7	CIBQ-FM	Country	FM	105.7 MHz
West	Brooks	101.1 The One	CIXF-FM	Hot AC	FM	101.1 MHz
West	Calgary	90.3 AMP Radio	CKMP-FM	Top 40	FM	90.3 MHz
West	Calgary	XL-103	CFXL-FM	Classic Hits	FM	103.1 MHz
West	Camrose	CAM-FM	CFCW-FM	Classic Hits	FM	98.1 MHz
West	Camrose	CFCW	CFCW	Country	AM	790 kHz
West	Cold Lake	K-Rock/Lakeland	CJXK-FM	Rock	FM	95.3 MHz
West	Drumheller	Q91	CKDQ	Country	AM	910 kHz
West	Edmonton	Capital FM	CKRA-FM	Classic Hits	FM	96.3 MHz
West	Edmonton	K-97	CIRK-FM	Classic Rock	FM	97.3 MHz
West	Edson	The Eagle	CFXE-FM	Hits	FM	94.3 MHz
West	Elkford	Mountain Radio	CJEV*	Country	AM	1340 kHz
West	Fox Creek[1]	The Rig 96.7	CFXW-FM1*	Rock	FM	98.1 MHz
West	Grande Cache	The Eagle	CFXG-FM*	Hits	FM	93.3 MHz
West	High Prairie	Prairie FM	CKVH-FM	Country	FM	93.5 MHz
West	Hinton	The Eagle	CFXH-FM	Hits	FM	97.5 MHz
West	Hinton[1]	TBA	TBA	Rock	FM	104.9 MHz
West	Jasper	The Eagle	CFXP-FM*	Hits	FM	95.5 MHz
West	Kelowna	K96.3	CKKO-FM	Classic Rock	FM	96.3 MHz
West	Keremeos	Country 100.7	CIGV-FM1*	Country	FM	98.9 MHz
West	Lac La Biche	Big Dog	CILB-FM	Classic Hits/Today's Hits	FM	103.5 MHz
West	Lloydminster	CILR	CILR-FM	Tourism Information	FM	98.9 MHz
West	Lloydminster	Lloyd-FM	CKSA-FM	Country	FM	95.9 MHz
West	Lloydminster	CBC-TV	CKSA-DT	CBC	TV	CH-2
West	Lloydminster	CTV-TV	CITL-DT	CTV	TV	CH-4
West	Penticton	Country 100.7	CIGV-FM	Country	FM	100.7 MHz
West	Pincher Creek	Mountain Radio	CJPV-FM*	Country	FM	92.7 MHz
West	Princeton	Country 100.7	CIGV-FM2*	Country	FM	98.1 MHz
West	Red Deer	KG Country 95.5	CKGY-FM	Country	FM	95.5 MHz
West	Red Deer	Z98.9	CIZZ-FM	Rock	FM	98.9 MHz
West	Slave Lake	94.3 Lake-FM	CHSL-FM	Hits	FM	92.7 MHz
West	St. Paul	97.7 The Spur	CHSP-FM	Country	FM	97.7 MHz
West	Stettler	Q93.3	CKSQ-FM	Country	FM	93.3 MHz
West	Vancouver	Z95.3	CKZZ-FM	Hot AC	FM	95.3 MHz
West	Vancouver	LG1043	CHLG-FM	Classic Hits	FM	104.3 MHz
West	Vancouver	AM 650	CISL-AM	All Time Favourites	AM	650 kHz
West	Wabasca	94.3 Lake-FM1	CHSL-FM1*	Hits	FM	94.3 MHz
West	Wainwright	K-Rock 101.9	CKKY-FM	Rock	FM	101.9 MHz
West	Wainwright	Wayne-FM	CKWY-FM	Classic Hits/Today's Hits	FM	93.7 MHz
West	Westlock	The Range	CKWB-FM	Country	FM	97.9 MHz
West	Wetaskiwin	W 1440	CKJR	Oldies	AM	1440 kHz
West	Whitecourt	The Rig 96.7	CFXW-FM	Rock	FM	96.7 MHz
Central	Ottawa	Hot 89.9	CIHT-FM	Top 40	FM	89.9 MHz
Central	Ottawa	LiVE 88.5 FM	CILV-FM	Alternative Rock	FM	88.5 MHz
Central	Sudbury	Rewind 103.9 FM	CHNO-FM	Classic Hits	FM	103.9 MHz
Central	Sudbury	Hot 93.5	CIGM-FM	Top 40	FM	93.5 MHz
Central	Toronto	Boom 97.3	CHBM-FM	70's, 80's, 90's	FM	97.3 MHz
Central	Toronto	Flow 93.5	CFXJ-FM	Classic Hip Hop	FM	93.5 MHz

Region	Location	Name	Call Letters	Format	AM/FM/TV	Frequency
East	Charlottetown	Hot 105.5	CKQK-FM	Top 40	FM	105.5 MHz
East	Charlottetown	Ocean 100	CHTN-FM	Classic Hits	FM	100.3 MHz
East	Elmira	Hot 105.5	CKQK-FM1*	Top 40	FM	103.7 MHz
East	Elmira	Ocean 100	CHTN-FM1*	Classic Hits	FM	99.9 MHz
East	St. Edwards	Hot 105.5	CKQK-FM2*	Top 40	FM	91.1 MHz
East	St. Edwards	Ocean 100	CHTN-FM2*	Classic Hits	FM	89.9 MHz
East	Halifax	Radio 96-5	CKUL-FM	Modern AC	FM	96.5 MHz
East	Halifax	Q104	CFRQ-FM	Rock	FM	104.3 MHz
East	Kentville	K-Rock 89.3	CIJK-FM	Rock	FM	89.3 MHz
East	Sydney	The Giant 101.9	CHRK-FM	Hot AC	FM	101.9 MHz
East	Sydney	The Eagle	CKCH-FM	Country	FM	103.5 MHz
East	Fredericton	Hot. 92.3	CFRK-FM	Top 40	FM	92.3 MHz
East	Fredericton	Up 93.1	CIHI-FM	Classic Hits	FM	93.1 MHz
East	Miramichi	SUN FM	CHHI-FM	Hot AC	FM	95.9 MHz
East	Moncton	C103	CJMO-FM	Rock	FM	103.1 MHz
East	Moncton	XL Country 96.9	CJXL-FM	Country	FM	96.9 MHz
East	Saint John	Rock 88.9	CHNI-FM	Rock	FM	88.9 MHz
East	Baie Verte	CKIM	CKIM*	News/Talk/Country	AM	1240 kHz
East	Carbonear	KIXX Country	CHVO-FM	Country	FM	103.9 MHz
East	Churchill Falls	Big Land-FM	CFLC-FM*	News/Talk/Country/Classic Rock Hybrid	FM	97.9 MHz
East	Clarenville	K-Rock	VOCM-FM1*	Classic Rock	FM	100.7 MHz
East	Clarenville	CKVO	CKVO	News/Talk/Country	AM	710 kHz
East	Clarenville(1)	New-FM	TBA	Hot AC	FM	97.1 MHz
East	Corner Brook	CFCB	CFCB	News/Talk/Country	AM	570 kHz
East	Corner Brook	K-Rock	CKXX-FM	Classic Rock	FM	103.9 MHz
East	Deer Lake	CFDL	CFDL-FM*	News/Talk/Country	FM	97.9 MHz
East	Gander	CKGA	CKGA	News/Talk/Country	AM	650 kHz
East	Gander	K-Rock	CKXD-FM	Classic Rock	FM	98.7 MHz
East	Grand Falls	CKCM	CKCM	News/Talk/Country	AM	620 kHz
East	Grand Falls-Windsor	K-Rock	CKXG-FM	Classic Rock	FM	102.3 MHz
East	Goose Bay	Big Land-FM	CFLN-FM	News/Talk/Country/Classic Rock Hybrid	FM	97.9 MHz
East	Lewisporte	K-Rock	CKXG-FM1*	Classic Rock	FM	101.3 MHz
East	Marystown	CHCM	CHCM	News/Talk/Country	AM	740 kHz
East	Port aux Basques	CFGN	CFGN*	News/Talk/Country	AM	1230 kHz
East	Port au Choix	CFNW	CFNW*	News/Talk/Country	FM	96.7 MHz
East	Northwest River	Big Land-FM	CFLN-FM1*	News/Talk/Country/Classic Rock Hybrid	FM	95.9 MHz
East	Springdale	CKCM	CKCM-FM1*	News/Talk/Country	FM	89.3 MHz
East	St. Andrews	CFCV	CFCV-FM*	News/Talk/Country	FM	97.7 MHz
East	St. Anthony	CFNN	CFNN-FM*	News/Talk/Country	FM	97.9 MHz
East	St. John`s	590 VOCM	VOCM	News/Talk/Country	AM	590 kHz
East	St. John`s	Radio Newfoundland	CJYQ	Newfoundland Music	AM	930 kHz
East	St. John`s	99.1 HITS-FM	CKIX-FM	Top 40	FM	99.1 MHz
East	St. John`s	K-Rock	VOCM-FM	Classic Rock	FM	97.5 MHz
East	Stephenville	CFSX	CFSX	News/Talk/Country	AM	870 kHz
East	Stephenville	K-Rock	CKXX-FM1*	Classic Rock	FM	95.9 MHz
East	Wabush	Big Land-FM	CFLW-FM*	News/Talk/Country/Classic Rock Hybrid	FM	94.7 MHz

* Repeating Signal [1] New licence awarded by CRTC

OFFICERS AND MANAGEMENT

Robert G. Steele
President and Chief Executive Officer

David J. Murray
Chief Operating Officer

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

Linda A. Emerson
Assistant Corporate Secretary

Scott Broderick
Vice-President, Operations Ontario/Maritimes
Vice-President, Marketing

Kim Day
Vice-President, Finance

Mike Fawcett
Vice-President, Engineering

Steve Jones
Vice-President, Programming

Philip Reid
Vice-President, Administration

Glenda Spenrath
Vice-President, Operations & Regulatory Affairs

John Steele
President, Newfoundland and Labrador Operations

Transfer agent and registrar

The transfer agent and registrar for the shares of the Company is CST Trust Company at its offices in Halifax

For shareholder account inquiries:

Telephone: 1-800-387-0825 (toll free in North America)
e-mail: inquiries@canstockta.com
or write to: Newfoundland Capital Corporation Limited

c/o CST Trust Company,
P.O. Box 700
Station B
Montreal, QC H3B 3K3

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.

Address:
Newfoundland Capital Corporation Limited
745 Windmill Road
Dartmouth, Nova Scotia
Canada B3B 1C2
Telephone: 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
The Toronto-Dominion Bank
The Royal Bank of Canada

Legal Counsel

Stewart McKelvey

Annual meeting

The Annual General Meeting of Shareholders will be held at 11:00 a.m., Wednesday, April 29, 2015 in the Baronet Ballroom, Delta Halifax Hotel, 1990 Barrington Street, Halifax, NS.

Newfoundland Capital Corporation Limited
745 Windmill Road
Dartmouth, Nova Scotia
Canada B3B 1C2