FP Newspapers Inc.

Second Quarter
June 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Second Quarter
June 30, 2018

August 23, 2018

OVERVIEW

Management's discussion and analysis, prepared as at August 23, 2018, provides a review of significant developments that affected the performance of FP Newspapers Inc. ("FPI") in the three months ended June 30, 2018. This review is based on financial information contained in the unaudited interim condensed financial statements and accompanying notes ("interim financial statements") for the three and six months ended June 30, 2018.

Factors that could affect future operations are also discussed. These factors may be affected by known and unknown risks and uncertainties that may cause the actual future results to be materially different from those expressed in this discussion.

The interim financial statements, which are the basis for data presented in this report, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34. The interim financial statements do not include all the information and disclosures required for annual financial statements and, therefore, the following information should be read in conjunction with the most recent audited consolidated financial statements and accompanying notes and management's discussion and analysis for the year ended December 30, 2017 prepared in accordance with IFRS and with the interim unaudited condensed financial statements and accompanying notes for the second quarter of 2018.

This Management's Discussion and Analysis contains "forward-looking statements" that are subject to risks and uncertainties set out below under the heading "Caution Regarding Forward-Looking Statements". The reader is cautioned not to place undue reliance on forward-looking statements.

Further information relating to FPI is available at www.sedar.com or on FPI's website at www.fpnewspapers.com.

FORMATION AND LEGAL ENTITIES

FPI, which was incorporated under the Canada Business Corporations Act on March 17, 2010, is the successor to the business of FP Newspapers Income Fund (the "Fund"). The Fund was created on May 15, 2002 and commenced operations on May 28, 2002 when it completed an initial public offering and purchased an interest in FP Canadian Newspapers Limited Partnership ("FPLP").

On December 31, 2010, the Fund completed its conversion from an income trust to a corporate structure pursuant to a plan of arrangement. Under the plan of arrangement, Unitholders of the Fund received, for each Unit of the Fund held, one common share of the resulting public corporation, FPI. The common shares of FPI commenced trading on the Toronto Stock Exchange on January 7, 2011 under the symbol "FP". Concurrently, the Fund's Units were delisted. Effective at the close of market on November 21, 2016 the Company delisted from trading on the Toronto Stock exchange and effective at the opening November 22, 2016, the common shares of FPI commenced trading on TSX Venture Exchange.

FPLP is a limited partnership formed on August 9, 1999. Effective November 29, 2001, FPLP acquired the business assets and assumed certain liabilities of the Winnipeg Free Press and the Brandon Sun. On July 13, 2004, FPLP acquired the business assets and liabilities of Canstar Community News ("Canstar"). On February 28, 2011, FPLP acquired the business assets and assumed certain liabilities of a commercial printing and publishing business operating under the name Derksen Printers based in Steinbach, Manitoba. On October 26, 2012 FPLP acquired substantially all of the assets and assumed certain liabilities of the Carberry News-Express, a weekly paid subscription publication.

FP NEWSPAPERS INC.

A summary of FPI's quarterly revenue, net earnings and net earnings per share for 2018, 2017 and 2016 is as follows:

	2018	2017	2016
	In thousands of dollars (except per share amounts)		
Revenue			
Quarter 1	$ (53)	$ 305	$ 391
Quarter 2	435	802	740
Quarter 3		150	196
Quarter 4		590	1,051
Net earnings (loss)			
Quarter 1	$ (84)	$ 186	$ 250
Quarter 2(*)	(2463)	566	(5,683)
Quarter 3		71	90
Quarter 4(*)		(2,523)	(4,148)
Net earnings (loss) per share			
Quarter 1	$ (0.012)	$ 0.027	$ 0.036
Quarter 2(*)	(0.357)	0.082	(0.823)
Quarter 3		0.010	0.013
Quarter 4(*)		(0.365)	(0.601)

(*) A non-cash write-down of $3.1 million was recorded in the second quarter of 2018 and a non-cash write-down of $2.9 million was recorded in the fourth quarter of 2017. A non-cash write-down of $6.2 million was recorded in the second quarter of 2016 and a non-cash write-down of $4.9 million was recorded in the fourth quarter of 2016. These write-downs were based on FPI's determination that its 49% equity investment in FPLP was impaired, primarily due to continued declines in revenue and earnings experienced by FPLP.

FPI reported a net loss of $2.5 million for the three months ended June 30, 2018, compared to net earnings of $0.6 million for the same period last year. The decline was primarily due to a non-cash write-down of the equity investment in FPLP in the second quarter of 2018. Excluding the non-cash write-down in the equity investment in FPLP in 2018 the net earnings were $0.3 million. The decrease in net earnings, excluding the non-cash write-down is primarily due to a decrease in the equity share of the net earnings of FPLP with details of this decrease disclosed in the FPLP section of this report. Other comprehensive earnings for the three months ended June 30, 2018 was $0.3 million, compared to a loss of $0.8 million in the second quarter of 2017. Other comprehensive earnings results from FPI's equity share of FPLP's recognition of remeasurements gains or losses related to the defined benefit pension plan.

As at August 23, 2018, FPI had 6,902,592 shares outstanding.

FP CANADIAN NEWSPAPERS LIMITED PARTNERSHIP

Results of Operations

FPLP's revenue for the three months ended June 30, 2018 was $17.4 million, a decrease of $1.4 million or 7.6% from the same three months in the prior year. FPLP's print advertising revenues for the three months ended June 30, 2018 were $9.7 million, a $1.1 million or 10.4% decrease compared to the same period last year. FPLP's largest advertising revenue category, display advertising including colour, was $5.1 million, a decrease of $0.9 million or 15.5% from the same period in the prior year, primarily due to decreased spending in the local and national automotive, government and national retail categories. Classified advertising revenues for the second quarter decreased by $0.1 million or 5.2% compared to the same period last year, primarily due to lower spending in the real estate and employment categories, partly offset by the obituary category. Flyer distribution revenues decreased by $0.1 million or 3.2% compared to the second quarter in 2017, primarily due to a decrease in flyer volumes.

Circulation revenues for the three months ended June 30, 2018 were unchanged from the second quarter of 2017, with lower unit sales offsetting increased revenue from higher print subscription rates and new digital subscription revenues from the Winnipeg Free Press website. Digital revenues for the second quarter increased by 5.5%, primarily due to an increase in on-line web ads. Commercial services revenue decreased by $0.3 million due to the loss of the Metro printing contract, as well as both fewer page counts printed for recurring customers as well as non-recurring print jobs.

FPLP's revenue for the six months ended June 30, 2018 was $33.4 million, a decrease of $3.6 million or 9.6% from the same period in the prior year. Print advertising revenues for the six months ended June 2018 were $18.5 million, a $2.6 million or 12.5% decrease compared to the same period last year. FPLP's largest advertising revenue category, display advertising including colour, was $9.8 million, a decrease of $2.2 million or 18.0% from the same period in the prior year, primarily due to decreased spending in the local and national automotive, government services, financial and telecommunication categories. Classified advertising revenues for the six months ended June 30, 2018 was at the same level compared to the same period last year. Flyer distribution revenues decreased by $0.4 million or 7.5% compared to the first six months of 2017, primarily due to a decrease in flyer volumes, partly offset by slightly higher rates.

For the six months ended June 2018, circulation revenues were $12.0 million, a decrease of $0.2 million or 1.9% from the same period of 2017, with lower print unit sales offset by increased revenue from higher print subscription rates and new digital subscription revenues from the Winnipeg Free Press website. Digital revenues for the first six months of 2018 decreased by $0.1 million or 6.2%, primarily due to lower on-line web ads revenue.

Operating expenses for the three months ended June 30, 2018 were $16.2 million, a decrease of $0.6 million or 3.8% compared to the same quarter last year. Employee compensation costs for the second quarter decreased by $0.2 million or 2.2% from the same period in the prior year, primarily due to voluntary resignations and retirements not replaced. Newsprint expense for FPLP's own publications remained at relatively the same level compared the prior year. Newsprint expense for commercial use decreased by $0.1 million due primarily to lower volumes. Delivery expenses for the three months ended June 30, 2018 decreased by $0.1 million or 3.4%, primarily due to the cost savings related to the initiatives implemented to improve delivery route efficiency. Other expenses decreased by $0.2 million or 5.3%, primarily due to the replacement of third party services by internal resources.

Operating expenses for the six months ended June 30, 2018 were $32.2 million, a decrease of $2.0 million or 5.9% compared to the same period last year. Employee compensation costs for the six months decreased by $0.5 million or 3.5% from the same period in the prior year, primarily due to a reduction in the number of employees across all of our business units. Newsprint expense for FPLP's own publications for the first quarter decreased by $0.1 million or 2.0% compared to the same period in the prior year, primarily due to lower volumes, partly offset by newsprint price increases. Newsprint for commercial use decreased by $0.2 million due to lower volumes, partially offset by higher prices. Delivery expenses for the six months ended June 30, 2018 decreased by $0.3 million or 5.1%, primarily due to the cost savings related to the initiatives implemented to improve delivery route efficiency. Other expenses decreased by $0.6 million or 8.5%, primarily due to due to the replacement of third party services by internal resources.

EBITDA[1] for the three and six months ended June 30, 2018 was $1.8 million and $2.7 million compared to $2.7 million and $4.4 million for the same periods last year, a decrease of 31.8% and 33.1%, respectively. EBITDA[1] margin for the three and six months ended June 30, 2018 was 10.6% and 8.2%, compared to 14.4% and 11.9% in the same periods last year. The changes in EBITDA[1] were due to the revenue and operating expense paragraphs above.

Finance costs for the three and six months ended June 30, 2018 decreased slightly, primarily due to the lower level of debt outstanding, partially offset by increased interest rates.

FPLP's net loss was $5.5 million and $5.6 million for the three and six months ended June 30, 2018, compared to net earnings of $1.6 million and $2.3 million for the same periods last year. Excluding the $6.4 million impairment charge relating to goodwill and intangible assets in the second quarter of 2018, FPLP's net earnings were $0.9 million and $0.8 million for the three and six months ended June 30, 2018.

Under IFRS, comprehensive income includes remeasurements gains and losses related to FPLP's defined benefit pension plan. These gains and losses are primarily related to changes in actuarial discount rate assumptions and returns on plan assets differing from expected income. In the three months ended June 30, 2018, the actuarial gain was primarily due to decreases in the defined benefit obligation primarily resulting from a higher actual return on the plan's investments compared to the actuarial expected return assumptions.

The Winnipeg Free Press has earned international recognition for its News Break app, at the International News Media Association's (INMA) media awards held in June in Washington D.C. The News Break app took first place honors in the Best Use of Mobile category. The Global Media Awards produced by INMA, presented forty first-place winners in twenty categories. Entrants were judged in two groups: global/national brands and regional/local brands. INMA has presented awards for media excellence since 1937. The News Break app was launched in March 2017, and resides behind the Free Press paywall and differentiates itself from other news apps by offering positive news and no interruptions from advertising. Using the app, readers have the opportunity to select good news and breaking news. The Free Press now has approximately 5,000 regular monthly users on the app.

In May the Winnipeg Free Press launched a new digital product named "Above the Fold" which gets displayed on the Free Press website or delivered straight to in-boxes at 7:00 p.m. each weeknight. Above the Fold was designed to distinguish what Free Press editor's view are the most important news stories of the day. The Free Press recognizes the volume of information and sources available on-line and has launched this product to more easily allow readers to focus their attention on the most important articles published that day.

The readership at The Brandon Sun has experienced positive growth year on year. Digital subscribers have increased by sixteen per cent in the second quarter compared to the same quarter in 2017. Daily subscribers of the Brandon Sun receiving a hard copy have stabilized and look to build with more generated local copy by the Sun's editorial team. The re-design of the Brandon Sun website last fall is attributed to the online growth along with updates of new stories throughout the day/week. A new-look Brandon Sun is planned to be launched in the third quarter.

The rural Community Spotlights pages continued to be successful in the second quarter with positive support from outlying communities. Selling multiple pages in the Brandon Sun complimented by stories generated by the editorial department has given the opportunity for outlying communities to be featured in the paper. A consistent revenue stream for the paper involving new advertisers.

The six Winnipeg Canstar community weeklies welcomed one new community journalist in the second quarter of 2018. Eva Wasney joined Canstar as the community journalist for The Metro, covering west Winnipeg. A Winnipegger, she previously worked at the University of Winnipeg and our own Brandon Sun.

Reception to the paper's redesigned print editions continues to be positive and Canstar stories continue to be shared widely, especially via Facebook and Twitter.

CancerCare Manitoba's Challenge for Life and Dragon Boat Festival, Rainbow Stage, Assiniboia Downs, Nor-West Community Co-Op and the Tri-Hospitals Lottery have all continued their partnerships with the papers, creating programs in which editorial coverage is combined with advertising buys. Similar arrangements are being pursued with other institutional clients.

In Steinbach, the second quarter showed improvements in revenue for the Carillon side of the business as well as the Derksen printing business. The Carillon benefitted from new business openings that saw Giant Tiger, Best West Pet Foods and Oshkosh By Gosh all locate stores in Steinbach. These clients ran grand opening newspaper advertising as well as participating in our flyer distribution with Giant Tiger becoming a weekly flyer delivery customer. In addition we saw stable revenue in our classified business driven by Employment, Municipal notices and Obituaries.

On the commercial printing side of the Steinbach business we were able to make improvements on our expenses as planned staffing reductions were fully in place for the second quarter. In addition, we have been able to absorb two additional retirements going forward and will benefit from those reductions over the remainder of the year.

The Carillon work flow changes with the integration of newspaper layout and pagination into the Winnipeg system have gone well and we are now seeing the benefits of those changes. The newly implemented commercial printing estimating and tracking management system is now fully implemented through the shop and we are seeing benefits in tracking job costing and the ability to react quickly to estimating changes when required.

In Steinbach, The Carillon came away with seven first place awards in the 4,000-6,499 circulation class at the Canadian Community Newspaper Association Awards most notably Best All-Round Newspaper, Best Editorial Page, Best National Editorial, Best Front page and Best Sports coverage.

Quarterly Summary

Newspaper publishing is, to a certain extent, a seasonal business, with a higher proportion of revenues and operating earnings occurring during the second and fourth quarters of the calendar year. Revenue, EBITDA[1] and net earnings of FPLP by quarter for 2018, 2017 and 2016 were as follows:

	2018	**2017**	**2016**
		In thousands of dollars	
Revenue			
Quarter 1	$ 16,070	$ 18,218	$ 19,642
Quarter 2	17,375	18,795	20,773
Quarter 3		16,893	19,209
Quarter 4		18,043	20,881
		$ 71,949	$ 80,505
EBITDA[1]			
Quarter 1	$ 887	$ 1,704	$ 2,189
Quarter 2[*]	1,846	2,706	2,877
Quarter 3		1,362	1,759
Quarter 4[*]		2,241	3,412
		$ 8,013	$ 10,237
Net Earnings (Loss)			
Quarter 1	$ (110)	$ 621	$ 797
Quarter 2[*]	(5,465)	1,637	(11,192)
Quarter 3		305	401
Quarter 4[*]		(4,797)	(7,856)
		$ (2,234)	$ (17,850)

[*]Goodwill and intangibles impairment charges of $6.4 million were recorded in the second quarter of 2018, $6.0 million in the fourth quarter of 2017, $12.7 million in the second quarter of 2016 and $10.0 million in the fourth quarter of 2016. These goodwill and intangibles impairment charges were recorded primarily due to continued declines in revenues and earnings.

Liquidity and Capital Resources of FPLP

Cash and cash equivalents at June 30, 2018 was $8.2 million, compared to $6.7 million at December 31, 2017. Cash and cash equivalents may be used to reduce debt, to fund future capital expenditures, to pay future distributions (including future income taxes payable by the partners), or for other strategic initiatives or general purposes. Cash flow from operations, together with cash balances on hand, is currently expected to be sufficient to fund FPLP's operating requirements, capital expenditures and required principal repayments under FPLP's credit facility, assuming that advertising revenues do not materially deteriorate beyond management's current expectations.

Cash Flow from Operating Activities

During the three and six months ended June 30, 2018, cash generated from operating activities was $1.9 million and $2.9 million, compared to $1.9 million and $5.2 million for the same periods in 2017. Net earnings for the three and six months ended June 30, 2018 were $0.9 million and $0.8 million, excluding the $6.4 million goodwill and intangible asset impairment charge, compared to $1.6 million and $2.3 million for the same periods in 2017. The net change in non-cash working capital provided $0.3 million and $ 0.9 million of cash for the three and six months ended June 30, 2018, compared to the use of $0.2 million used for the three months ended June 30, 2017 and provided $2.4 million for the six months ended June 30, 2017. The increase in cash provided by non-cash working capital changes is primarily the result of timing of receipts from customers and payments to vendors.

Financing Activities

Financing activities used $1.2 million and $1.4 million for the three and six months ended June 30, 2018, compared to $1.2 million and $3.5 million for the same periods in 2017. The primary reason for the lower use of funds in the six month period is due to a voluntary early principal repayment of $7.0 million in November 2017, which eliminated the need for a cash sweep repayment for the 2017 fiscal year, which would have otherwise been required in the second quarter of 2018

Contractual Obligations

There have been no significant changes to contractual obligations since December 31, 2017.

Related Party Transactions

FPLP purchased a majority of its newsprint from Alberta Newsprint Company ("ANC"), a related party, as disclosed under the related party transaction section of FPLP's Annual Management's Discussion and Analysis at December 31, 2017. Total newsprint purchases from ANC, based on actual invoice prices, for the three and six months ended June 30, 2018 were $0.9 million and $2.1 million, compared to $1.1 million and $2.3 million for the same periods last year.

DISCLOSURE CONTROLS AND PROCEDURES

In FPI's 2017 filings, the CEO and CFO certified, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design and effectiveness of the Corporation's disclosure controls and procedures, and the design and effectiveness of internal controls over financial reporting.

In FPI's second quarter 2018 filings, the CEO and CFO certify, as required by National Instrument 52-109, the appropriateness of the financial disclosure, the design of the Corporation's disclosure controls and procedures, and the design of internal controls over financial reporting.

FPI's Audit Committee reviewed this MD&A, and the interim financial report, and the Board of Directors approved these documents prior to their release.

There have been no changes to FPI's internal controls over financial reporting that occurred during the first two quarters of 2018 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

CRITICAL ACCOUNTING ESTIMATES

There have been no significant changes in FPI's or FPLP's critical accounting estimates except impairments since the December 2017 year-end.

OUTLOOK

Print advertising revenue year-over-year declines continued in the second quarter but were not as steep as experienced during the first quarter of the year. So far into the third quarter we're experiencing print advertising revenue declines at slightly lower percentage levels than experienced in the second quarter.

On August 14 the Winnipeg city carriers voted in favour of a one year extension to the term of the collective agreement which expired on June 30, 2018. No other changes were made to the agreement.

During *Winnipeg Free Press* collective bargaining sessions held in 2017 it was agreed that an eight percent salary reduction (four percent for employees hired after June 30, 2013) would be triggered if free cash, as defined during the negotiations and calculated quarterly on a trailing twelve month basis, falls below a threshold level of $0.8 million. The free cash calculation for the twelve months ending June 30, 2018 was $0.9 million and based on anticipated continued revenue declines exceeding expense reductions the threshold level will be reached at the next measurement date of September 30, 2018 which would result in an eight percent salary reduction taking effect on January 1, 2019. The estimated annualized savings in expenses if these reductions are required to be implemented is $1.9 million.

NON-IFRS MEASURES

(1) EBITDA

FPLP believes that in addition to net earnings as reported on FPLP's interim condensed consolidated statements of earnings, EBITDA is a useful supplemental measure as it is a measure used by many of FPLP's Unitholders, creditors and analysts as a proxy for the amount of cash generated by FPLP's operating activities. EBITDA is not a recognized measure of financial performance under IFRS. Investors are cautioned that EBITDA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of FPLP`s performance. FPLP's method of calculating EBITDA is detailed below and may differ from that used by other issuers and, accordingly, EBITDA as calculated by FPLP may not be comparable to similar measures used by other issuers.

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2018	**2017**	**2018**	**2017**
	In thousands of dollars		*In thousands of dollars*	
Net (loss) earnings for the period	$ (5,465)	$ 1, 637	$ (5,575)	$ 2,258
Add (subtract):				
Depreciation and amortization	715	788	1,463	1,579
Impairment of goodwill and intangible assets	6,350	-	6,350	-
Finance costs	271	301	541	614
Other income	(25)	(20)	(46)	(41)
EBITDA	$ 1,846	$ 2,706	$ 2,733	$ 4,410

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this management's discussion and analysis may constitute forward-looking statements within the meaning of applicable securities laws. All statements other than statements of historical fact are forward-looking statements. These statements include but are not limited to statements regarding management's intent, belief or current expectations with respect to market and general economic conditions, future costs and operating performance. Generally, but not always, forward-looking statements will be indicated by words such as "may", "will", "intend", "anticipate", "expect", "believe", "plan", "forecast", "is budgeting for" or similar terminology.

Forward-looking statements are subject to known and unknown risks and uncertainties that may cause the actual results, performance or achievements of the Corporation or FPLP, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the current general economic uncertainty, FPLP's ability to effectively manage growth and maintain its profitability, FPLP's ability to operate in a highly competitive industry, FPLP's ability to compete with other forms of media, FPLP's ability to attract advertisers, FPLP's reliance upon key personnel, FPLP's relatively high fixed costs, FPLP's dependence upon particular advertising customer segments, indebtedness incurred in making acquisitions, the availability of financing for capital improvements, the availability of an extension or refinancing of FPLP's term loan facilities, costs related to capital expenditures, cyclical and seasonal variations in FPLP's revenues, the risk of acts of terrorism, the cost of newsprint, the potential for labour disruptions, the risk of equipment failure, and the effect of Canadian tax laws. Additional information about these and other factors is discussed in our Annual Management Discussion and Analysis dated March 8, 2018, which is available at www.sedar.com.

In addition, although the forward-looking statements contained in this management's discussion and analysis are based upon what management of FPLP believes are reasonable assumptions, such assumptions may prove to be incorrect.

Forward-looking statements speak only as of the date hereof and, except as required by law, the Corporation and FPLP assume no obligation to update or revise them to reflect new events or circumstances. Because forward-looking statements are inherently uncertain, readers should not place undue reliance on them.

FP Newspapers Inc.
Condensed Balance Sheets
(unaudited, in thousands of Canadian dollars)

	Note	As at June 30, 2018	As at December 30, 2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 545	$ 735
Prepaid expenses and other assets		3	-
		548	735
LONG-TERM ASSETS			
Investment in FP Canadian Newspapers Limited Partnership	3	4,053	6,411
TOTAL ASSETS		$ 4,601	$ 7,146
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		67	69
Income taxes payable		161	175
		228	244
LONG-TERM LIABILITIES			
Deferred income tax liability		580	835
TOTAL LIABILITIES		808	1,079
SHAREHOLDERS' EQUITY			
Share capital		71,373	71,373
Deficit		(67,580)	(65,306)
TOTAL SHAREHOLDERS' EQUITY		3,793	6,067
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 4,601	$ 7,146

(See accompanying notes)

FP Newspapers Inc.
Condensed Statements of Earnings (Loss) and Comprehensive (Loss)
(unaudited, in thousands of Canadian dollars except per share amounts)

	Note	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Equity interest from FP Canadian Newspapers Limited Partnership Class A limited partner units	3	$ 434	$ 802	$ 380	$ 1,107
Write-down of investment in FP Canadian Newspapers Limited Partnership Class A limited partner units		(3,112)	-	(3,112)	-
Administration expenses		(46)	(35)	(84)	(65)
Other income		1	-	2	-
Net (loss) earnings before income taxes		(2,723)	767	(2,814)	1,042
Current income tax (expense)		(86)	(159)	(89)	(175)
Deferred income tax recovery (expense)		346	(42)	356	(115)
Net (loss) earnings for the period		**$ (2,463)**	**$ 566**	**$ (2,547)**	**$ 752**
Items that will not be reclassified to net earnings:					
Equity interest of other comprehensive earnings (loss) from FP Canadian Newspaper Limited Partnership	3	430	(1,071)	374	(1,061)
Deferred income tax recovery (expense)		(116)	289	(101)	287
Comprehensive (loss) for the period		**$ (2,149)**	**$ (216)**	**$ (2,274)**	**$ (22)**
Weighted average number of Common Shares outstanding		6,902,592	6,902,592	6,902,592	6,902,592
Net (loss) earnings per share – basic and diluted		$ (0.357)	$ 0.082	$ (0.369)	$ 0.109

(See accompanying notes)

FP Newspapers Inc.
Condensed Statements of Changes in Equity
(unaudited, in thousands of Canadian dollars)

	Share Capital	Deficit	Total Shareholders' Equity
At December 30, 2016	$ 71,373	$ (62,674)	$ 8,699
Net earnings for the period	-	752	752
Other comprehensive (loss) for the period	-	(774)	(774)
Comprehensive (loss) for the period	-	(22)	(22)
At June 30, 2017	$ 71,373	$ (62,696)	$ 8,677
At December 30, 2017	$ 71,373	$ (65,306)	$ 6,067
Net loss for the period	-	(2,547)	(2,547)
Other comprehensive income for the period	-	273	273
Comprehensive (loss) for the period	-	(2,274)	(2,274)
At June 30, 2018	$ 71,373	$ (67,580)	$ 3,793

(See accompanying notes)

FP Newspapers Inc.
Condensed Statements of Cash Flows
(unaudited, in thousands of Canadian dollars)

	Note	Three months Ended June 30, 2018	Three months Ended June 30, 2017	Six months Ended June 30, 2018	Six months Ended June 30, 2017
CASH PROVIDED BY (USED IN):					
OPERATING ACTIVITIES					
Net (loss) earnings for the period		$ (2,463)	$ 566	$ (2,547)	$ 752
Items not affecting cash:					
Equity interest from Class A Units of FP Canadian Newspapers Limited Partnership	3	(434)	(802)	(380)	(1,107)
Non-cash write-down of investment in FP Canadian Newspapers Limited Partnership		3,112	-	3,112	-
Deferred income tax (recovery) expense		(346)	42	(356)	115
Net change in non-cash working capital items		4	156	(19)	24
DECREASE IN CASH AND CASH EQUIVALENTS		(127)	(38)	(190)	(216)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD		672	495	735	673
CASH AND CASH EQUIVALENTS – END OF PERIOD		$ 545	$ 457	$ 545	$ 457
Supplemental cash flow information:					
Income tax paid		$ 103	$ -	$ 103	$ 100

(See accompanying notes)

1. GENERAL INFORMATION

FP Newspapers Inc. ("FPI"), which was incorporated under the Canada Business Corporations Act on March 17, 2010, owns securities entitling it to 49% of the distributable cash as defined in the partnership agreement of FP Canadian Newspapers Limited Partnership ("FPLP"). FPLP is a limited partnership formed under the laws of British Columbia on August 9, 1999. It owns the Winnipeg Free Press, the Brandon Sun and other newspapers, printing and media businesses. The address of FPI's registered office is Suite 2900, P.O. Box 11583, 650 West Georgia Street, Vancouver, British Columbia, V6B 4N8.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 "Interim Financial Reporting". In accordance with GAAP, these financial statements do not include all of the financial statement disclosures required for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 30, 2017. In management's opinion, the financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim period presented.

These financial statements were approved by the Board of Directors of FPI on August 23, 2018.

Accounting Policies

The accounting policies adopted in preparation of the condensed financial statements are consistent with those followed in the preparation of FPI's annual financial statements for the year ended December 31, 2017, except for the adoption of IFRS 15 "*Revenue from Contracts with Customers*" and IFRS 9 "*Financial Instruments*" which were effective January 1, 2018. The nature and impact of the adoption of these standards is described below.

IFRS 15 - Revenue from Contracts with Customers
FPI adopted IFRS 15 "*Revenue from Contracts with Customers*" in accordance with the modified retrospective transitional approach. There were no transitional adjustments or changes to the FPI's revenue recognition policies required on adoption of this standard.

IFRS 9 - Financial Instruments
IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

FPI adopted IFRS 9 "*Financial Instruments*", effective January 1, 2018. In accordance with the transitional provisions, FPI has not restated comparative information for 2017 for financial instruments within the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018 in accordance with IFRS 9. There were no transitional adjustments required on adoption of this standard. Due to the limited financial instruments held by FPI, the standard did not have an impact on the financial statements.

The measurement categories for financial assets under IAS 39, fair value through profit or loss ("FVTPL"), available for sale ("AFS"), and held-to-maturity and amortized cost have been replaced by the following categories under IFRS 9:

- Debt instruments at amortized cost;
- Debt instruments at fair value through other comprehensive income ("FVOCI"), with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition;
- Financial assets at FVTPL

(unaudited, tabular amounts in thousands of Canadian dollars)

Under IFRS 9, the classification of debt instruments is based on two criteria: FPI's business model for managing the assets; and whether the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the 'SPPI criterion'). The assessment of a FPI's business models and contractual cash flows of debt instruments is made as of the date of initial application.

Under IFRS 9, equity instruments are generally classified as FVTPL. For equity instruments that are not held for trading, FPI can make an irrevocable election on initial recognition to classify the instrument as FVOCI with no recycling of gains or losses to profit or loss on derecognition. This election is available on an instrument-by-instrument basis.

Other financial liabilities
The accounting for the FPLP's financial liabilities remains the same as it was under IAS 39. Other financial liabilities will continue to be measured at amortized cost using the effective interest rate method.

The adoption of IFRS 9 did not have an impact on the financial statements.

3. INVESTMENT IN FP CANADIAN NEWSPAPERS LIMITED PARTNERSHIP

FPI holds all of the Class A limited partner Units of FPLP, which entitles it to 49% of the distributable cash, as defined in the Partnership Agreement of FPLP.

The investment in FPLP is summarized as follows:

	Class A limited partner units
Balance at December 30, 2016	$ 8,782
Equity interest in net earnings and comprehensive income for the year ended December 30, 2017	569
Non-cash write-down of investment in FP Canadian Newspapers Limited Partnership Class A limited partner units	(2,940)
Balance at December 30, 2017	$ 6,411
Equity interest in net earnings and comprehensive income for the six months ended June 30, 2018	754
Non-cash write-down of investment in FP Canadian Newspapers Limited Partnership Class A limited partner units	(3,112)
Balance at June 30, 2018	$ 4,053

(unaudited, tabular amounts in thousands of Canadian dollars)

The equity interest from FPI's investment in Class A limited partner units and the equity interest in the other comprehensive income of FPLP are calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Net (loss) earnings of FPLP	$ (5,465)	$ 1,637	$ (5,575)	$ 2,258
Add back impairment of goodwill and intangible assets recorded by FPLP	6,350	-	6,350	-
Net earnings of FPLP before goodwill and intangible assets impairment charge	885	1,637	775	2,258
Interest attributable to FPI	49%	49%	49%	49%
Equity interest in net earnings of FPLP before goodwill and intangible assets impairment charge	434	802	380	1,107
Other comprehensive earnings (loss) of FPLP	877	(2,186)	763	(2,166)
Interest attributable to FPI	49%	49%	49%	49%
Equity interest in other comprehensive (loss) of FPLP	$ 430	$ (1,071)	$ 374	$ (1,061)

Due to continued declines in revenue and earnings experienced by FPLP, FPI determined that objective evidence of impairment existed in its investment in FPLP. The recoverable amount, based on fair value less costs to dispose, of the investment was determined by applying a market multiple of 4.2 to the trailing twelve month EBITDA of FPLP at June 30, 2018. The market multiple was considered to be a level 3 input within the IFRS 13 fair value hierarchy.

4. FINANCIAL INSTRUMENTS

The fair value of current assets and liabilities including cash and cash equivalents and accounts payable and accrued liabilities approximates their carrying value due to the short-term nature of these financial instruments.

FPI does not carry any assets or liabilities at fair value, and therefore does not prepare a fair value hierarchy.

FP Canadian Newspapers Limited Partnership
Condensed Consolidated Balance Sheets
(unaudited, in thousands of Canadian dollars)

	Note	As at June 30, 2018	As at December 31, 2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 8,165	$ 6,698
Accounts receivable		5,716	6,399
Inventories		931	1,034
Prepaid expenses and other assets		889	1,230
		15,701	15,361
LONG-TERM ASSETS			
Property, plant and equipment		25,313	26,581
Intangible assets		2,870	6,041
Goodwill		-	3,350
TOTAL ASSETS		$ 43,884	$ 51,333
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		$ 4,799	$ 5,207
Prepaid subscriptions and deferred revenue		2,719	2,673
Finance lease obligation		1,051	820
Mortgage loan		62	61
Term loan	6	1,000	1,000
		9,631	9,761
LONG-TERM LIABILITIES			
Accrued pension benefit liability		1,239	2,097
Finance lease obligation		-	638
Mortgage loan		772	801
Term loan	6	23,945	24,927
TOTAL LIABILITIES		35,587	38,224
UNITHOLDERS’ EQUITY			
Partner units		98,280	98,280
Deficit		(89,983)	(85,171)
TOTAL UNITHOLDERS’ EQUITY		8,297	13,109
TOTAL LIABILITIES AND UNITHOLDERS’ EQUITY		$ 43,884	$ 51,333

(See accompanying notes)

FP Canadian Newspapers Limited Partnership
Condensed Consolidated Statements of Income (Loss) and Statements of Comprehensive Income (Loss)
(unaudited, in thousands of Canadian dollars)

	Note	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Revenue					
Print advertising		$ 9,700	$ 10,825	$ 18,511	$ 21,157
Circulation		6,224	6,224	11,970	12,206
Commercial printing		766	1,036	1,632	2,170
Digital		558	528	1,032	1,100
Promotion and services		127	182	300	380
TOTAL REVENUE		17,375	18,795	33,445	37,013
Operating expenses					
Employee compensation		7,620	7,791	15,259	15,807
Newsprint and other paper		1,523	1,568	2,911	3,106
Delivery of newspapers		3,205	3,318	6,235	6,570
Other		3,157	3,341	6,278	6,861
Depreciation and amortization		715	788	1,463	1,579
Restructuring charge		24	71	29	259
Operating income before impairment		1,131	1,918	1,270	2,831
Impairment of goodwill and intangible assets		(6,350)	-	(6,350)	-
OPERATING (LOSS) INCOME		(5,219)	1,918	(5,080)	2,831
Other income		25	20	46	41
Finance costs	4	(271)	(301)	(541)	(614)
NET (LOSS) EARNINGS FOR THE PERIOD		$ (5,465)	$ 1,637	$ (5,575)	$ 2,258
Items that will not be reclassified to net earnings:					
Remeasurements for defined benefit pension plan		877	(2,186)	763	(2,166)
COMPREHENSIVE (LOSS) EARNINGS FOR THE PERIOD		$ (4,588)	$ (549)	$ (4,812)	$ 92

(See accompanying notes)

FP Canadian Newspapers Limited Partnership
Condensed Consolidated Statements of Changes in Equity
(unaudited, in thousands of Canadian dollars)

	Partner Units	Deficit	Total Unitholders' Equity
UNITHOLDERS' EQUITY – DECEMBER 31, 2016	$ 98,280	$ (80,333)	$ 17,947
Net earnings for the period	-	2,258	2,258
Other comprehensive (loss) for the period	-	(2,166)	(2,166)
Comprehensive income for the period	-	92	92
UNITHOLDERS' EQUITY – JUNE 30, 2017	$ 98,280	$ (80,241)	$ 18,039
UNITHOLDERS' EQUITY – DECEMBER 31, 2017	$ 98,280	$ (85,171)	$ 13,109
Net (loss) for the period	-	(5,575)	(5,575)
Other comprehensive earnings for the period	-	763	763
Comprehensive (loss) for the period	-	(4,812)	(4,812)
UNITHOLDERS' EQUITY – JUNE 30, 2018	$ 98,280	$ (89,983)	$ 8,297

(See accompanying notes)

FP Canadian Newspapers Limited Partnership
Unaudited Condensed Consolidated Statements of Cash Flows
(unaudited, in thousands of Canadian dollars)

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash provided by (used in):				
Operating activities				
Net (loss) earnings for the period	$ (5,465)	$ 1,637	$ (5,575)	$ 2,258
Items not affecting cash:				
Depreciation and amortization	715	788	1,463	1,579
Accretion of term loan related to financing costs	9	9	18	18
Impairment of goodwill and intangible assets	6,350	-	6,350	-
(Gain) on disposal of property, plant and equipment	(2)	-	(2)	-
(Excess) of pension contribution over expense	(29)	(298)	(271)	(1,121)
	1,578	2,136	1,983	2,734
Net change in non-cash working capital items	278	(213)	939	2,447
	1,856	1,923	2,922	5,181
INVESTING ACTIVITIES				
Purchases of property, plant and equipment	(18)	(16)	(22)	(23)
Purchase of intangible assets	-	(12)	-	(46)
Proceeds from sale of property, plant and equipment	2	-	2	-
	(16)	(28)	(20)	(69)
FINANCING ACTIVITIES				
Principal repayments of finance lease	(204)	(198)	(407)	(444)
Principal repayments of mortgage loan	(13)	(15)	(28)	(30)
Principal repayment of term loan	(1,000)	(1,000)	(1,000)	(3,000)
	(1,217)	(1,213)	(1,435)	(3,474)
INCREASE IN CASH AND CASH EQUIVALENTS	623	682	1,467	1,638
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	7,542	10,926	6,698	9,970
CASH AND CASH EQUIVALENTS – END OF PERIOD	$ 8,165	$ 11,608	$ 8,165	$ 11,608
Supplemental Cash Flow Information:				
Interest paid during the period	$ 271	$ 303	$ 523	$ 603
Interest received during the period	24	21	43	40

(See accompanying notes)

1. GENERAL INFORMATION

FP Canadian Newspapers Limited Partnership ("FPLP") is a limited partnership formed on August 9, 1999 in accordance with the laws of British Columbia. FPLP publishes, prints and distributes daily and weekly newspapers and specialty publications, delivers advertising materials in the Manitoba market and provides commercial printing services. The address of the registered office of its managing general partner, FPCN General Partner Inc., is Suite 2900, P.O. Box 11583, 650 West Georgia Street, Vancouver, British Columbia, V6B 4N8.

These interim condensed consolidated financial statements include the operating businesses owned by FPLP. The managing general partner of FPLP is FPCN General Partner Inc. ("FPGP"). These interim condensed consolidated financial statements include only the assets, liabilities, revenues and expenses of FPLP and its subsidiaries and do not include the other assets, liabilities, revenues and expenses, including income taxes of the partners.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 "Interim Financial Reporting". In accordance with GAAP, these financial statements do not include all of the financial statement disclosures required for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017. In management's opinion, the financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim periods presented.

These interim condensed consolidated financial statements were approved by the Board of Directors of FPGP on August 23, 2018.

FPLP's advertising revenue is seasonal. Advertising revenue and accounts receivable are highest in the second and fourth fiscal quarters, while expenses are relatively constant throughout the fiscal year.

Accounting Policies

The accounting policies adopted in preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the FPLP's annual consolidated financial statements for the year ended December 31, 2017, except for the adoption of IFRS 15 "*Revenue from Contracts with Customers*" and IFRS 9 "*Financial Instruments*" which were effective January 1, 2018. The nature and impact of the adoption of these standards is described below.

IFRS 15 - Revenue from Contracts with Customers
FPLP adopted IFRS 15 "Revenue from Contracts with Customers" in accordance with the modified retrospective transitional approach. There were no transitional adjustments or changes to the FPLP's revenue recognition policies required on adoption of this standard. As FPLP's contracts with customers are for a term of one year or less, FPLP applied the practical expedient to expense incremental contract costs.

IFRS 9 - Financial Instruments
IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

FPLP adopted IFRS 9 "*Financial Instruments*", effective January 1, 2018. In accordance with the transitional provisions, FPLP has not restated comparative information for 2017 for financial instruments within the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018 in accordance with IFRS 9. There were no transitional adjustments required on adoption of this standard.

(unaudited, tabular amounts in thousands of Canadian dollars)

The measurement categories for financial assets under IAS 39, fair value through profit or loss ("FVTPL"), available for sale ("AFS"), and held-to-maturity and amortized cost have been replaced by the following categories under IFRS 9:

- Debt instruments at amortized cost;
- Debt instruments at fair value through other comprehensive income ("FVOCI"), with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition;
- Financial assets at FVTPL

Under IFRS 9, the classification of debt instruments is based on two criteria: FPLP's business model for managing the assets; and whether the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the 'SPPI criterion'). The assessment of a FPLP's business models and contractual cash flows of debt instruments is made as of the date of initial application.

Under IFRS 9, equity instruments are generally classified as FVTPL. For equity instruments that are not held for trading, FPLP can make an irrevocable election on initial recognition to classify the instrument as FVOCI with no recycling of gains or losses to profit or loss on derecognition. This election is available on an instrument-by-instrument basis.

Debt instruments at amortized cost
On adoption of IFRS 9, the FPLP's trade and other receivables will continue to be subsequently measured at amortized cost, as these assets are held in order to collect contractual cash flows and the contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. Trade and other receivables are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method less any impairment.

Other financial liabilities
The accounting for FPLP's financial liabilities remains the same as it was under IAS 39. Other financial liabilities will continue to be measured at amortized cost using the effective interest rate method.

Impairment
For trade and other receivables, FPLP has applied the standard's simplified approach and has calculated expected credit losses based on lifetime expected credit losses. FPLP has established a provision matrix that is based on the FPLP's historical credit loss experience, adjusted for forward-looking factors specific to the customers and the economic environment. There are no significant differences between the ending impairment allowances for trade and other receivables under IAS 39 and the opening loss allowance under IFRS 9.

3. EMPLOYEE FUTURE BENEFIT PLANS

The net benefit plan costs included in operating expenses is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Defined benefit pension plan	$ 412	$ 327	$ 824	$ 653

(unaudited, tabular amounts in thousands of Canadian dollars)

4. FINANCE COSTS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Finance costs				
Interest on finance leases	10	16	21	34
Interest on mortgage loan	9	8	18	16
Interest on term loan	243	268	484	546
Accretion of term loan related financing costs	9	9	18	18
Total finance costs	$ 271	$ 301	$ 541	$ 614

5. RELATED PARTY TRANSACTIONS

Total newsprint purchases from Alberta Newsprint Company, a company controlled indirectly by Ronald Stern, for the three and six months ended June 30, 2018 were $930,000 and $2,090,000 ($1,100,000 and $2,300,000 for the three and six months ended June 30, 2017).

6. LONG-TERM DEBT

The long-term debt agreement with HSBC Bank Canada matures on January 31, 2020. Principal repayments of $1,000,000 are due on the first of June each year and a cash sweep is payable no later than 90 days after the end of each fiscal year. The cash sweep is equal to the lesser of $3,500,000 or 25% of FPLP's annual distributable cash as defined in the agreement. In addition to the $483,000 cash sweep payment made on March 31, 2017 for the 2016 fiscal year, a voluntary repayment of $1,517,000 was made and a voluntary early principal repayment was made in November 2017 in the amount of $7,000,000, which eliminates the need for a cash sweep repayment at March 31, 2018. The maximum principal balance under the agreement is $20,000,000 on January 31, 2020. The renewal agreement includes negative covenants which must be observed in order to avoid an accelerated termination of the agreement, including a covenant in favour of HSBC not to pay distributions which exceed distributable cash by more than $1,000,000 in any fiscal year, as well as a covenant not to amend the share capital or permit changes to the beneficial ownership of FPGP. The Loan is secured by substantially all of the assets of FPLP.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of current assets and liabilities including cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates their carrying value due to the short-term nature of these financial instruments. At June 30, 2018 the fair value of the HSBC term loan, based on Level 3 fair value hierarchy inputs, is approximately $25,000,000 (December 31, 2017 $26,000,000). The fair value of the mortgage loan, based on level 3 fair value hierarchy inputs, approximates its carrying value.

The fair value of long-term debt and mortgage payable has been calculated by discounting the expected cash flows of each debt using a discount rate of 3.55% and 4.25%, respectively. The discount rate is determined using a risk free benchmark bond yield for instruments of similar maturity adjusted for the Company's specific credit risk. In determining the adjustment for credit risk, the Company considers market conditions, the underlying values of properties and other assets secured by the associated loan and other indicators of the Company's credit worthiness.

FPLP's financial assets and liabilities are comprised of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and long-term debt which include the term-loan and mortgage loan.

There were no transfers within the fair value hierarchy during the six month ended June 30, 2018.

8. IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS

Due to continued declines in revenue and profitability, FPLP performed an impairment analysis at its cash generating unit ("Goodwill CGU"), which represents the single operating segment of FPLP. The recoverable amount of the goodwill CGU was based on fair value less costs to dispose, determined by applying a market multiple of 4.2 to the trailing twelve month EBITDA of FPLP at June 30, 2018. As a result of the impairment analysis performed, FPLP concluded that the carrying value of goodwill CGU was less than the recoverable amount and accordingly recorded an impairment charge of $3,350,000 and also recorded an impairment of mastheads of $3,000,000. The market multiple was considered to be a level 3 input within the IFRS 13 fair value hierarchy.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this management's discussion and analysis may constitute forward-looking statements within the meaning of applicable securities laws. All statements other than statements of historical fact are forward-looking statements. These statements include but are not limited to statements regarding management's intent, belief or current expectations with respect to market and general economic conditions, future costs and operating performance. Generally, but not always, forward-looking statements will be indicated by words such as “may”, “will”, “intend”, “anticipate”, “expect”, “believe”, “plan”, “forecast”, “is budgeting for” or similar terminology.

Forward-looking statements are subject to known and unknown risks and uncertainties that may cause the actual results, performance or achievements of the Corporation or FPLP, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the current general economic uncertainty, FPLP's ability to effectively manage growth and maintain its profitability, FPLP's ability to operate in a highly competitive industry, FPLP's ability to compete with other forms of media, FPLP's ability to attract advertisers, FPLP's reliance upon key personnel, FPLP's relatively high fixed costs, FPLP's dependence upon particular advertising customer segments, indebtedness incurred in making acquisitions, the availability of financing for capital improvements, the availability of an extension or refinancing of FPLP's term loan facilities, costs related to capital expenditures, cyclical and seasonal variations in FPLP's revenues, the risk of acts of terrorism, the cost of newsprint, the potential for labour disruptions, the risk of equipment failure, and the effect of Canadian tax laws. Additional information about these and other factors is discussed in our Annual Management Discussion and Analysis dated March 8, 2018, which is available at www.sedar.com.

In addition, although the forward-looking statements contained in this management's discussion and analysis are based upon what management of FPLP believes are reasonable assumptions, such assumptions may prove to be incorrect.

Forward-looking statements speak only as of the date hereof and, except as required by law, the Corporation and FPLP assume no obligation to update or revise them to reflect new events or circumstances. Because forward-looking statements are inherently uncertain, readers should not place undue reliance on them.