



FP Newspapers Inc.

Financial Statements

For the Three and Six Months Ended June 30, 2019

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

	Note	As at June 30, 2019	As at December 30, 2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		\$ 348	\$ 418
Prepaid expenses and other assets		3	4
		351	422
LONG-TERM ASSETS			
Investment in FP Canadian Newspapers Limited Partnership	3	4,507	4,808
TOTAL ASSETS		\$ 4,858	\$ 5,230
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 47	\$ 47
Income taxes payable		136	266
		183	313
LONG-TERM LIABILITIES			
Deferred income tax liability		351	578
TOTAL LIABILITIES		534	891
SHAREHOLDERS' EQUITY			
Share capital		71,373	71,373
Deficit		(67,049)	(67,034)
Total Shareholders' Equity		4,324	4,339
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 4,858	\$ 5,230

(See accompanying notes)

FP Newspapers Inc.**Condensed Statements of Income (Loss) and Comprehensive (Loss)**

(unaudited, in thousands of Canadian dollars except per share amounts)

	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2019	2018	2019	2018
Equity interest from FP Canadian Newspapers Limited Partnership Class A limited partner units	3	\$ 850	\$ 434	\$ 970	\$ 380
Write-down of investment in FP Canadian Newspapers Limited Partnership Class A limited partner units		-	(3,112)	-	(3,112)
Administration expenses		(38)	(46)	(74)	(84)
Other income		2	1	3	2
Net income (loss) before income taxes		814	(2,723)	899	(2,814)
Current income tax (expense)		(141)	(86)	(174)	(89)
Deferred income tax (expense) recovery		(37)	346	(35)	356
Net income (loss) for the year		636	\$ (2,463)	690	\$ (2,547)
Items that will not be reclassified to net income (loss):					
Equity interest of other comprehensive (loss) income from FP Canadian Newspapers Limited Partnership	3	(1,352)	430	(967)	374
Deferred income tax recovery (expense)		365	(116)	262	(101)
Comprehensive (loss) for the year		(351)	\$ (2,149)	\$ (15)	\$ (2,274)
Weighted average number of Common Shares outstanding		6,902,592	6,902,592	6,902,592	6,902,592
Net income (loss) per share – basic and diluted		\$ 0.092	\$ (0.357)	\$ 0.100	\$ (0.369)

(See accompanying notes)

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

	Share Capital	Deficit	Total Shareholders' Equity
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
At December 30, 2018	\$ 71,373	\$ (67,034)	\$ 4,339
Net income for the period	-	690	690
Other comprehensive (loss) for the period	-	(705)	(705)
Comprehensive (loss) for the period	-	(15)	(15)
At June 30, 2019	\$ 71,373	\$ (67,049)	\$ 4,324

(See accompanying notes)

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

	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2019	2018	2019	2018
CASH PROVIDED BY (USED IN):					
OPERATING ACTIVITIES					
Net income (loss) for the year		\$ 636	\$ (2,463)	\$ 690	\$ (2,547)
Items not affecting cash:					
Equity interest from Class A Units of FP					
Canadian Newspapers Limited Partnership	3	(850)	(434)	(970)	(380)
Non-cash write-down of investment in FP					
Canadian Newspapers Limited Partnership	3	-	3,112	-	3,112
Deferred income tax expense		37	(346)	35	(356)
Distributions received on class A Units of FP					
Canadian Newspapers Limited Partnership		304	-	304	-
Net change in non-cash working capital items		(131)	4	(129)	(19)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4)	(127)	(70)	(190)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD		352	\$ 672	418	\$ 735
CASH AND CASH EQUIVALENTS – END OF PERIOD		\$ 348	\$ 545	\$ 348	\$ 545
Supplemental Cash Flow information:					
Income tax paid		\$ 277	\$ 103	\$ 304	\$ 103

(See accompanying notes)

FP Newspapers Inc.

Notes to Condensed Financial Statements at June 30, 2019

(unaudited, in thousands of Canadian dollars)

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.

2. SIGNIFICANT ACCOUNTING POLICIES

These interim condensed 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 interim condensed 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, 2018. In management’s opinion, the interim condensed 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 FPI on August 29, 2019.

Accounting Policies

The accounting policies adopted in preparation of the interim condensed financial statements are consistent with those followed in the preparation of the FPI’s annual financial statements for the year ended December 30, 2018, except for the adoption of IFRS 16 “Leases, which was effective January 1, 2019. The nature and impact of the adoption of this standard is described below.

IFRS 16 – Leases

The Company adopted the standard on its effective date of January 1, 2019. FPI is not a party to any lease agreements, therefore the only impact is through the FPI investment in FPLP.

FP Newspapers Inc.
Notes to Condensed Financial Statements at June 30, 2019
(unaudited, in thousands of Canadian dollars)

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, 2017	\$ 6,411
Equity interest in net income and comprehensive income for the year ended December 30, 2018	1,509
Non-cash write-down of investment in FP Canadian Newspapers Limited Partnership Class A limited partner units	(3,112)
Balance at December 30, 2018	\$ 4,808
Equity interest in net income and comprehensive income for the six months ended June 30, 2019	3
Distributions received for the period ended June 30, 2019	(304)
Balance at June 30, 2019	\$ 4,507

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss) of FPLP	\$ 1,735	\$ (5,465)	\$ 1,979	\$ (5,575)
Add back impairment of goodwill and intangible assets recorded by FPLP	-	6,350	-	6,350
Net income of FPLP before goodwill and intangible assets impairment charge	1,735	885	1,979	775
Interest attributable to FPI	49%	49%	49%	49%
Equity interest in net income of FPLP	850	434	970	380
Other comprehensive (loss) income of FPLP	(2,759)	877	(1,973)	763
Interest attributable to FPI	49%	49%	49%	49%
Equity interest in other comprehensive income (loss) of FPLP	\$ (1,352)	\$ 430	\$ (967)	\$ 374

4. FINANCIAL INSTRUMENTS

The fair value of current assets and liabilities including cash and cash equivalents and accounts payable 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

Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2019

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

	Note	As at June 30, 2019	As at December 31, 2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		\$ 3,028	\$ 4,270
Accounts receivable		5,227	5,778
Income tax credit receivable	7	500	-
Inventories		844	954
Prepaid expenses and other assets		852	1,175
		10,451	12,177
LONG-TERM ASSETS			
Property, plant and equipment		23,119	24,117
Intangible assets		2,606	2,734
TOTAL ASSETS		\$ 36,176	\$ 39,028
LIABILITIES AND UNITHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 4,907	5,105
Prepaid subscriptions and deferred revenue		2,899	2,771
Lease obligation	2	105	637
Mortgage loan		56	61
Term loan	6	15,482	1,000
		23,449	9,574
LONG-TERM LIABILITIES			
Accrued pension benefit liability		2,662	904
Lease obligation	2	115	-
Mortgage loan		724	746
Term loan	6	-	17,964
TOTAL LIABILITIES		26,950	29,188
UNITHOLDERS' EQUITY			
Partner units		98,280	98,280
Deficit		(89,054)	(88,440)
TOTAL UNITHOLDERS' EQUITY		9,226	9,840
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY		\$ 36,176	\$ 39,028

(See accompanying notes)

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

		Three Months Ended June 30,		Six Months Ended June 30,	
	Note	2019	2018	2019	2018
Revenue					
Print advertising		\$ 9,078	\$ 9,700	\$ 17,095	\$ 18,511
Circulation		6,242	6,224	12,126	11,970
Commercial printing		912	766	1,751	1,632
Digital advertising		626	558	1,228	1,032
Promotion and services		113	127	264	300
TOTAL REVENUE		16,971	17,375	32,464	33,445
Operating expenses					
Employee compensation	7	6,789	7,620	14,050	15,259
Newsprint and other paper		1,410	1,523	2,725	2,911
Delivery		2,854	3,205	5,574	6,235
Other		3,244	3,157	6,270	6,278
Depreciation and amortization		715	715	1,436	1,463
Restructuring charge		40	24	40	29
Operating income before impairment		1,919	1,131	2,369	1,270
Impairment of goodwill and intangible assets		-	(6,350)	-	(6,350)
OPERATING INCOME (LOSS)		1,919	(5,219)	2,369	(5,080)
Other income		12	25	28	46
Finance costs	4	(196)	(271)	(418)	(541)
NET INCOME (LOSS) FOR THE PERIOD		\$ 1,735	\$ (5,465)	\$ 1,979	\$ (5,575)
Items that will not be reclassified to net earnings:					
Remeasurements for defined benefit pension plan		(2,759)	877	(1,973)	763
COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		\$ (1,024)	\$ (4,588)	\$ 6	\$ (4,812)

(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, 2017	\$ 98,280	\$ (85,171)	\$ 13,109
Net (loss) for the period	-	(5,575)	(5,575)
Other comprehensive income 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
UNITHOLDERS' EQUITY – DECEMBER 31, 2018	\$ 98,280	\$ (88,440)	\$ 9,840
Net income for the period	-	1,979	1,979
Other comprehensive (loss) for the period	-	(1,973)	(1,973)
Comprehensive income for the period	-	6	6
Distributions paid	-	(620)	(620)
UNITHOLDERS' EQUITY – JUNE 30, 2019	\$ 98,280	\$ (89,054)	\$ 9,226

(See accompanying notes)

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net earnings (loss) for the period	\$ 1,735	\$ (5,465)	\$ 1,979	\$ (5,575)
Items not affecting cash:				
Depreciation and amortization	715	715	1,436	1,463
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	(169)	(29)	(383)	(271)
	2,290	1,578	3,050	1,983
Net change in non-cash working capital items	169	278	582	939
	2,459	1,856	3,632	2,922
INVESTING ACTIVITIES				
Purchases of property, plant and equipment	(11)	(18)	(25)	(22)
Purchase of intangible assets	(3)	-	(15)	-
Proceeds from sale of property, plant and equipment	-	2	-	2
	(14)	(16)	(40)	(20)
FINANCING ACTIVITIES				
Distributions to partners	(620)	-	(620)	-
Principal repayments of finance lease	(454)	(204)	(687)	(407)
Principal repayments of mortgage loan	(14)	(13)	(27)	(28)
Principal repayment of term loan	(1,000)	(1,000)	(3,500)	(1,000)
	(2,088)	(1,217)	(4,834)	(1,435)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	357	623	(1,242)	1,467
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	2,671	7,542	4,270	6,698
CASH AND CASH EQUIVALENTS – END OF PERIOD	\$ 3,028	\$ 8,165	\$ 3,028	\$ 8,165
Supplemental Cash Flow Information:				
Interest paid during the period	\$ 190	\$ 271	\$ 455	\$ 523
Interest received during the period	\$ 13	\$ 24	\$ 29	\$ 43

(See accompanying notes)

FP Canadian Newspapers Limited Partnership
Notes to the Condensed Consolidated Financial Statements as at June 30, 2019
(unaudited, in thousands of Canadian dollars)

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, 2018. 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 29, 2019.

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, 2018, except for the adoption of IFRS 16 “Leases” which was effective January 1, 2019. The nature and impact of the adoption of these standards is described below.

IFRS 16 – Leases

IFRS 16, *Leases* replaces IAS 17, *Leases* and related interpretations. On adoption of IFRS 16 the Company recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of January 1, 2019. The lessee’s incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 3.48%.

In accordance with the transitional provisions, FPLP has not restated comparative information for 2018 for right-of-use-assets and lease liabilities. The presentation of right-of-use assets and lease liabilities on the balance sheet will be within property plant and equipment assets and lease obligation liabilities respectively. The adoption of the standard resulted in an increase to property, plant and equipment assets of \$247,000 and lease obligation liabilities of \$247,000 on the Consolidated Balance Sheet as of January 1, 2019.

Prior to January 1, 2019, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

FP Canadian Newspapers Limited Partnership
Notes to the Condensed Consolidated Financial Statements as at June 30, 2019
(unaudited, in thousands of Canadian dollars)

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise small items of equipment.

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,	
	2019	2018	2019	2018
Defined benefit pension plan	\$ 333	\$ 412	\$ 666	\$ 824

4. FINANCE COSTS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Finance costs				
Interest on finance leases	3	10	10	21
Interest on mortgage loan	9	9	18	18
Interest on term loan	175	243	372	484
Accretion of term loan related financing costs	9	9	18	18
Total finance costs	\$ 196	\$ 271	\$ 418	\$ 541

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, 2019 were \$957,000 and \$1,907,000 (\$930,000 and \$2,090,000 for the three and six months ended June 30, 2018).

FP Canadian Newspapers Limited Partnership
Notes to the Condensed Consolidated Financial Statements as at June 30, 2019
(unaudited, in thousands of Canadian dollars)

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 \$6,000,000 voluntary principal repayment made in November 2018, a voluntary principal repayment of \$2,500,000 was made in March 2019. 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 FPLP. The financial ratios are calculated in accordance with the HSBC credit agreement on a quarterly basis and at June 30, 2019 FPLP was in compliance with all the terms and conditions of its debt agreement. The Loan is secured by substantially all of the assets of FPLP.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with existing and future financial liabilities that are and will be settled by delivering cash or another financial asset as they come due. The Company's most significant financial obligation relates to its long-term debt which matures on January 31, 2020 (note 6). Management and the controlling shareholder have ongoing discussions with the lender relating to the loan, which include the approaching maturity date. FPLP believes that it has access to sufficient capital through current cash and cash equivalent balances, future internally generated cash flows and external sources (bank credit markets and debt capital markets) to meet current cash flow forecasts for the next twelve months.

7. INCOME TAX CREDIT RECEIVABLE

Income tax credit receivable relates to an estimated recovery of \$500,000 for the new refundable tax credit for qualifying Canadian journalism organizations that was approved as part of the federal budget on June 21, 2019. The eligible amount of the credit to date has been recorded as a reduction to employee compensation cost within the statement of income.

8. 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, 2019 the fair value of the HSBC term loan, based on Level 3 fair value hierarchy inputs, is approximately \$15,500,000 (December 31, 2018 \$19,000,000). 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, lease obligations 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, 2019.

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 April 17, 2019, 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.