

Postmedia Network Canada Corp.
Consolidated Statements of Operations
(UNAUDITED)

(In thousands of Canadian dollars, except per share amounts)	For the three months ended		For the six months ended	
	February 28,		February 28,	
	2019	2018	2019	2018
Revenues				
Print advertising	60,096	70,071	137,187	161,196
Print circulation	50,705	53,612	104,156	111,625
Digital	28,185	26,372	60,932	57,661
Other	6,713	7,522	14,697	16,085
Total revenues	145,699	157,577	316,972	346,567
Expenses				
Compensation	57,008	49,347	115,332	115,711
Newsprint	8,862	9,057	18,622	19,858
Distribution	29,432	31,924	60,875	67,385
Production	18,433	18,952	39,354	41,000
Other operating	27,292	27,184	56,411	57,589
Operating income before depreciation, amortization, impairment and restructuring	4,672	21,113	26,378	45,024
Depreciation	4,288	5,191	9,287	10,526
Amortization	3,329	4,278	7,521	7,667
Impairment	6,600	-	6,600	-
Restructuring and other items	1,095	3,570	3,773	10,494
Operating income (loss)	(10,640)	8,074	(803)	16,337
Interest expense	7,034	6,801	14,219	14,353
Gain on disposal of operations	-	-	-	(4,676)
Net financing expense related to employee benefit plans	540	736	1,081	1,471
Gain on disposal of property and equipment and assets held-for-sale	(11,671)	-	(11,445)	(1,542)
(Gain) loss on derivative financial instruments	869	2,565	1,426	(535)
Foreign currency exchange (gains) losses	(1,542)	(776)	1,205	2,745
Earnings (loss) before income taxes	(5,870)	(1,252)	(7,289)	4,521
Provision for income taxes	-	-	-	-
Net earnings (loss) from continuing operations	(5,870)	(1,252)	(7,289)	4,521
Net earnings from discontinued operations, net of tax of nil	791	-	791	-
Net earnings (loss) attributable to equity holders of the Company	(5,079)	(1,252)	(6,498)	4,521
Earnings (loss) per share from continuing operations				
Basic	\$(0.06)	\$(0.01)	\$(0.08)	\$0.05
Diluted	\$(0.06)	\$(0.01)	\$(0.08)	\$0.05
Earnings per share attributable from discontinued operations				
Basic	\$0.01	\$ -	\$0.01	\$ -
Diluted	\$0.01	\$ -	\$0.01	\$ -
Earnings (loss) per share attributable to equity holders of the Company				
Basic	\$(0.05)	\$(0.01)	\$(0.07)	\$0.05
Diluted	\$(0.05)	\$(0.01)	\$(0.07)	\$0.05

Postmedia Network Canada Corp.
Consolidated Statements of Financial Position
(UNAUDITED)

(In thousands of Canadian dollars)	As at February 28, 2019	As at August 31, 2018 <small>(revised)</small>
Assets		
Current Assets		
Cash	18,471	26,037
Restricted cash	5,713	5,711
Accounts receivable	64,620	68,069
Assets held-for-sale	24,475	6,827
Inventory	6,173	6,219
Prepaid expenses and other assets	12,074	9,561
Total current assets	131,490	122,424
Non-Current Assets		
Property and equipment	113,085	154,465
Derivative financial instruments	1,053	2,479
Intangible assets	66,565	73,895
Total assets	312,193	353,263
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	52,486	62,833
Provisions	12,194	18,666
Deferred revenue	27,673	28,994
Current portion of long-term debt	15,522	8,718
Total current liabilities	107,875	119,211
Non-Current Liabilities		
Long-term debt	238,334	264,022
Employee benefit obligations and other liabilities	77,105	62,703
Provisions	339	526
Total liabilities	423,653	446,462
Deficiency		
Capital stock	810,861	810,836
Contributed surplus	14,297	13,589
Deficit	(936,618)	(917,624)
Total deficiency	(111,460)	(93,199)
Total liabilities and deficiency	312,193	353,263

Postmedia Network Canada Corp.
Consolidated Statements of Cash Flows
(UNAUDITED)

(In thousands of Canadian dollars)	For the three months ended February 28,		For the six months ended February 28,	
	2019	2018	2019	2018
Cash Generated (Utilized) by:				
Operating Activities				
Net earnings (loss) attributable to equity holders of the Company	(5,079)	(1,252)	(6,498)	4,521
Items not affecting cash:				
Depreciation	4,288	5,191	9,287	10,526
Amortization	3,329	4,278	7,521	7,667
Impairment	6,600	-	6,600	-
Gain on disposal of operations	-	-	-	(4,676)
(Gain) loss on derivative financial instruments	869	2,565	1,426	(535)
Non-cash interest	4,580	3,655	9,120	7,477
Gain on disposal of property and equipment and assets held-for-sale	(11,671)	-	(11,445)	(1,542)
Non-cash foreign currency exchange (gains) losses	(1,525)	(730)	1,236	2,806
Gain on sale of discontinued operations	(791)	-	(791)	-
Share-based compensation plans	281	2,530	708	2,530
Net financing expense relating to employee benefit plans	540	736	1,081	1,471
Non-cash compensation expense of employee benefit plans	1,204	-	421	-
Employee benefit plan funding in excess of compensation expense	-	(3,741)	-	(3,800)
Net change in non-cash operating accounts	4,960	(11,388)	(16,281)	(27,059)
Cash flows from (used in) operating activities	7,585	1,844	2,385	(614)
Investing Activities				
Net proceeds from the sale of property and equipment and assets held-for-sale	20,344	-	20,735	9,829
Purchases of property and equipment	(1,279)	(134)	(1,445)	(283)
Purchases of intangible assets	(22)	(190)	(191)	(429)
Cash flows from (used in) investing activities	19,043	(324)	19,099	9,117
Financing activities				
Repayment of long-term debt	(20,355)	-	(29,073)	(79,442)
Advances from (repayments of) senior secured asset-based revolving credit facility	-	(2,000)	-	12,000
Restricted cash	391	(2)	(2)	62,042
Share issuance costs	25	-	25	-
Cash flow used in financing activities	(19,939)	(2,002)	(29,050)	(5,400)
Net change in cash for the period	6,689	(482)	(7,566)	3,103
Cash at beginning of period	11,782	14,433	26,037	10,848
Cash at end of period	18,471	13,951	18,471	13,951
Supplemental disclosure of operating cash flows				
Interest paid	380	87	5,890	8,903
Income taxes paid	-	-	-	-