Consolidated Financial Statements of

GLACIER MEDIA INC.

December 31, 2009 and 2008

President's Message

2009 was a challenging year for Glacier as revenue and EBITA were negatively impacted by the recession.

For the twelve months ending December 31, 2009, Glacier's revenue declined 8.0% to $229.1 million from $249.1 million for the year prior. Cash flow from operations (before changes in non-cash operating accounts and non-recurring items) declined 32.0% to $30.5 million and earnings before interest, taxes and amortization (EBITA) declined 30.9% to $35.8 million compared to the year prior. Net income (before non-recurring items) declined 36.6% to $22.2 million.

Cash flow from operations (before changes in non-cash operating accounts and non-recurring items) per share declined 31.7% to $0.33 for the twelve months ending December 31, 2009 from $0.48 for 2008.

Operating Performance

The significant downturn in the economy caused a reduction in advertising and other customer spending across the majority of Glacier's operations. On a same-store basis for 2009, revenues declined 7% for the business and professional information group, and 11% for the local newspaper and trade information group.

Revenues began to decline in December of 2008 then gradually worsened during the first three quarters of 2009. The third quarter decline was the largest with consolidated revenue down 15.2% compared to prior year. Revenues fell the most during July and August when local newspaper and trade advertisers cut back spending to save money during the period of slower summer business and consumer activity, given the challenges the recession had caused for many advertisers. Revenues then improved in September as local newspaper and business and professional revenues both recovered to 90% of prior year levels, with local newspaper revenues being 10.3% less than prior year and business and professional revenues being 9.7% less. For comparative purposes, it is important to note that 2008 represented record revenue levels for Glacier. Glacier's consolidated revenue grew 15.1% in 2008 compared to the year prior, with organic revenue generating approximately half of the growth. Revenue grew strongly until and including October of 2008, grew at a slower pace in November of 2008, then declined 3% in December.

Glacier's sales improved significantly in the fourth quarter of 2009. Consolidated revenues for the quarter ending December 31, 2009 were $60.0 million, representing a decline of only 2.4% from the fourth quarter of 2008.

Consolidated EBITA increased 9.9% to $11.1 million for the fourth quarter of 2009 compared to 2008. The improved profitability was a result of both improved revenues and cost reduction measures (see following).

The fourth quarter results reflect improvements that appear to be slowly taking place in a number of our markets and operations. In particular, newspaper revenues have improved, including local, national, automotive and real estate advertising. Environmental, financial, agriculture, medical, mining and other business and trade information areas have also shown indications of growth. Subscription revenues for Glacier's paid local newspapers, energy, technical and regulatory information and business directories continued to be resilient.

A number of efforts were made during 2009 to increase sales effectiveness despite the recession. These have proven successful, as Glacier's revenue declines have been less than other media companies, and many businesses in general. New revenues were generated in a number of areas including special publishing initiatives, special features, supplements, new community magazines, production and promotion of community events, custom publishing, sponsored industry specific research studies, conferences and tradeshows, new directories, and other new revenue initiatives. Glacier was the exclusive publisher of the Olympic Official Vancouver 2010 Souvenir Program as well as the Olympic Hockey Guide. Efforts continue to be made to leverage and monetize content across print, online, wireless and other channels and platforms.

In this regard, Glacier continued to increase its investment in electronic, wireless and Internet platforms and resources throughout the recession. The investment has resulted in a variety of new sources of revenue for the Company's local newspapers, trade information and business information operations.

Investments to improve printing facilities have also resulted in increased revenues and cash flows as well as improvements in quality. Subsequent to year end, Glacier was awarded the contract to print *The Globe and Mail* for Saskatchewan and Manitoba.

Cost Reduction Strategy and Results

Glacier reduced its cost base significantly during 2009 in order to mitigate the impact of the decline in revenues. As previously reported, management was proactive in the period preceding the recession and began efforts to identify comprehensive cost reduction opportunities and contingency plans at the beginning of 2008 in order to be prepared for a potential economic downturn. Some of these initiatives were implemented during the year which contributed to the higher profit levels achieved in 2008, which made the Company's year-over-year EBITA decline appear greater than would have been the case had management waited until 2009 to reduce costs.

Beginning in the first quarter of 2009, significant additional cost reduction measures were targeted to offset the revenue declines experienced by the Company's operations, including staff layoffs, reduction in hours for part-time employees, reduction in newsprint consumption, and a wide variety of other measures. The Company structured these cost reduction initiatives to reduce operating expenses while maintaining the strength of its businesses and competitiveness as much as possible.

Consequently, management chose to monitor revenue declines as the recession unfolded and phase in cost reductions as required so as not to overreach in the reduction of resources. This was deemed better for the business than cutting costs deeper initially than might have been required and weakening operating strength.

The result of this was that some of the initiatives were implemented part way through the first, second and third quarters, with only a portion of the benefit of the savings being realized in 2009. The full annualized benefit will be realized in 2010. In total, non-variable costs were reduced more than $14 million on an annualized basis.

Variable costs including newsprint consumption and sales commission expense also reduced in 2009 as revenues declined. The reduced newsprint volumes were initially offset by newsprint price increases in January 2009 , which prices remained at this level for the first three months of 2009, then declined and remained at June 2009 levels for the remainder of the year.

The contribution of the cost savings was partially offset by lower advertising rates that resulted from price discounting in some markets. While considerable efforts have been made to maintain prices, some discounting has been required to retain revenue and corresponding profit, albeit at lower margins.

It should also be noted that consolidated general and administrative expenses as reported on the Company's financial statements increased on a year-over-year basis primarily due to the inclusion of full year expenses for those operations acquired at various times during 2008 as well as the proportionate consolidation of a previously equity accounted investee. While same-store general and administrative expenses did increase incrementally due to some wage increases that took effect in the first quarter of 2009 and increased Internet expenses, same-store general and administrative expenses were reduced significantly through the cost reduction measures described.

Part of Glacier's success over the past decade has come from investing in people and initiatives where appropriate to drive revenue, quality and competitiveness. Historically this strategy has been successful for Glacier as the combination of revenue growth and related profitability has been balanced with targeted cost savings to result in an overall sustainability of profit growth. Management has worked to maintain this long-term strength over the past year in order to gain market share during the recession and be in a position to exploit opportunities and grow when the economy recovers.

Financial Position

Management focused on reducing debt levels during the recession and did not make any material acquisitions as a result of this prioritization of resource utilization and capital allocation. Proactive efforts had been made to reduce debt to 2.2x EBITA at the end of 2008 in order to be in a strong financial position with which to sustain operations during the recession and not be forced to damage the long-term viability of the business as a result of higher leverage levels.

The Company used its cash flow from operations to pay down $14.5 million of debt during the year. Glacier's consolidated debt net of cash outstanding before deferred financing charges and other expenses was $99.9 million as at December 31, 2009 compared to $112.6 million as at December 31, 2008.

While paying down debt, Glacier was also able to fund $9.3 million of capital expenditures, $6.1 million of which were investment capital expenditures made primarily to consolidate and expand several printing facilities and upgrade production technology. These investments have resulted in attractive direct revenue and cash flow improvements and payback consistent with Glacier's targeted return on investment, as well as improved quality and colour capacity.

Glacier's consolidated debt net of cash outstanding before deferred financing charges and other expenses was 2.8x EBITA as at year end. During the first quarter of 2009, Glacier restructured its senior credit facility into a single revolving loan facility that has no required principal repayments and significantly increased borrowing capacity. The Company subsequently amended its revolving facility by extending the maturity date to July 1, 2011 on substantially the same terms and conditions.

The Company chose to record a $5.8 million impairment of goodwill and intangible assets as at December 31, 2009. The write-down primarily related to the impact the strengthened Canadian dollar (as compared to the U.S. dollar) and the U.S. economy has had on Glacier's regulatory & compliance business. While the management and staff of this operation have been successful in developing new revenue from online and electronic product sales, have maintained strong renewal rates of existing print and electronic products, and expect to generate growth from these core segments as well as new products, it was determined that the exchange rate prospects for the foreseeable future required an impairment of goodwill and intangible assets to be recorded in the Company's financial statements.

Outlook for 2010

Overall there is reason for cautious optimism. While some areas of Glacier's businesses are not yet experiencing signs of growth and are still experiencing weakened business activity from the recession, it appears that most areas of Glacier's business have at minimum stabilized in terms of revenue levels (with some of these revenues stabilizing at levels less than the first part of 2009), while other areas have begun to show signs of growth.

The combination of the stabilization of revenue for some operations, growth opportunities for others and the lower cost base should result in significantly increased profitability during 2010.

It is also important to note that Glacier's operations were generating strong organic same-store revenue growth in late 2008 just before the recession began, which reflects the strength of 1) its local newspapers that are a primary source of information for the communities they serve and a primary marketing channel for advertisers and 2) its trade and business and professional information operations that provide essential information for business and industry readers who need information to make informed and prudent decisions.

In particular, Glacier's local community newspapers were growing organically at approximately 8% for 2008 and during the months immediately prior to the downturn. This underscores the different attributes that exist between local community newspapers and large metropolitan daily newspapers. While secular risks exist as a result of the Internet, Glacier's local newspapers offer a unique selling proposition and competitive advantage through the local information that they provide. This information can be delivered by Glacier in print or online, or perhaps in tablet form in the future. Given that the demand for this information is expected to exist for the long term, Glacier expects to be able to continue to monetize the information and marketing value through advertising and other revenue sources. As 85% of Glacier's local newspaper distribution is free, this also provides for a more durable reach of readership for advertisers over the long term wherein total market coverage can always be provided.

Opportunities for Value Creation

As stated, Glacier's primary objective during 2009 was to reduce debt and maintain profitability while preserving operational strength.

Despite the reduction of revenues and profitability during the year, Glacier is still generating strong operating cash flow, which is expected to improve in 2010 as stated.

Given that the economy appears to be recovering, Glacier is now reviewing acquisition opportunities that fit with the Company's business strategy.

Patience and prudence will be exercised in pursuing investments, as economic and other risks still exist. While priority will be given to maintaining debt at manageable levels and continuing to focus on strengthening our operations, it is expected that attractive investment opportunities will arise as a result of the recession. In particular, Glacier would like to expand its electronic business information and online operations given the growth prospects of these businesses.

Summary

2009 was the most challenging year Glacier has experienced, after having grown annually for ten consecutive years.

The recession presented many difficulties for our customers and our operations. We are pleased, however, that during these difficult times when our customers were seeking to reduce their costs wherever possible, they continued to do business with us at 92% of prior year revenue levels, which speaks to the strength of both their operations and the value they see in Glacier's.

We regret the impact on the individuals and families who made valuable contributions to the Company but were let go as a result of the recession. These decisions were not taken easily.

Thanks and appreciation must be given to the management and staff of our operations for their considerable efforts during the year, the longer hours worked and the creativity brought to bear to succeed during difficult times.

Glacier's Board of Directors continued to play an integral role in the oversight of the Company, providing valuable counsel, practical experience and a steady long-term view through difficult conditions. I thank them on behalf of myself and our shareholders for these efforts.

While it has been a difficult year, Glacier has benefited significantly from the restructuring efforts implemented and is now in a position to achieve even greater levels of profitability than those realized before the recession.

Many opportunities exist to build our existing businesses and realize value from the strategy of leveraging content across multiple formats, channels and platforms. While progress was made in 2009 in this regard, we have really only scratched the surface. We will continue to invest in Glacier's online initiatives and electronic information businesses and expect significant new revenue streams to be realized as a result. We will pursue this as a complementary strategy that will augment Glacier's existing print businesses, which will continue to offer significant utility to readers and advertisers in the future. This strategy is grounded in our experience that both the print and online formats work well for our customers. While the Internet is exciting and offers great opportunities, this does not mean categorically that print no longer has any value. In our view the truth is less simplistic and lies in the balance of utilizing print, online and other channels. It is our belief that if quality, content value, innovation and diversification are pursued and both Glacier's existing and new channels and platforms are fully utilized, attractive growth lies ahead as the economy recovers, both from our existing operations and the acquisition opportunities that are expected to arise.

Jonathon J.L. Kennedy

President and Chief Executive Officer

2009 Management's Discussion & Analysis ("MD&A") Re-filed on April 8, 2010

Forward Looking Statements

Glacier Media Inc.'s 2009 Annual Report, including this MD&A, contains forward-looking statements that relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates and can generally be identified by the use of statements that include phrases such as "believe", "expect", "anticipate", "intend", "plan", "likely", "will", "may", "could", "should", "would", "suspect", "outlook", "estimate", "forecast", "objective", "continue" (or the negative thereof) or similar words or phrases. These forward-looking statements include, among other things, statements under the heading "Significant Developments in 2009 and Outlook", "Cost Reduction Programs", and "Investment Opportunities", and the headings "Cost Reduction Strategy and Results", "Financial Position", "Outlook for 2010", and "Opportunities for Value Creation" in the accompanying President's Message, and statements relating to our expectations regarding our revenues, expenses, cash flows and future profitability, including our expectations to generate sufficient cash flow from operations to meet anticipated working capital, capital expenditures and debt service requirements, that revenue growth will resume once the economy recovers, that debt will be maintained at manageable levels, and that cost savings will be realized in 2010.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements are based on certain assumptions, including those assumptions described under the heading "Significant Developments in 2009 and Outlook", "Cost Reduction Programs", and "Investment Opportunities", and the headings "Cost Reduction Strategy and Results", "Financial Position", "Outlook for 2010", and "Opportunities for Value Creation" in the accompanying President's Message, and are subject to risks, uncertainties and other factors which may cause results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, and undue reliance should not be placed on such statements. Important factors that could cause actual results to differ materially from these expectations are listed in our annual MD&A under the heading "Business Environment and Risks" and in our Annual Information Form under the heading "Risk Factors", many of which are out of our control. These factors include, but are not limited to, the ability of the Company to sell advertising and subscriptions related to its publications, foreign exchange rate fluctuations, the seasonal and cyclical nature of the agricultural industry, discontinuation of Department of Canadian Heritage postal subsidies, general market conditions in both Canada and the United States, changes in the prices of purchased supplies including newsprint, the effects of competition in the Company's markets, dependence on key personnel, integration of newly acquired businesses, technological changes, and financing and debt service risk.

The forward-looking statements made in the Company's annual report, including this MD&A, relate only to events or information as of the date on which the statements are made in the report and this MD&A. Except as required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

You should read the annual report and this MD&A and the documents to which we refer herein completely and with the understanding that our actual future results may be materially different from what we expect.

Basis of Discussion and Analysis

The following management discussion and analysis of the financial condition and results of operations of the Company and other information is dated March 22, 2010 and should be read in conjunction with the Company's annual financial statements and notes thereto as at and for the year ended December 31, 2009. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and include operating results of the Company and its subsidiaries.

Non-GAAP Measures

Earnings before interest, taxes and amortization, ("EBITA"), EBITA margin, EBITA per share, cash flow from operations and cash flow from operations per share are not recognized measures of financial performance under Canadian GAAP. Management utilizes these financial performance measures to assess profitability and return on equity in its decision making. In addition, the Company and its lenders and investors use EBITA to measure performance and value for various purposes. Investors are cautioned, however, that EBITA should not be construed as an alternative to net income determined in accordance with GAAP as an indicator of the Company's performance. The Company's method of calculating these financial performance measures may differ from other companies and, accordingly, they may not be comparable to measures used by other companies. A quantitative reconciliation of these Non-GAAP measures is included in the section entitled EBITA and Cash Flow from Operations Reconciliation in this MD&A.

All financial references are in millions of Canadian dollars unless otherwise noted.

In this MD&A, Glacier and its subsidiaries are referred to collectively as "Glacier" or "the Company" unless the context requires otherwise.

Certain prior year comparative information throughout this report has been restated for consistency with the presentation in the current year. The information in this report is as at March 22, 2010.

Overview of the Business

Glacier Media Inc. is an information communications company focused on the provision of primary and essential information and related services through print, electronic and online media. Glacier is pursuing this strategy through its core business segments: the local newspaper, trade information and business and professional information sectors.

The operations in the newspaper and trade information group include the Western Producer Publications and Farm Business Communications agricultural information group, Business In Vancouver Media Group, the JuneWarren/Nickle's Energy Group, the Business Information Group, and the Glacier Newspaper Group, which includes direct, joint venture and other interests in community and local daily newspapers and related publications in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Rhode Island. The Company also has standalone printing operations in British Columbia and Saskatchewan which include a 50% joint venture.

Glacier's operations in the business and professional information group include Specialty Technical Publishers, CD-Pharma, Eco Log, and a 50% joint venture interest in Fundata.

For additional information on Glacier's operations see the Company's Annual Information Form as filed on SEDAR.

Significant Developments in 2009 and Outlook

The year ended December 31, 2009 was a challenging year for Glacier as revenue and EBITA were negatively impacted by the recession. During the year, the Company implemented significant cost reduction measures to offset the revenue declines and maintain profitability. The Company also focused on reducing debt levels during the year in order to maintain a strong financial position and did not make any material acquisitions as a result.

Operational Performance

The significant downturn in the economy caused a reduction in advertising and other customer spending across the majority of Glacier's operations. On a same-store basis for 2009, revenues declined 7% for the business and professional information group, and 11% for the local newspaper and trade information group.

Revenues began to decline in December of 2008 then gradually worsened during the first three quarters of 2009. Results in the fourth quarter of 2009 began to reflect improvements that appear to be taking place in a number of the Company's operations.

A number of efforts were made during 2009 to increase sales effectiveness despite the recession. These have proven to be successful, as Glacier's revenue declines have been less than other media companies. New revenues were generated in a number of areas including special publishing initiatives, special features, supplements, community magazines, production and promotion of community events, custom publishing, sponsored industry specific research studies, conferences and tradeshows, new directories, and other new revenue initiatives.

Efforts continue to be made to leverage and monetize content across print, online, wireless and other channels and platforms. In this regard, Glacier continued to increase its investment in electronic, wireless and Internet platforms and resources through the recession. The investment has resulted in a variety of new sources of revenue for our local newspapers, trade information and business information operations.

Investments to improve printing facilities have also resulted in increased revenues and cash flows as well as improvements in quality.

Cost Reduction Programs. Glacier reduced its cost base significantly during 2009 in order to mitigate the impact of the decline in revenues.

These measures included staff layoffs, reduction in hours for part-time employees, reduction in newsprint consumption, and a wide variety of other measures.

The Company structured these cost reduction initiatives to reduce operating expenses while maintaining the strength of its businesses and competitiveness as much as possible. Consequently, management chose to phase in the cost reduction initiatives as required so as not to overreach in the reduction of resources required.

This resulted in the initiatives being implemented part way through the first, second and third quarters with only a portion of the benefit of the savings being realized in 2009. The full annualized benefit will be realized in 2010. In total, non-variable costs were reduced more than $14 million on an annualized basis.

Variable costs including newsprint consumption and sales commission expense also reduced in 2009 as revenues declined. The reduced newsprint volumes were initially offset by newsprint price increases in January 2009 , which prices remained at this level for the first three months of 2009, then declined and remained at June 2009 levels for the remainder of the year.

The contribution of the cost savings was also partially offset by lower advertising rates that resulted from price discounting in some markets.

Investment Opportunities. While the Company intends to maintain debt at manageable levels and continue to focus on strengthening operations, it is expected that attractive investment opportunities will arise as a result of the recession. Glacier intends to pursue acquisition opportunities that fit with its business strategy. Particular focus will be given to expanding the Company's electronic business information and online operations given the growth prospects of these businesses.

Selected Annual Information

The following outlines selected financial statistics and performance measures for Glacier for the twelve month periods ended December 31, 2009, 2008 and 2007:

thousands of dollars *except share and per share amounts*	2009	2008	2007
Revenue	$ 229,128	$ 249,093	$ 216,402
Gross profit	$ 82,179	$ 97,252	$ 85,156
Gross margin	35.9%	39.0%	39.4%
EBITA (1)	$ 35,792	$ 51,822	$ 47,313
EBITA margin (1)	15.6%	20.8%	21.9%
EBITA per share (1)	$ 0.38	$ 0.56	$ 0.51
Interest expense, net	$ 6,450	$ 9,100	$ 10,537
Net income before non-recurring items (2)(3)	$ 22,163	$ 34,963	$ 30,579
Net income before non-recurring items per share (2)(3)	$ 0.24	$ 0.38	$ 0.33
Net income	$ 13,926	$ 28,269	$ 30,579
Net income per share	$ 0.15	$ 0.30	$ 0.33
Cash flow from operations (1)(2)(3)	$ 30,456	$ 44,782	$ 38,554
Cash flow from operations per share (1)(2)(3)	$ 0.33	$ 0.48	$ 0.41
Capital expenditures	$ 9,345	$ 9,483	$ 2,944
Total assets	$ 503,747	$ 518,950	$ 469,960
Debt net of cash outstanding before deferred financing charges and other expenses	$ 99,939	$ 112,577	$ 111,231
Shareholders' equity	$ 311,043	$ 297,517	$ 269,828
Weighted average shares outstanding, net	92,721,210	93,131,183	93,107,923

Notes:
(1) Refer to "Non-GAAP Measures" section for calculation of non-GAAP measures used in this table.
(2) 2009 excludes $2.0 million restructuring expense, $0.4 million non-recurring item and $5.8 million impairment of goodwill and intangible assets.
(3) 2008 excludes $0.4 million restructuring expense and $6.3 million non-recurring item.

Revenue

Glacier's consolidated revenue for the year ended December 31, 2009 was $229.1 million compared to $249.1 million in the same period last year.

The 8.0% decline in consolidated revenue compared to last year was primarily driven by a decrease in advertising levels that resulted from the impact of the recession, which has directly reduced consumer spending and business activity in most markets and industries in which the Company operates. This decline was partially offset by growth in some of the Company's businesses.

Newspaper and Trade Information

The newspaper and trade information group generated $213.5 million of revenue for the year ended December 31, 2009, as compared to $232.5 million for the same period last year. The decline in revenue compared to last year was a result of the recession and its direct impact on advertising activity, as many advertisers continued to scale back spending in an effort to reduce their operating costs. As stated, however, indications from the fourth quarter in 2009 and first quarter of 2010 are that advertising activity is beginning to recover. The inclusion of a full year of revenue from Printwest Communications compared to only partial inclusion in 2008 (Printwest was acquired in May 2008) had the effect of increasing revenues $3.8 million in 2009 without any improvement in EBITA. Printwest had a difficult year in 2009, although costs have significantly been reduced such that 2010 performance is expected to be significantly better. Glacier's revenue declined 9.5% after adjusting for Printwest normalization.

Business and Professional Information

The business and professional group (which includes Specialty Technical Publishers, CD-Pharma, Eco Log and a 50% joint venture interest in Fundata), generated revenues of $15.6 million for the year ended December 31, 2009, as compared to $16.6 million for the same period last year. Revenue declines occurred at STP, CD-Pharma and Eco Log. Revenues for Eco Log and STP grew in December compared to last year. Fundata's revenues for 2009 were slightly ahead of the prior year.

Gross Margin

Glacier's consolidated gross profit for the twelve months ended December 31, 2009 was $82.2 million compared to $97.3 million in the same period last year. The absolute dollar decrease in gross profit is largely attributable to a) lower advertising activity and the resulting decline in revenue and direct contribution b) lower advertising rates as a result of increased discounting in some markets, and c) certain wage increases for existing staff, amongst other things.

The decrease in absolute gross margin was partially offset by a) a decrease in newsprint prices compared to the same period last year and b) cost cutting initiatives implemented during in the first three quarters of 2009.

The majority of the impact of the cost saving and restructuring initiatives that were identified towards the end of 2008 and during the first three quarters of 2009 are now being realized. Additional cost reduction measures will be pursued as deemed prudent.

General & Administrative Expenses

Glacier's consolidated general and administrative expenses were $46.4 million for the year ended December 31, 2009 as compared to $45.4 million in the prior year. The increase was due to a) full year impact of fiscal 2008 acquisitions, b) proportionate consolidation of the previously equity accounted investee, c) wage increases that took effect in the first quarter of 2009, and d) increased Internet expenses. These increases were offset by the realization of cost savings from restructuring initiatives previously mentioned.

EBITA

EBITA was $35.8 million for the year ended December 31, 2009 as compared to $51.8 million for the same period last year. The decrease in EBITA was due to the reasons stated under **Revenue, Gross Margin** and **General & Administrative Expenses**. The $16.0 million decline in consolidated EBITA for 2009 was less than the $23.8 million decline in consolidated revenue (after adjusting for the full year normalization of Printwest revenue) primarily because of the realization of the cost savings described. As stated, these cost savings initiatives were only implemented at various times during the year, so the full year benefit of the related savings will be realized in 2010.

Non-Operating Items

Amortization expense increased by $1.5 million for the year ended December 31, 2009 as compared to the same period last year as a result of additions to property, plant and equipment. These additions consisted of investments in several of the Company's printing facilities and production technology improvements. Glacier's consolidated net interest expense for the year ended December 31, 2009 was $6.5 million, down $2.7 million over 2008. The decrease in net interest expense reflected the Company's repayment of its revolving debt, decreased borrowing costs and an increase in interest earned. Interest expense for the 2009 included $1.1 million of non-cash interest expense.

Impairment of Goodwill and Intangible Assets

For the year ended December 31, 2009, the Company recorded a $5.8 million impairment of goodwill and intangible assets. This amount represents a $4.8 million goodwill impairment in the Business and Professional segment of the Company's business and a $1.0 million impairment of certain trademarks within the Newspaper and Trade segment of the Company's business. There was no impairment of goodwill and intangible assets in fiscal 2008.

Restructuring Expenses

The $2.0 million of restructuring expenses in 2009 and $0.4 million in 2008 relate to employee severance costs incurred as part of the Company's cost reduction initiatives. These expenses have been presented separately in the Company's consolidated statement of operations. Beginning the end of 2008, the Company implemented a restructuring plan to reduce costs across the entire organization to offset the impact of the recession and to centralize certain corporate functions in strategic regions within the country, amongst other things.

Net Income

Net income decreased by $14.4 million from $28.3 million in fiscal 2008 to $13.9 million in fiscal 2009. This decrease was caused by a) the decline in revenue and profitability of existing operations due to the recession, b) $5.8 million impairment of goodwill and intangible assets, c) $2.0 million in restructuring expense, d) a $1.5 million increase in amortization expense due to the additional property, plant and equipment investments, e) a $0.6 million decrease in share of earnings from equity investee, f) a $0.3 million decrease in foreign exchange gain, and g) a $1.4 million decrease in income tax recovery. The decrease was offset by a) a $2.7 million reduction in interest expense, b) a $4.3 million increase in unrealized gains on financial instruments c) a $5.9 million decrease in other expense, and d) a $0.1 million decrease in non-controlling interest.

Cash Flow from Operations

Glacier's consolidated cash flow from operations was $30.5 million (before changes in non-cash operating accounts and non-recurring items) for the period ended December 31, 2009 compared to $44.8 million for the same period last year. The decrease in cash flow from operations is primarily a result of lower net revenues generated through operations.

Management believes that cash flow from operations before changes in non-cash working capital and non-recurring items is the most appropriate measure to evaluate Glacier's profitability and return on equity, as the Company has low ongoing capital expenditures and amortization largely relates to intangible assets and does not represent corresponding ongoing sustaining capital requirements. Management also monitors free cash flow (being cash flow from operations net of capital expenditures, debt service and investment in working capital) closely to measure ongoing overall cash flow strength.

Capital expenditures were $9.3 million for the period ended December 31, 2009 compared to $9.5 million for the same period last year. The 2009 expenditures included $6.1 million of investment capital expenses which were made to upgrade press facilities and production technology in order to both improve quality and colour capacity, increase revenue and reduce operating and lease costs. These investments resulted in increased incremental revenue and cash flow in 2009 consistent with Glacier's targeted investment returns. Further investments were also made in the Company's Internet platforms and new investments in information systems initiatives.

See "**Summary of Financial Position, Financial Requirements and Liquidity**" for further details.

Fourth Quarter Results and Overview of Operating Performance

Revenue

Glacier's consolidated revenue for the quarter ended December 31, 2009 was $60.0 million compared to $61.4 million in the same period last year.

The 2.4% decline in consolidated revenue during the fourth quarter compared to last year is a significant improvement over revenue declines in the first three quarters of 2009 that were primarily driven by a decrease in advertising levels that resulted from the impact of the recession, which has directly reduced consumer spending and business activity in most markets and industries in which the Company operates.

The fourth quarter results reflect improvements that appear to be slowly taking place in a number of our markets and operations. In particular, newspaper revenues have improved, including local, national, classified, automotive and real estate revenues. Environmental, financial, agriculture, medical, mining and other business and trade information areas have also shown indications of growth. Subscription revenues for Glacier's paid local newspapers, energy, technical and regulatory information and business directories continued to be resilient.

EBITA

Consolidated EBITA increased 9.9% to $11.1 million for the fourth quarter of 2009 compared to 2008. The improved profitability was a result of both improved revenues and cost reduction measures previously mentioned. Restructuring initiatives were implemented during the first three quarters of 2009 with full realization of these savings not being achieved until the fourth quarter of 2009.

Net Income (Loss)

Net income (loss) decreased by $4.7 million to a net loss of $1.4 million in the fourth quarter of 2009. This decrease was due to a) a 2.4% decline in revenue, b) impairment of goodwill and intangible assets c) an increase in amortization expense due to the additional property, plant and equipment investments, d) a decrease in share of earnings from the equity investee, e) a decrease in foreign exchange gain, f) an increase in non-controlling interest, and g) an increase in provision for income taxes. This decrease was partially offset by a) a realization of cost savings from cost saving initiatives previously mentioned, b) a decrease in restructuring expense, c) a reduction in interest costs, d) an increase in unrealized gains on financial instruments, and e) a $5.9 million decrease in other expense.

Cash Flow from Operations

Glacier's consolidated cash flow from operations was $9.8 million (before changes in non-cash working capital and non-recurring items) for the three month period ended December 31, 2009 compared to $9.1 million for the same period last year. The increase in cash flow from operations was primarily as result of the reasons described in the paragraph under "**EBITA**".

See "**Summary of Financial Position, Financial Requirements and Liquidity**" for further details.

Summary of Selected Quarterly Results

The following outlines the significant financial performance measures for Glacier for the last eight quarters:

thousands of dollars *except share and per share amounts*	Trailing 12 Months	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Revenue	$ 229,128	$ 59,982	$ 50,838	$ 63,513	$ 54,795
EBITA [1]	$ 35,792	$ 11,122	$ 5,654	$ 12,304	$ 6,712
EBITA margin [1]	15.6%	18.5%	11.1%	19.4%	12.2%
EBITA per share [1]	$ 0.38	$ 0.12	$ 0.06	$ 0.13	$ 0.07
Interest expense, net	$ 6,450	$ 1,723	$ 1,046	$ 2,145	$ 1,536
Net income before non-recurring items [2][3][4][5]	$ 22,163	$ 5,131	$ 4,619	$ 9,050	$ 3,363
Net income before non-recurring items per share [2][3][4][5]	$ 0.24	$ 0.05	$ 0.05	$ 0.10	$ 0.04
Net income	$ 13,926	$ (1,384)	$ 4,243	$ 8,699	$ 2,368
Net income per share	$ 0.15	$ (0.02)	$ 0.05	$ 0.09	$ 0.03
Cash flow from operations [1][2][3][4][5]	$ 30,456	$ 9,819	$ 4,770	$ 10,254	$ 5,613
Cash flow from operations per share [1][2][3][4][5]	$ 0.33	$ 0.11	$ 0.05	$ 0.11	$ 0.06
Capital expenditures	$ 9,345	$ 2,186	$ 1,891	$ 2,824	$ 2,444
Debt net of cash outstanding before deferred financing charges and other expenses	$ 99,939	$ 99,939	$ 106,097	$ 111,561	$ 115,635
Shareholders' equity	$ 311,043	$ 311,043	$ 312,437	$ 308,563	$ 300,049
Weighted average shares outstanding, net	92,721,210	92,721,210	92,721,210	92,721,210	92,721,210

	Trailing 12 Months	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Revenue	$ 249,093	$ 61,447	$ 59,932	$ 68,884	$ 58,830
EBITA [1]	$ 51,822	$ 10,124	$ 10,101	$ 18,494	$ 13,103
EBITA margin [1]	20.8%	16.5%	16.9%	26.8%	22.3%
EBITA per share [1]	$ 0.56	$ 0.11	$ 0.11	$ 0.20	$ 0.14
Interest expense, net	$ 9,100	$ 2,062	$ 2,460	$ 2,303	$ 2,275
Net income before non-recurring items [4][5]	$ 34,963	$ 9,923	$ 4,010	$ 13,070	$ 7,960
Net income before non-recurring items per share [4][5]	$ 0.38	$ 0.11	$ 0.04	$ 0.14	$ 0.09
Net income	$ 28,269	$ 3,271	$ 3,968	$ 13,070	$ 7,960
Net income per share	$ 0.30	$ 0.03	$ 0.04	$ 0.14	$ 0.09
Cash flow from operations [1][4][5]	$ 44,782	$ 9,128	$ 8,028	$ 16,362	$ 11,264
Cash flow from operations per share [1][4][5]	$ 0.48	$ 0.09	$ 0.09	$ 0.18	$ 0.12
Capital expenditures	$ 9,483	$ 3,011	$ 3,755	$ 1,826	$ 891
Debt net of cash outstanding before deferred financing charges and other expenses	$ 112,577	$ 112,577	$ 121,259	$ 122,177	$ 119,500
Shareholders' equity	$ 297,517	$ 297,517	$ 294,801	$ 290,879	$ 277,805
Weighted average shares outstanding, net	93,131,183	92,982,485	93,150,994	93,195,304	93,197,364

Notes:

[1] Refer to "**Non-GAAP Measures**" section for calculation of non-GAAP measures used in this table.

[2] First quarter 2009 excludes $1.0 million restructuring expense.

[3] Second quarter 2009 excludes $0.4 million restructuring expense.

[4] Third quarters 2009 and 2008 exclude $0.4 million and $0.1 million respectively of restructuring expense.

[5] Fourth quarter 2009 excludes $0.4 million non-recurring item, $0.3 million restructuring expense and $5.8 million impairment of goodwill and intangible assets. Fourth quarter 2008 excludes $6.3 million non-recurring item and $0.4 million of restructuring expense.

The main factors affecting comparability of results over the last eight quarters are:

- The impact of the recession during the fourth quarter of 2008 and through 2009 that has resulted in decreased revenue, profitability and cash flow;
- The implementation of cost saving and restructuring initiatives in 2009;
- Restructuring expenses of $1.0 million, $0.4 million, $0.4 million, and $0.3 million in the first, second, third, and fourth quarters of 2009, respectively, and $0.1 million and $0.4 million in the third and fourth quarters of 2008, respectively. Restructuring expenses are mainly related to severance payments as part of Glacier's cost reduction programs;
- New product offerings, synergies and increased cost efficiencies which collectively resulted in increased profitability and cash flow until the first quarter of 2009;
- The acquisitions made during 2008;
- General market conditions during the reported periods;
- A $5.6 million recovery in the fourth quarter of 2008 caused by changes in the federal enacted tax rate;
- A $6.3 million non-recurring item relating to settlement of a claim in the fourth quarter of 2008;
- A $0.4 million allowance against refundable liability insurance premiums in the fourth quarter of 2009;
- Goodwill and intangible assets impairment charge of $5.8 million in the fourth quarter of 2009.

EBITA and Cash Flow from Operations Reconciliation

The following table reconciles the Company's net income as reported under GAAP to EBITA and cash flow from operations.

thousands of dollars except share and per share amounts	**2009**	2008	2007
EBITA [1]			
Net Income	**$ 13,926**	$ 28,269	$ 30,579
Add (deduct):			
Amortization	**$ 12,001**	$ 10,501	$ 9,070
Impairment of goodwill and intangible assets	**$ 5,800**	$ -	$ -
(Recovery) provision for income taxes	**$ (3,365)**	$ (4,749)	$ (2,963)
Foreign exchange (gain) loss	**$ (18)**	$ (330)	$ 1,126
Interest	**$ 6,450**	$ 9,100	$ 10,537
Gain on dilution	**$ -**	$ -	$ (528)
Share of (earnings) from equity investee	**$ (1,116)**	$ (1,702)	$ (1,574)
Unrealized (gain) loss on financial instruments	**$ (1,899)**	$ 2,358	$ (240)
Non-controlling interest	**$ 1,576**	$ 1,681	$ 1,306
Other expense	**$ 426**	$ 6,275	$ -
Restructuring expense	**$ 2,011**	$ 419	$ -
EBITA [1]	**$ 35,792**	$ 51,822	$ 47,313
Cash flow from operations [1]			
Net income	**$ 13,926**	$ 28,269	$ 30,579
Add (deduct):			
Amortization	**$ 12,001**	$ 10,501	$ 9,070
Impairment of goodwill and intangible assets	**$ 5,800**	$ -	$ -
Employee future benefits	**$ 786**	$ 1,248	$ 1,285
Future income taxes	**$ (4,170)**	$ (5,562)	$ (3,654)
Unrealized foreign exchange (gain) loss	**$ 50**	$ 96	$ 523
Non-controlling interest	**$ 1,576**	$ 1,681	$ 1,306
Non cash interest	**$ 1,065**	$ 1,199	$ 1,054
Stock option expense	**$ -**	$ -	$ 726
Gain on dilution	**$ -**	$ -	$ (528)
Share of (earnings) from equity investee	**$ (1,116)**	$ (1,702)	$ (1,574)
Loss on disposal of asset	**$ -**	$ -	$ 7
Unrealized (gain) loss on financial instruments	**$ (1,899)**	$ 2,358	$ (240)
Other expense	**$ 426**	$ 6,275	$ -
Restructuring expense	**$ 2,011**	$ 419	$ -
Cash flow from operations [1]	**$ 30,456**	$ 44,782	$ 38,554
Weighted average shares outstanding, net	**92,721,210**	93,131,183	93,107,923
EBITA per share [1]	**$ 0.38**	$ 0.56	$ 0.51
Net income per share	**$ 0.15**	$ 0.30	$ 0.33
Cash flow from operations per share [1]	**$ 0.33**	$ 0.48	$ 0.41

Notes:
[1] Refer to "**Non-GAAP Measures**" section for calculation of non-GAAP measures used in this table.

Summary of Financial Position, Financial Requirements and Liquidity

Glacier generates sufficient cash flow from operations to meet anticipated working capital, capital expenditures, and debt service requirements.

As at December 31 2009, Glacier had consolidated cash of $2.4 million, current and long-term debt of $102.3 million before adjustment for deferred financing fees attributable directly to the issuance of long-term debt and a fair market adjustment to derivative instruments, and working capital of $14.4 million excluding the future income tax asset and deferred revenue.

Glacier's actual cash working capital is greater than reflected by the amounts indicated on the consolidated balance sheet for several reasons: 1) deferred revenue relates to quarterly updates, renewals and newspaper subscriptions that have been paid for by subscribers but not yet delivered, and the costs associated with the fulfillment of this liability are less than the amount indicated in current liabilities in the case of Specialty Technical Publishers, 2) Glacier receives cash revenue on an ongoing basis that offsets the deferred revenue liability, and 3) as Specialty Technical Publishers sells on a trial basis, it does not record accounts receivable or revenue when orders are shipped, but nonetheless receives revenue from these orders on a regular basis based on the acceptance rate realized, which results in revenue regularly being received that is not reflected in current assets.

Management believes that cash flow from operations before changes in non-cash operating accounts (see Consolidated Statements of Cash Flows) is the most appropriate measure to determine Glacier's profitability and return on equity, as the Company has low ongoing sustaining capital expenditures and amortization largely relates to intangible assets and does not represent a corresponding ongoing sustaining capital expense. Management also monitors free cash flow (being cash flow from operations net of capital expenditures, debt service and investment in working capital) closely to measure ongoing overall cash flow strength.

Net capital expenditures of $9.3 million for the year ended December 31, 2009 are comparable to capital expenditures for the prior year. The capital expenditures during 2009 included of $6.1 million of investment capital expenditures previously described herein.

Changes in Financial Position

(thousands of dollars)	**2009**	2008	2007
Cash generated from (used in)			
Operating activities	**25,590**	46,011	27,351
Investing activities	**(10,310)**	(44,865)	(18,899)
Financing activities	**(16,330)**	(4,960)	(23,686)
Effect of foreign exchange on cash balances	**-**	-	34
Increase (Decrease) in cash	**(1,050)**	(3,814)	(15,200)

Operating Activities

Glacier generated cash from operations before non-recurring items and changes in non-cash operating accounts of $30.5 million compared to $44.8 million in the prior year. This decrease was primarily due to lower net cash generated through operations.

Investing Activities

Cash used in investing activities totalled $10.3 million for the period ended December 31, 2009 compared to $44.9 million in the same period of 2008. The change in investing activities was primarily due to the 2008 acquisitions which included JuneWarren, PrintWest and an increased interest in Continental Newspapers Ltd. Capital expenditures were comparable year over year as the Company continued to make strategic investments in new printing equipment and production, Internet related technology and information system improvements.

Financing Activities

Cash used for financing activities was $16.3 million for the year ended December 31, 2009 compared to $5.0 million in 2008. The increase in cash used for financing activities was due to the Company's unscheduled repayment of the Company's revolving bank loan during 2009 and a joint venture's scheduled repayment of term debt. The Company made $16.0 million in unscheduled repayments of the Company's revolving bank loan during fiscal 2009. This amount was partially offset by $6.0 million in proceeds from the revolving bank loan during the first quarter of 2009 used for the payment of an affiliated entity's participation in the final settlement between Sun Times Media Group Inc. and CanWest Global Communications Inc.

Outstanding Share Data

As of December 31, 2009, there were 92,721,210 common shares, 1,100,000 share purchase options and 1,115,000 share purchase warrants outstanding. The options entitle the holder to acquire a common share of the Company at an exercise price of $3.25, expire on April 3, 2012 and are the only share purchase options outstanding. The warrants outstanding allow the holder to purchase one common share per warrant at $4.48 per share. On June 23, 2009, the Company's shareholders approved the extension of the expiry of the warrants from June 28, 2009 to June 28, 2014.

As at March 11, 2009 the Company had 92,721,210 common shares outstanding.

Contractual Agreements

Glacier has agreements with three major Canadian banks whereby the lenders provide revolving long-term loan and line of credit facilities.

Glacier amended the facility from a revolver and line of credit into a single revolving loan facility with significantly increased borrowing capacity. The amended facility will mature on July 1, 2011.

The Company has a five year amortizing interest rate swap contract which at December 31, 2009 had a notional value of $34.1 million. The interest rate for this facility has been fixed at 4.455% plus the acceptance fee which varies with debt levels. The interest rate swap contract has been recorded at fair market value and is included in current portion of long-term debt. The contract matures on December 31, 2010.

The Company entered into a foreign exchange contract to sell $83,333 U.S. dollars per month commencing October 2008 at a rate of $CAD0.94 : $USD1.00, which expires in October 2010. In addition, the Company had entered into a foreign exchange contract to sell $125,000 U.S. dollars per month commencing April 9, 2008 at a rate of $CAD0.97: $USD1.00, which expired on March 3, 2009. In April 2009, the Company entered into a new foreign exchange contract to sell $125,000 U.S. dollars per month commencing April 2009 at a rate of $CAD0.86: $USD1.00, which expires in April 2012.

The Company has also entered into operating leases for premises and office equipment, which expire on various dates up to 2015.

In summary, the Company's contractual obligations, including its proportionate share of ANGLP's term loan facility and excluding the U.S. dollar foreign exchange contract, due over the next five calendar years, are as follows:

(thousands of dollars)	**Total**	**2010**	**2011**	**2012**	**2013**	**2014**	**Thereafter**
Long term debt	101,110	7,422	84,951	4,481	3,379	67	810
Operating Leases	7,775	2,746	2,497	1,421	770	279	62
	108,885	10,168	87,448	5,902	4,149	346	872

Under various financing arrangements with its banks, the Company is required to meet certain covenants. The Company was fully in compliance with these covenants at December 31, 2009 and 2008.

Financial Instruments

The Company's activities result in exposure to a variety of financial risks, including risks relating to foreign exchange, credit, and interest rate risk.

A small portion of the Company's products are sold at prices denominated in US dollars or based on prevailing US dollar prices while the majority of its operational costs and expenses are incurred in Canadian dollars. Therefore, an increase in the value of the Canadian dollar relative to the US dollar reduces the revenue in Canadian dollar terms realized by the Company from sales made in US dollars. The Company also has investments in US self-sustaining operations, whose net assets are exposed to foreign currency translation risk.

As indicated, the Company currently hedges a portion of its foreign exchange exposure with financial forward contracts. At December 31, 2009 Glacier had foreign exchange swap contracts to sell US$83,333 per month commencing October 2008 at a rate of $CAD0.94 : $USD1.00, expiring October 2010 and US$125,000 per month commencing April 2009 at a rate of $CAD0.86 : $USD1.00, expiring April 2012.

The Company sells its products and services to a variety of customers under various payment terms and therefore is exposed to credit risks from its accounts receivable from customers. The Company has adopted policies and procedures designed to limit these risks. The carrying amounts for accounts receivable are net of applicable allowances for doubtful accounts, which are estimated based on past experience, specific risks associated with the customer and other relevant information. The Company is protected against any concentration of credit risk through its products, broad clientele and geographic diversity.

The Company's interest rate risk mainly arises from the interest rate impact on cash and floating rate debt. The Company manages a portion of the interest rate risk through a five year amortizing interest rate swap contract which at December 31, 2009 had a notional value of $34.1 million. The interest rate for this facility has been fixed at 4.455% plus the acceptance fee which varies with debt levels. An assumed 100 basis points increase in interest rates during the year ended December 31, 2009 would have a $0.5 million negative impact on pre-tax net income, excluding impact of interest rate change on the fair value of the Company's interest rate swap contracts. An assumed 100 basis points decrease would have had an equal but opposite effect on pre-tax net income.

The fair value of the exchange and interest rate swap contracts represents an estimate of the amount that the Company would receive or pay if the contracts were closed out at a market price on the balance sheet date. At December 31, 2009, the exchange and interest rate swap contracts were in an unrealized loss position of $0.6 million. The Company has concluded that these contracts do not qualify for hedge accounting; therefore changes in fair value of the contracts are recorded in the statement of operations each period.

Business Environment and Risks

Foreign Exchange

A portion of Glacier's revenues are generated in U.S. dollars and as such are subject to exchange rate fluctuations. In order to partially hedge this risk, the Company currently hedges a portion of its foreign exchange exposure with financial forward contracts. At December 31, 2009 Glacier had foreign exchange swap contracts to sell US$83,333 per month commencing October 2008 at a rate of $CAD0.94 : $USD1.00, expiring October 2010 and US$125,000 per month commencing April 2009 at a rate of $CAD0.86 : $USD1.00, expiring April 2012. Despite this hedge, a strengthening in the Canadian dollar could have an impact on Glacier's revenue given that the amount of Glacier's revenue received in U.S. dollars exceeds the amount of the hedge contracts. Glacier monitors foreign exchange markets on an ongoing basis to determine appropriate levels of hedging.

Government Programs

The Department of Canadian Heritage provides postal assistance to eligible Canadian publications, including Western Producer Publications, Farm Business Communications and the Glacier Newspaper Group. While this program has been in place for decades, there is no guarantee that this assistance will continue to be offered.

General Market Conditions

The Glacier Newspaper Group generates revenue through the sale of advertising and newspaper subscriptions. As such, it is reliant upon general economic conditions and the spending plans of advertisers. A significant downturn in the national or regional economies such as occurred in 2009 may adversely affect revenues, as could significant changes in advertisers' promotional strategies.

Glacier's publications are affected by changes in the prices of purchased supplies, including newsprint.

Although Glacier is well diversified, competition is a continuing risk from existing businesses or new ones in a variety of media formats including print, online, radio and broadcast:

- The Glacier Newspaper Group publishes newspapers in a variety of communities in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec and is diversified as a result;

- The trade information group (Western Producer Publications, Farm Business Communications, Business Information Group and the Business In Vancouver Media Group) publish a wide variety of trade publications distributed across Canada;

- Specialty Technical Publishers has over 100 publications and products and a customer base in the tens of thousands;

- CD-Pharma competes with other companies in the health care information market in Canada. There are a variety of areas in which medical marketing budgets are focused. These include advertising, sponsored continuing medical education programs, direct marketing, pharmacy detailing, specialist detailing and general practitioner detailing, amongst others. While these areas represent potential competition for CD-Pharma, they also represent areas for new business development. CD-Pharma has a widely diversified library of medical lectures and develops new continuing medical education programs on an ongoing basis;

- Fundata competes with other companies in the financial information market in Canada; and

- Glacier disseminates its information in print, online and electronic format.

The large North American business and professional information, newspaper and trade information markets and other information communications markets continue to offer many growth opportunities for the Company.

Impairment Tests

According to Canadian generally accepted accounting principles, the Company must conduct impairment tests of certain assets that may lead to reductions in these assets values. When an impairment test results in asset devaluation, it is recorded as a non-cash charge that reduces the Company's reported earnings. Reductions in asset values resulting from these impairment tests may have an unfavourable impact on the Company.

Disclosure Controls and Internal Controls over Financial Reporting

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related financial statements was properly recorded, processed, summarized and reported to the Audit Committee and the Board. The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have evaluated the effectiveness of these disclosure controls and procedures for the period ending December 31, 2009, and have concluded that they are effective.

The CEO and CFO, while acknowledging responsibility for the design of internal controls over financial reporting ("ICFR"), and confirming that there were no changes in these controls that occurred during the most recent period ended December 31, 2009 which materially affected, or are reasonably likely to materially affect, the Company's ICFR and based upon their evaluation of these controls for the year ended December 31, 2009, the CEO and CFO have concluded that these controls are operating effectively. The CEO and CFO have certified such findings and reported to the Audit Committee, who in turn, has included such certification and report in the Audit Committee's recommendation to the Board of Directors. The Board of Directors in passing its resolutions acknowledge that they are basing and relying on such certifications and report.

The CEO and the CFO have limited the scope of design of disclosure controls and procedures and ICFR to exclude controls, policies and procedures of Great West, Fundata, PrintWest, Rhode Island Suburban Newspaper Inc. and ANGLP, each a proportionately consolidated entity in which the Company has an interest. These entities have combined net income of $5.5 million for the year ended December 31, 2009 and net assets of $95.0 million as at December 31, 2009.

Conversion to International Financial Reporting Standards

In February of 2008, the Accounting Standards Board announced that publicly accountable entities will be required to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") for interim and annual periods in fiscal years beginning on or after January 1, 2011.

The Company has developed a conversion implementation plan to ensure that differences between Canadian GAAP and IFRS that affect Glacier are identified, and any required changes to accounting processes and controls are made in a timely manner to ensure a smooth transition to IFRS on January 1, 2011.

The process of converting to IFRS has been divided into a number of different stages, many of which will run concurrently. The initial diagnostic phase has now been completed. The planning phase and a detailed review of the impact of IFRS on Glacier's consolidated financial statements, and other areas of the Company is underway.

A draft opening balance sheet prepared under IFRS at the date of transition (January 1, 2011) is currently planned to be completed in the first half of 2010. Draft financial statements and disclosure information will be prepared for each quarter in 2010 (to be used for comparative purposes in 2011) and reporting under IFRS will commence for interim and annual periods in 2011.

While the effects of IFRS have not yet been fully determined, the Company has identified a number of key areas where it is likely to be impacted by changes in accounting policy. These include:

- Employee future benefits
- Property, plant and equipment
- Intangible assets
- Impairment of assets
- Presentation of financial statements, including presentation of minority interests and joint venture accounting.

As a first time adopter of IFRS, the Company is required to apply IFRS 1 "First time adoption of International Financial Reporting Standards". A number of exemptions are available under the Standard which the Company is currently evaluating. The more significant exemptions include: recognizing through opening retained earnings all cumulative actuarial gains and losses on employee benefit plans; avoiding a retroactive restatement of previous business combinations under IFRS; and electing to use fair value at the transition date as deemed cost for capital assets in certain circumstances.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements. Management regularly reviews these estimates and assumptions based on currently available information. While it is reasonably possible that circumstances may arise which cause actual results to differ from these estimates, management does not believe it is likely that any such differences will materially affect Glacier's financial position.

Future Income Taxes

In accordance with CICA recommendations, Glacier recognizes future income tax assets when it is more likely than not that the future income tax assets will be realized. This assumption is based on management's best estimate of future circumstances and events. If these estimates and assumptions are changed in the future, the value of the future income tax assets could be reduced or increased, resulting in an income tax expense or recovery. Glacier re-evaluates its future income tax assets on a regular basis.

Employee Future Benefits

Glacier has defined benefit and defined contribution plans that provide both pension and other retirement benefits to certain salaried and hourly employees not covered by industry union plans.

Glacier uses independent actuarial firms to perform actuarial valuations of the fair value of pension and other retirement benefit plan obligations. The application of these recommendations requires judgments regarding certain assumptions that affect the accrued benefit provisions and related expenses, including the discount rate used to calculate the present value of the obligations, the expected rate of return on plan assets, the rate of compensation increase and the assumed health care cost trend rates. Management and the Board of Director's Pension Committee evaluate these assumptions annually based on experience and the recommendations of its actuarial firms. Changes in these assumptions result in actuarial gains or losses, which are amortized over the average remaining service period of the active employee group covered by the plans, only to the extent that the unrecognized net actuarial gains and losses are in excess of 10% of the greater of the accrued benefit obligations and the market-related value of plan assets.

Impairment of intangible assets and goodwill

Intangible assets with a finite life, which consist of copyrights, subscription lists, and customer relationships are reviewed for impairment when the occurrence of events or changes in circumstances indicates that the carrying value of the assets may not be recoverable, as measured by comparison of their net book value to the estimated future cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition. No impairment losses have been identified by the Company for the years ended December 31, 2009 or 2008.

Non-amortizable intangible assets consisting mainly of trademarks have an indefinite useful life and are not amortized, but tested annually for impairment or more frequently if impairment indicators arise. Based on testing completed by the Company, it was determined there was an impairment of certain trademarks within the Company's Newspaper and Trade segment as at December 31, 2009.

Goodwill, which is the excess of the purchase price paid for an acquisition over the fair value of the net assets acquired, is not amortized but is assessed annually for impairment, or more frequently if events or circumstances indicate that it may be impaired.

In order to assess the goodwill for impairment, an analysis of the future expected discounted cash flows of the assets to which the goodwill relates is prepared as and when required. As part of this process, assumptions are made in relation to forecast prices, sales volumes and exchange rates. Given the inherent uncertainty regarding longer term sales volumes and exchange rates, management considers various possible scenarios and assigns probabilities to the likelihood of occurrence of each of these. The net present value of the future expected cash flows is compared to the carrying value of the Company's investment in these assets, including goodwill, at year end.

Based upon the analysis performed in 2009, the Company concluded that there was an impairment of goodwill at December 31, 2009 in one if its acquired businesses within the Business and Professional segment. Accordingly, the Company has recorded the estimated impairment of goodwill for the year ended December 31, 2009.

Changes in Accounting Policies

Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") new accounting standard Section 3064, Goodwill and Intangible Assets, which replaced Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-orientated enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new standard does not have a material impact on the Company's consolidated financial statements.

Credit Risk and Fair Value of Financial Assets and Financial Liabilities

The Company has also adopted the CICA's EIC-173, Credit Risk and Fair Value of Financial Assets and Financial Liabilities, which notes that the credit risk specific to the entity and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivatives. The new abstract does not have a material impact on the Company's consolidated financial statements.

Financial Instruments - Disclosures

In June 2009, the CICA amended Section 3862, "Financial Instrument – Disclosures", to include additional disclosure requirements about fair value measurement for financial instruments and liability risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The fair value of assets and liabilities included in level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009. The disclosures required by these amendments have been included in the Company's notes to the consolidated financial statements.

Deloitte & Touche LLP
2800 - 1055 Dunsmuir Street
4 Bentall Centre
P.O. Box 49279
Vancouver BC V7X 1P4
Canada

Tel: 604-669-4466
Fax: 604-685-0395
www.deloitte.ca

Auditors' Report

To the Shareholders of
Glacier Media Inc.

We have audited the consolidated balance sheets of Glacier Media Inc. as at December 31, 2009 and 2008 and the consolidated statements of operations, shareholders' equity, retained earnings and accumulated other comprehensive income and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) Deloitte & Touche LLP

Chartered Accountants
March 22, 2010

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31,

(Expressed in thousands of dollars, except share and per share amounts)

	2009	2008
	$	$
Revenue	**229,128**	249,093
Direct expenses	**146,949**	151,841
Gross profit	**82,179**	97,252
Expenses		
General and administrative (Note 19)	**46,387**	45,430
Income before the undernoted	**35,792**	51,822
Interest expense, net (Note 17)	**6,450**	9,100
Amortization of property, plant and equipment	**6,113**	4,457
Amortization of intangible and other assets	**5,888**	6,044
Impairment of goodwill and intangible assets (Note 9 and 10)	**5,800**	-
Foreign exchange gain	**(18)**	(330)
Share of earnings from equity investee	**(1,116)**	(1,702)
Unrealized (gain) loss on financial instruments	**(1,899)**	2,358
Other expense (Note 20)	**426**	6,275
Restructuring expense (Note 4)	**2,011**	419
Income before provision for income taxes and non-controlling interest	**12,137**	25,201
(Recovery) Provision for income taxes		
Current	**805**	813
Future	**(4,170)**	(5,562)
(Recovery) Provision for income taxes (Note 18)	**(3,365)**	(4,749)
Income before non-controlling interest	**15,502**	29,950
Non-controlling interest	**1,576**	1,681
Net income for the period	**13,926**	28,269
Other comprehensive income		
Unrealized (loss) gain on available-for-sale financial assets	**-**	(75)
Translation adjustment of a self-sustaining joint venture	**(400)**	618
Comprehensive income	**13,526**	28,812
Earnings per share (Note 13)		
Basic	**0.15**	0.30
Diluted	**0.15**	0.30
Weighted average number of common shares		
Basic	**92,721,210**	93,131,183
Diluted	**92,721,210**	93,203,269

See accompanying notes to these consolidated financial statements

GLACIER MEDIA INC.

CONSOLIDATED BALANCE SHEETS
As at December 31,

(Expressed in thousands of dollars)

	2009	2008
	$	$
Assets		
Current assets		
Cash	**2,364**	3,414
Accounts receivable	**33,511**	40,034
Inventory	**5,708**	6,423
Prepaid expenses	**4,336**	3,867
Future income tax asset (Note 18)	**2,521**	3,873
	48,440	57,611
Investments (Note 6)	**24,994**	26,030
Other assets (Note 7)	**2,975**	3,735
Property, plant and equipment (Note 8)	**43,974**	39,376
Intangible assets (Note 9)	**159,181**	163,336
Goodwill (Note 10)	**224,183**	228,862
	503,747	518,950
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**19,060**	27,877
Deferred revenue	**19,266**	20,648
Current portion of long-term debt (Note 11)	**7,422**	4,958
Current portion of preferred shares of an affiliated company (Note 14)	**5,000**	-
	50,748	53,483
Non-current portion of deferred revenue	**899**	918
Deferred credit (Note 18)	**14,489**	23,327
Other non-current liabilities (Note 16 (a))	**4,665**	4,467
Long-term debt (Note 11)	**93,688**	109,840
Preferred shares of an affiliated company (Note 14)	**-**	5,000
Future income taxes (Note 18)	**16,093**	13,334
	180,582	210,369
Non-controlling interest	**12,122**	11,064
Shareholders' equity		
Share capital (Note 12)	**206,713**	206,713
Contributed surplus	**8,886**	8,886
Accumulated other comprehensive (loss) income	**(262)**	138
Retained earnings	**95,706**	81,780
	311,043	297,517
	503,747	518,950

Commitments (Note 16)
Contingencies (Note 24)
Subsequent event (Note 28)

Approved by the Directors

"Jonathon J.L. Kennedy" ***"Bruce W. Aunger"***

Jonathon J.L. Kennedy, Director Bruce W. Aunger, Director

See accompanying notes to these consolidated financial statements

GLACIER MEDIA INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31,

(Expressed in thousands of dollars)

	2009	2008
	$	$
Operating activities		
Net income	**13,926**	28,269
Items not affecting cash		
Amortization of property, plant and equipment	**6,113**	4,457
Amortization of intangible and other assets	**5,888**	6,044
Impairment of goodwill and intangible assets (Note 9 and 10)	**5,800**	-
Employee future benefit expense in excess of employer contributions (Note 22)	**786**	1,248
Future income taxes (Note 18)	**(4,170)**	(5,562)
Non-controlling interest	**1,576**	1,681
Non-cash interest expense (Note 17)	**1,065**	1,199
Non-cash other expense (Note 20)	**426**	-
Share of (earnings) from equity investee	**(1,116)**	(1,702)
Unrealized (gain) loss on financial instruments (Note 11(a))	**(1,899)**	2,358
Unrealized foreign exchange loss on long-term receivable	**50**	96
Cash flow from operations before changes in non-cash operating accounts	**28,445**	38,088
Changes in non-cash operating accounts		
Accounts receivable	**7,119**	1,372
Inventory	**752**	(1,889)
Prepaid expenses	**(436)**	1,262
Accounts payable and accrued liabilities	**(8,633)**	7,273
Deferred revenue	**(1,657)**	(95)
	25,590	46,011
Investing activities		
Acquisitions, inclusive of bank indebtedness assumed and related financing (Note 5)	**(360)**	(37,836)
Purchase of property, plant and equipment	**(9,345)**	(9,483)
Distribution to non-controlling interests	**(518)**	(566)
Other assets	**(222)**	6,543
Investments	**135**	(3,523)
	(10,310)	(44,865)
Financing activities		
Proceeds from long-term debt	**7,304**	9,553
Purchase of common shares	**-**	(1,123)
Repayment of long-term debt	**(23,634)**	(13,390)
	(16,330)	(4,960)
Net cash outflow	**(1,050)**	(3,814)
Cash, beginning of period	**3,414**	7,228
Cash, end of period	**2,364**	3,414
Supplemental information (Note 25):		
Non-cash investing activities:		
Issuance of preferred shares	**-**	5,000

See accompanying notes to these consolidated financial statements

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY, RETAINED EARNINGS AND ACCUMULATED OTHER COMPREHENSIVE INCOME

Years ended December 31, 2009 and 2008

(Expressed in thousands of dollars, except share amounts)

	Share capital		Contributed	Accumulated other comprehensive	Retained	
	Shares	Amount	surplus	income	earnings	Total
		$	$	$	$	$
Balance, January 1, 2008	93,197,364	207,775	8,947	(405)	53,511	269,828
Repurchase of common shares	(476,154)	(1,062)	(61)	-	-	(1,123)
Net income for the period	-	-	-	-	28,269	28,269
Other comprehensive income						
Unrealized gains and losses on available-for-sale financial assets	-	-	-	(75)	-	(75)
Translation adjustment of a self-sustaining joint venture	-	-	-	618	-	618
Total comprehensive income for the year						28,812
Balance, January 1, 2009	92,721,210	206,713	8,886	138	81,780	297,517
Net income	-	-	-	-	13,926	13,926
Other comprehensive income						
Unrealized gains and losses on available-for-sale financial assets	-	-	-	-	-	-
Translation adjustment of a self-sustaining joint venture	-	-	-	(400)	-	(400)
Total comprehensive income						13,526
Balance, December 31, 2009	**92,721,210**	**206,713**	**8,886**	**(262)**	**95,706**	**311,043**

See accompanying notes to these consolidated financial statements

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

1. Significant accounting policies

(a) *Basis of presentation of financial statements*

The consolidated financial statements include the accounts of the Company and its subsidiaries and its proportionate share of the financial position and results of operations of joint ventures and partnerships subject to joint control.

Variable interest entities ("VIEs'"), which include, but are not limited to, special purpose entities, trusts, partnerships, and other legal structures, as defined by Accounting Standards Board in Accounting Guideline ("AcG") 15, *Consolidation of Variable Interest Entities*, are entities in which equity investors do not have the characteristics of a "controlling financial interest" or there is not sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. VIEs are subject to consolidation by the primary beneficiary who will absorb the majority of the entities' expected losses and/or expected residual returns. The Company does not believe that it has any VIEs subject to consolidation.

Business acquisitions are accounted for under the purchase method and the results of operations of acquired businesses are included in the consolidated financial statements from the acquisition dates.

Investments over which the Company exercises significant influence are accounted for using the equity method, in which the original investment is recorded at cost and is subsequently adjusted for the Company's share of post acquisition earnings and losses.

(b) *Measurement uncertainty*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. It is reasonably possible that circumstances may arise which cause actual results to differ from management estimates.

Significant areas requiring the use of management estimates are valuation of goodwill and intangible assets, accounting for employee future benefits, the valuation of accounts receivable, the allocation of consideration paid to the estimated fair value of assets and liabilities acquired in business combinations, the estimated useful life of property, plant and equipment and intangible assets, stock based compensation, contingencies, and accounting for income taxes.

(c) *Revenue recognition*

Revenue from the sale of technical manuals and single copy newspapers is recognized when products are delivered in accordance with the terms of the customer contract.

Subscription revenue is recognized as each of the applicable updates or newspapers is delivered. Subscription revenue for which consideration has been received in advance and is attributable to future updates and issues is deferred until such updates or issues are delivered.

Advertising revenue is recognized upon publication of the editions in which the advertisements appear.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

1. Significant accounting policies (continued)

(c) Revenue recognition (continued)

Revenue related to the production and sale of interactive multi-media programs and certain technical manuals pursuant to long-term contracts is recognized on a percentage-of-completion basis based on the proportion of costs incurred to total anticipated costs.

Revenue from printing and publishing services are recognized when the production process is completed in accordance with the terms of the printing and publishing contracts. Amounts collected or billed in excess of revenue recognized are recorded as deferred revenue.

(d) Future income taxes

The Company records income taxes using the liability method of accounting. Under this method, future income tax assets and liabilities are determined based on the differences between the carrying amount and the tax basis of the assets and liabilities and are measured using tax rates in effect when these differences are expected to reverse in accordance with enacted laws or those substantively enacted at the date of the financial statements. Future income tax assets are recognized only when management believes it is more likely than not that they will be realized.

The excess of the value of income tax assets which management believes is more likely than not to be realized, over the consideration paid for such assets, is recorded as a deferred credit and recognized in the statement of operations in the same period that the related tax asset is realized.

The operations of the Company are complex and the related tax interpretations, regulations and legislation are continually changing. As a result there are usually some tax matters in question that result in uncertain tax positions. The Company recognizes the income tax benefit of an uncertain tax position when it is more likely than not that the ultimate determination of the tax treatment of the position will result in that benefit being realized.

(e) Inventory

Inventory consists of newsprint, publishing and stationery supplies and work in progress amounts relating to certain annual publications. These amounts are recorded at the lower of specifically identified cost and net realizable value,

(f) Property, plant and equipment

Property, plant and equipment are recorded at cost and amortized over their estimated useful lives as follows:

Building	20 years
Production machinery and equipment	3 - 15 years
Office equipment and fixtures	3 - 15 years

Leasehold improvements are amortized on a straight-line basis over the lesser of their useful life and term of the lease.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

1. Significant accounting policies (continued)

(f) Property, plant and equipment (continued)

The Company reviews property, plant and equipment for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable from expected undiscounted future cash flows from its use and eventual disposition. No impairment losses related to property, plant and equipment have been identified by the Company for the years ended December 31, 2009 or 2008.

(g) Employee benefit plans

The Company has defined benefit and defined contribution plans that provide both pension and other retirement benefits to certain salaried and hourly employees not covered by industry union plans.

The Company accrues the costs and related obligations of the defined benefit pension and other retirement benefit plans using the projected benefit method prorated on service and management's best estimates of expected plan investment performance, salary escalation, and other relevant factors. Actuarial gains (losses) arise from the difference between the actual and expected long-term rates of return on plan assets for a period and from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gain or loss over 10% of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of employees.

(h) Intangible assets and goodwill

Intangible assets, which consist of subscription lists, customer relationships, copyrights and trademarks, are recorded at cost. Subscription lists are being amortized over the period of the subscription contract, and copyrights are being amortized on a straight-line basis over 30 years. Customer relationships are being amortized on a straight-line basis over their expected life of 15 years.

The Company reviews intangible assets with a finite life for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable from expected undiscounted future cash flows from the asset's use and eventual disposition. No impairment losses have been identified by the Company for the years ended December 31, 2009 or 2008.

Goodwill represents the excess of the purchase price over the fair value of the net assets of acquired businesses. Trademarks which relate to individual magazine or other publications are considered to have an indefinite useful life. Goodwill and trademarks are determined to have indefinite lives, and are not amortized, but are tested for impairment by comparison to their fair values.

The Company tests for the impairment of goodwill and trademarks on an annual basis or whenever changes in circumstances indicate that the carrying value may be impaired. The excess of the carrying value over the fair value of these assets, if any, is charged to operations in the period the impairment occurred. The Company has performed tests for impairment of goodwill and trademarks at December 31, 2009. Based on these tests, the Company concluded that there was an impairment of goodwill and trademarks at December 31, 2009 (Note 9 and 10(b)).

1. Significant accounting policies (continued)

(i) Foreign currency transactions

Trade transactions denominated in foreign currencies are recorded in Canadian dollars at the exchange rate prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to Canadian dollars at the exchange rate prevailing at the balance sheet date. Exchange gains or losses are recorded in the statement of operations in the period incurred.

(j) Foreign currency translation

The Company's foreign joint venture is considered a self-sustaining foreign operation and the current rate method is used to translate its financial statements into Canadian dollars. The resulting translation adjustments are reported under "Accumulated other comprehensive (loss) income" in the consolidated balance sheet.

(k) Share-based compensation

The Company has a share-based compensation plan as described in Note 12. The Company recognizes compensation expense for all stock options awarded based on the fair value of the option on the date of grant. The fair value of the options is expensed over the vesting period of the options.

(l) Comprehensive income, financial instruments, and hedges

Comprehensive income

Comprehensive income comprises the Company's net income and other comprehensive income. Other comprehensive income represents changes in shareholders' equity during a period arising from non-owner sources and, for the Company, principally includes unrealized gains and losses on available-for-sale securities and translation adjustments relating to the self-sustaining foreign joint venture. The Company's comprehensive income, components of other comprehensive income, and accumulated other comprehensive income are presented in the consolidated statement of shareholders' equity, retained earnings and accumulated comprehensive income and in the statement of operations.

Financial assets and financial liabilities

Classification

The Company has adopted the following classification of its financial assets and financial liabilities:

- Cash and cash equivalents are classified as "held for trading". These financial assets are marked-to-market through net income at each period end. For the Company, due to the short term maturities of these assets, current market value and cost are generally the same.

- Accounts and notes receivable are classified as "loans and receivables". After their initial fair value assessment, they are measured at amortized cost using the effective interest rate method.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

1. Significant accounting policies (continued)

(l) Comprehensive income, financial instruments, and hedges (continued)

Financial assets and financial liabilities (continued)

- Long-term investments in equity securities other than those over which the Company has significant influence are classified as available-for-sale. Unrealized holding gains and losses related to available-for-sale investments are included in other comprehensive income until such gains or losses are realized, at which point they are included in the determination of net income. Unrealized losses which are determined to be other than temporary are recorded in net income.

- Short-term and long-term debt, accounts payable, bank indebtedness, preferred shares of an affiliated company and obligations under capital leases are classified as "Other Financial Liabilities". After their initial fair value assessment, they are measured at amortized cost using the effective interest rate method.

- Transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability (other than for those designated as held for trading) will be added to the carrying amount of the financial asset or financial liability, and will be amortized to income using the effective interest rate method.

Embedded derivatives

Derivatives may be embedded in other financial instruments ("host instruments"). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative, and the combined contract is not held for trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in income. The Company has no embedded derivatives that require such treatment.

Hedges

Realized and unrealized gains or losses associated with derivative instruments which have been designated and qualify as hedges under Canadian generally accepted accounting principles are deferred on the balance sheet and recognized in income in the period in which the underlying hedged transaction is recognized. Ineffective hedging relationships and derivative instruments not designated in a hedging relationship are classified as "held for trading" financial instruments, are carried at fair value in the balance sheet, with subsequent changes in their fair value recorded in the results of operations.

Section 3865, *Hedges*, specifies the criteria under which hedge accounting may be applied, how hedge accounting should be performed under permitted hedging strategies and the required disclosures. In keeping with its risk management strategy, the Company may utilize derivative instruments to hedge its exposure to foreign currency risk and interest rate risk.

The Company has not designated any of its derivative instruments as hedges under Section 3865 and has classified all of its derivative instruments as held for trading. Unrealized gains or losses from changes in fair value of derivative instruments are recognized in the consolidated statement of operations and retained earnings.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

2. Change in accounting policy

Effective January 1, 2009, the Company adopted the following new accounting standards and recommendations issued by the Canadian Institute of Chartered Accountants ("CICA"):

Goodwill and Intangible Assets

Section 3064, *Goodwill and Intangible Assets*, replaced Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-orientated enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new standard does not have a material impact on the Company's consolidated financial statements.

Credit Risk and Fair Value of Financial Assets and Financial Liabilities

EIC-173, Credit Risk and Fair Value of Financial Assets and Financial Liabilities, notes that the credit risk specific to the entity and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivatives. The new abstract does not have a material impact on the Company's consolidated financial statements.

Financial Instruments – Disclosures

Section 3862, "Financial Instrument – Disclosures", was amended to include additional disclosure requirements about fair value measurement for financial instruments and liability risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The fair value of assets and liabilities included in level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009. The disclosures required by these amendments have been included in the Company's notes to the consolidated financial statements.

3. Future accounting standards

(a) Section 1582 – Business Combinations

In January 2009, the CICA issued Section 1582, *Business Combinations*, which supersedes the like-named Section 1581. This Section applies to business combinations for which the date of acquisition occurs in fiscal years beginning on or after January 1, 2011 although earlier application is permitted. The Section establishes standards for the recognition of a business combination. The Company is currently evaluating the impact of the adoption of these new Sections on its consolidated financial statements.

3. Future accounting standards (continued)

(b) Section 1601 – Consolidated Financial Statements

In January 2009, the CICA issued Section 1601, *Consolidated Financial Statements*, which supersedes the like-named Section 1600. This Section applies to interim and annual financial statements for fiscal years beginning on or after January 1, 2011 although earlier application is permitted. The Section establishes standards for the preparation of consolidated financial statements. The Company is currently evaluating the impact of the adoption of these new Sections on its consolidated financial statements.

(c) Section 1602 – Non-controlling Interests

In January 2009, the CICA issued Section 1602, *Non-controlling Interests*, which supersedes Section 1600, *Consolidated Financial Statements*. This Section applies to interim and annual financial statements for fiscal years beginning on or after January 1, 2011 although earlier application is permitted. The Section establishes standards for the accounting of the non-controlling interests in a subsidiary in the consolidated financial statements subsequent to a business combination. The Company is currently evaluating the impact of the adoption of these new Sections on its consolidated financial statements.

(d) International Financial Reporting Standards (IFRS)

In 2008, the Canadian Accounting Standards Board confirmed that Canadian publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") by 2011 in replacement of Canadian GAAP. The conversion to IFRS will be applicable to the Company's reporting no later than in the first quarter of 2011, with restatement of comparative information presented. The Company's accounting policies, information technology and data systems, internal controls over financial reporting and disclosure controls and procedures will be impacted by the conversion.

The Company is currently evaluating the impact of the adoption of these new Sections on its consolidated financial statements.

4. Restructuring expenses

During the year ended December 31, 2009, restructuring expenses of $2.0 million (2008 - $0.4 million) were recognized with respect to severance costs as the Company reduced its work force. Glacier and its subsidiaries initiated cost reduction plans to reduce the economic effect of the weakening economic conditions in the markets in which the Company operates. The cost reduction plan included staff layoffs, reduction in hours for part-time employees, reduction in newsprint consumption, and a wide variety of other measures.

5. Acquisitions

(a) During the twelve months ended December 31, 2009, Glacier and its subsidiaries completed three minor acquisitions at a cost of $0.4 million.

(b) During the twelve months ended December 31, 2008, Glacier and its subsidiaries completed eleven acquisitions at a cost of $43.3 million. Consideration included cash of $38.3 million (including transaction costs) and preferred shares of $5.0 million (Note 14).

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

5. Acquisitions (continued)

(b) (continued)

The allocation of the purchase price to the fair value of the assets acquired and liabilities assumed is summarized as follows:

	$
Assets acquired	
Cash	435
Accounts receivable	5,957
Inventories	2,223
Prepaids	248
Property, plant and equipment	4,253
Customer relationships	9,942
Trademarks	10,051
	33,109
Liabilities assumed	
Accounts payable and accrued liabilities	2,225
Deferred revenue	4,867
Current portion of long-term debt	381
Long-term debt	576
	8,049
Net assets acquired	25,060
Goodwill	18,211
Consideration	43,271

6. Investments

	2009	2008
	$	$
Investment in equity accounted investees (a) and (b)	**22,055**	23,110
Other investments (c)	**2,939**	2,920
	24,994	26,030

(a) Investment in equity accounted investees includes an equity interest in Continental Newspapers Ltd., which owns and operates newspapers in British Columbia and Ontario.

The Company considers that the excess of the purchase price paid over the share of the net book value of Continental assets acquired relates to intangible assets including the various mastheads, customer lists and goodwill. The company is amortizing the amount allocable to limited life intangible assets with an estimated value of $3.3 million (2008 - $3.6 million) as an adjustment to its equity earnings of Continental over their estimated useful life of 15 years.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

6. Investments (continued)

(b) At December 31, 2008 equity accounted investees included an equity interest in a company that owns and operates newspapers on the east coast of the United States. This investment was determined to be a joint venture, as a result of a reorganization during the year ended December 31, 2009. As such, the Company is no longer applying equity accounting as the method to account for this investment. For the period ended December 31, 2009, the Company has proportionately consolidated this company's balances and results of operations for the 6 months ended December 31, 2009.

For periods in which the Company applied equity accounting as the method to account for this investment, the Company translated assets and liabilities of this self-sustaining foreign investee at the rate of exchange at the balance sheet date. Equity income or loss was translated at the average rate of exchange throughout the period. Unrealized gains or losses from these translations, or currency translation adjustments, are included in the equity section of the consolidated balance sheets as accumulated other comprehensive income.

The amount previously recorded as equity investment has been proportionately consolidated effective July 1, 2009 with the amount assigned to assets and liabilities on that date summarized as follows:

	$
Assets	
Cash	534
Accounts receivable	596
Inventories	37
Prepaids	33
Property, plant and equipment	1,366
Intangible assets	2,170
Future income tax asset	468
	5,204
Liabilities	
Accounts payable and accrued liabilities	402
Deferred revenue	256
Current portion of long-term debt	1,599
Future income tax liability	27
Long-term debt	1,163
Accumulated other comprehensive income	(136)
	3,311
Net assets	1,893
Goodwill	-
Investment using equity method as at July 1, 2009	1,893

(c) Other investments include an interest in Iron Solutions LLC, a Company based in the United States which operates and publishes agricultural print and online information communication. This investment is recorded at cost and included in other investments.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

7. Other assets

	2009	2008
	$	$
Refundable liability insurance premiums (a)	**426**	902
Deferred pension asset (Note 22 (c))	**1,585**	2,019
Deferred acquisition costs (b)	**822**	726
Other	**142**	88
	2,975	3,735

(a) Refundable liability insurance premiums represent funds on deposit in excess of the estimated cost to settle all remaining claims under the liability insurance policy. The fair value of the refundable liability insurance premiums is not readily determinable due to the long-term nature of these amounts, and the uncertainty of the amount ultimately recoverable in excess of final settlements. For the period ended December 31, 2009, the Company has recorded an allowance of $0.4 million (2008 - $nil) against the refundable liability insurance premium.

(b) Deferred acquisition costs relate to the costs associated with potential acquisitions and will be capitalized as part of the cost of the acquisitions.

8. Property, plant and equipment

			2009
	Cost	**Accumulated amortization**	**Net book value**
	$	**$**	**$**
Land	**6,548**	**-**	**6,548**
Building	**16,174**	**3,035**	**13,139**
Production machinery and equipment	**43,148**	**20,497**	**22,651**
Other equipment and leasehold improvements	**4,874**	**3,238**	**1,636**
	70,744	**26,770**	**43,974**

			2008
	Cost	Accumulated amortization	Net book value
	$	$	$
Land	6,412	-	6,412
Building	14,784	2,394	12,390
Production machinery and equipment	34,213	15,534	18,679
Other equipment and leasehold improvements	4,624	2,729	1,895
	60,033	20,657	39,376

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

9. Intangible assets

			2009	2008
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Subject to amortization				
Copyrights	**20,915**	**7,124**	**13,791**	14,682
Subscription lists	**3,017**	**2,356**	**661**	995
Customer relationships	**66,815**	**15,822**	**50,993**	52,898
	90,747	**25,302**	**65,445**	68,575
Not subject to amortization				
Trademarks	**93,736**	**-**	**93,736**	94,761
	184,483	**25,302**	**159,181**	163,336

During the year ended December 31, 2009, the Company recorded an impairment of trademarks of $1.0 million related to operations in the Newspaper and Trade segment. No impairment was recorded in fiscal 2008.

10. Goodwill

A summary of the changes to goodwill is as follows:

	2009	2008
	$	$
Balance, beginning of year	**228,862**	211,204
Goodwill acquired and adjustments		
Acquisitions	**68**	18,211
Final purchase price adjustments	**53**	(553)
Impairment	**(4,800)**	-
Balance, end of year	**224,183**	228,862

(a) *Final purchase price adjustments*

During 2009 and 2008, the purchase price allocations related to certain acquisitions were adjusted to reflect final valuations of tangible and intangible assets acquired and to reflect adjustments to various liabilities assumed on acquisition.

(b) *Impairment*

During fiscal 2009, the Company conducted its annual impairment test of goodwill. The Company used the discounted cash flows approach to determine the estimated fair value of a reporting unit. Future cash flows are based on the Company's estimates and include consideration for expected future operating results, cost savings achieved through cost savings initiatives, economic conditions and outlook for the industry within which the reporting unit operates.

Due to a number of factors, including the recession and strength of the Canadian dollar in relation to the U.S. dollar, the Company recorded an estimated impairment of goodwill in the amount of $4.8 million related to operations in the Business and Professional segment.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

11. Long-term debt

The Company has the following long term debt outstanding at December 31, 2009 and 2008:

	2009	2008
	$	$
Revolving bank loan (a)	**82,000**	92,000
Proportionate share of non-recourse long-term debt owed by ANGLP (b)	**17,098**	21,594
Fair value of derivative instruments (a)	**1,030**	2,215
Deferred financing charges	**(2,223)**	(3,408)
Mortgages and other loans	**3,205**	2,397
	101,110	114,798
Less: Current portion	**7,422**	4,958
	93,688	109,840

Scheduled minimum principal repayments for calendar years are as follows:

	$
2010	7,422
2011 (a)	84,951
2012	4,481
2013	3,379
2014	67
Thereafter	810
	101,110

(a) Revolving bank loan

During the first quarter of 2009, Glacier amended its revolving facility with a separate operating loan facility and operating line of credit into a single revolving loan facility with substantially increased borrowing capacity. The maximum amount that can be drawn on the revolving facility is dependent on the Company's debt to earnings ratio. The Company, subsequently, further amended its revolving facility by extending the maturity date to July 1, 2011 on substantially the same terms and conditions.

The total facility bears interest at varying rates based on the prevailing bankers' acceptance rate plus an acceptance fee which ranges from 1.50% to 3.75% or the bank prime rate plus 0.50% to 2.75%, depending on Glacier's debt to earnings ratio. Pursuant to the agreements under this facility, Glacier has entered into a five year interest rate swap contract which at December 31, 2009 had a notional value of $34.1 million (2008 - $43.6 million). The interest rate for this facility has been fixed at 4.455% plus the acceptance fee. The Company has determined that its interest rate swaps under Canadian generally accepted accounting principles do not qualify for hedging treatment and as a result the Company records changes in the fair value of these instruments in its statement of operations each reporting period. The interest rate swap contract expires on December 31, 2010 and as such has been classified as current.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

11. Long-term debt (continued)

(a) Revolving bank loan (continued)

The facility is secured by a general security agreement including fixed and floating charges over all of Glacier's and its subsidiaries' assets. Under the amended facility there are no scheduled repayment terms, other than at maturity, provided that Glacier does not borrow more than the total amount of the facility or does not exceed certain debt to earnings ratios or violate other covenants.

Under various financing arrangements with its banks, the Company is required to meet certain covenants. The Company was in compliance with these covenants at December 31, 2009 and 2008.

(b) ANGLP

ANGLP has entered into a separate senior term loan facility with a company that is related to Glacier for $50.0 million. The total facility bears interest at varying rates based on the prevailing bankers' acceptance rate plus an acceptance fee which ranges from 1.75% to 3.25% or the bank prime rate plus 0.25% to 1.75%, depending on ANGLP's debt to earnings ratio, and is secured by a charge over the property of ANGLP. $4.7 million has been classified as current.

The Company has proportionately consolidated its share of this senior term loan facility. This loan is non-recourse to the Company.

12. Share capital

Authorized

Unlimited number of common shares without par value
Unlimited number of preferred shares

Issued

	Number of shares	Number of warrants	Amount
			$
Balance, December 31, 2007	93,197,364	1,115,000	207,775
Shares repurchased for cancellation under NCIB	(476,154)	-	(1,062)
Balance, December 31, 2008	92,721,210	1,115,000	206,713
Balance, December 31, 2009	92,721,210	1,115,000	206,713

At December 31, 2009 and 2008, 1,115,000 warrants were outstanding allowing the holder to purchase one common share per warrant at $4.48 per share. The warrants, if not extended, will expire June 28, 2014.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

12. Share capital (continued)

Redemption of common shares

On September 23, 2009, the Company filed a renewed Normal Course Issuer Bid which authorized the Company to repurchase for cancellation up to 2,500,000 common shares and ends no later than September 27, 2010. During the years 2009 and 2008, the following purchases have been made under a prior Normal Course Issuer Bid:

	2009			2008		
	Number of shares purchased	**Weighted average price**	**Total consideration**	Number of shares purchased	Weighted average price	Total consideration
		$	**$**		$	$
Common shares	**-**	**-**	**-**	476,154	2.36	1,123
Book value			**-**			1,062
Premium paid			**-**			61
			-			1,123

Stock option plan

The Company has a stock option plan for officers, directors and certain employees. The maximum number of options available for issuance is 2,238,348. On April 3, 2007, the Company granted 1,100,000 share purchase options to certain directors and senior management. The options entitle the holder to acquire a common share of the Company at an exercise price of $3.25 and expire on April 3, 2012 and are the only share purchase options outstanding.

The Company recognizes compensation expense for all stock options awarded based on the fair value of the option on the date of grant. No stock options were granted during the period ended December 31, 2009. The fair value of the stock options granted in 2007 was estimated using a Black-Scholes option-pricing model with the following weighted average assumptions: expected volatility of 25.60%; risk-free interest rate of 4.32%; an expected life of two and a half years; and no dividends. No compensation cost has been recorded for the periods ended December 31, 2009 and 2008.

The following transactions occurred within the stock option plan:

	2009		2008	
	Common shares	**Weighted average exercise price**	Common shares	Weighted average exercise price
		$		$
Options outstanding at beginning of year	**1,100,000**	**3.25**	1,100,000	3.25
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Outstanding at end of year	**1,100,000**	**3.25**	1,100,000	3.25
Exercisable at end of year	**1,100,000**	**3.25**	1,100,000	3.25

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

13. Earnings per share

Basic earnings per share is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares during the period using the treasury stock method. Under this method, proceeds from the potential exercise of stock options are assumed to be used to purchase the Company's common shares. Earnings used in determining earnings per share are presented below.

	Income	Shares	Per share
	$		$
2009			
Basic EPS:			
Net income	**13,926**	**92,721,210**	**0.15**
Effect of dilutive securities: stock options	**-**	**-**	**-**
Diluted EPS:			
Net income	**13,926**	**92,721,210**	**0.15**
2008			
Basic EPS:			
Net income	28,269	93,131,183	0.30
Effect of dilutive securities: stock options	-	72,086	-
Diluted EPS:			
Net income	28,269	93,203,269	0.30

14. Preferred shares

On January 8, 2008, an affiliated company, GVIC Communications Corp. ("GVIC"), whose results and balances are consolidated in these financial statements, issued 5,000,000 convertible retractable redeemable preferred shares with an issue price of $1.00 per share, for an aggregate face value of $5.0 million as partial consideration for an acquisition which occurred during the twelve months ended December 31, 2008. The preferred shares can be redeemed and retracted at the election of the Company and holder beginning January 7, 2010 for an aggregate amount of $5.0 million plus accrued and unpaid dividends and as a result are classified as a current liability. The preferred shares are convertible at any time into common shares of GVIC at a conversion rate based on a five-day weighted average trading price of GVIC shares. The preferred shares have an annual cumulative dividend of 6.0 per cent, payable semi-annually.

The preferred shares have been recorded at their estimated fair value at the date of issue and are recorded as a liability in these financial statements as a result of the holders' option to retract the preferred shares for cash. The preferred share dividend is recorded as financing costs over the expected term of the preferred shares.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

15. Capital disclosures

The Company's fundamental objectives in managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations, ensure adequate liquidity and financial flexibility at all times, deploy capital to provide an appropriate investment return to its shareholders while maintaining prudent levels of financial risk. The Company believes that the aforementioned objectives are appropriate in the context of the Company's business.

The Company defines its capital as shareholders' equity, long-term debt including the current portion, and preferred shares (Note 14), net of any cash and cash equivalents.

The Company's financial strategy is designed to maintain a flexible capital structure including an appropriate debt to equity ratio consistent with the objectives stated above and to respond to changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, raise debt (secured, unsecured, convertible and/or other types of available debt instruments), enter into hedging arrangements and refinance existing debt with different characteristics, amongst others.

The Company constantly monitors and assesses its financial performance and economic conditions in order to ensure that its net debt levels are prudent.

The Company's financial objectives and strategy are reviewed on an annual basis. The Company believes that its ratios are within reasonable limits, in light of the relative size of the Company and its capital management objectives.

The Company is also subject to financial covenants in it is operating credit facility agreement, which are measured on a quarterly basis. The Company is in compliance with all financial covenants.

16. Commitments and other liabilities

(a) Other non-current liabilities

Certain full-time employees are eligible for retiring allowances based on their years of employment. The carrying value of these retiring allowances, $0.4 million (2008 - $0.2 million), has been classified as a non-current liability.

Also included in non-current liabilities are certain payables and accrued liabilities which were assumed on the acquisition of Hawker Siddeley Canada Inc. ("Hawker"). These liabilities were recorded at their fair value at the date of acquisition. These accrued liabilities are not expected to be discharged in the near term.

Details of the non-current portion of liabilities are as follows:

	2009	2008
	$	$
Post-retirement benefits (Note 22 (c))	**4,252**	3,997
Other long-term liabilities	**413**	470
	4,665	4,467

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

16. Commitments and other liabilities (continued)

(b) Operating leases

The Company and its subsidiaries have entered into operating leases for premises and office equipment which expire on various dates up to 2015.

The minimum annual lease payments required are as follows:

	$
2010	2,746
2011	2,497
2012	1,421
2013	770
2014	279
Thereafter	62
	7,775

17. Interest expense, net

	2009	2008
	$	$
Interest income	**326**	205
Non-cash interest expense	**(1,065)**	(1,199)
Interest expense on long-term debt	**(5,711)**	(8,106)
	(6,450)	(9,100)

18. Income taxes

The provision for income taxes varies from the amount that would be expected if computed by applying the Canadian federal and provincial statutory income tax rates to the Company's income before income taxes as shown in the following table:

	2009	2008
	$	$
Income before income taxes	**12,137**	25,201
Statutory income tax rate	**30.00%**	31.00%
Expected provision for income taxes	**3,641**	7,812
Permanent differences	**1,678**	166
Other non-taxable income	**-**	(436)
Change in statutory tax rate on net future income tax liabilities	**(550)**	(1,709)
Other	**704**	734
	5,473	6,567

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

18. Income taxes (continued)

The Company has available non-capital losses and other tax deductions of approximately $78.7 million (2008 - $90.6 million) which can be carried forward and may be used to reduce future years' net income for tax purposes.

The Company has recognized a deferred credit in the amount of $14.5 million (2008 - $23.3 million) representing the excess over cost of the value of future income tax assets, which management believes is more likely than not to be realized. The deferred credit is recognized as an adjustment to tax expense in the same period that the related future tax asset is realized.

The Company has recorded the following tax provision:

	2009	2008
	$	$
Current	**805**	813
Future	**4,668**	5,754
Total income tax expense	**5,473**	6,567
Amortization of deferred credit	**(8,838)**	(11,316)
Provision for income taxes	**(3,365)**	(4,749)

As referred to in Note 1 (d), the Company must make significant estimates in respect of its future income tax assets and liabilities. The future income tax asset and liability balances are as follows:

	2009	2008
	$	$
Future income tax (liability) asset		
Share issuance costs	**-**	8
Available non-capital losses and other tax deductions	**20,699**	34,180
Cumulative eligible capital	**-**	56
Undeducted expenditures	**760**	510
Property, plant and equipment	**2,718**	1,101
Intangible assets	**(2,136)**	(2,275)
Non-deductible intangible assets	**(29,121)**	(31,396)
Deferred income and other	**(6,492)**	(11,645)
Net liability	**(13,572)**	(9,461)
Less: Current portion of future tax asset (liability)	**2,521**	3,873
Future income tax asset (liability)	**(16,093)**	(13,334)

19. Related party transactions

During the year, the Company and its subsidiaries recorded administration and consulting expenses of $0.7 million (2008 - $1.4 million) from companies who are minority shareholders of the Company and in which certain directors hold an equity interest (the "Related Companies"), of which $nil (2008 - $0.8 million) was recorded as a cost of acquisition in certain business combinations.

These transactions occurred in the normal course of operations and were measured at the exchange amount, which represented the amount of consideration established and agreed to by the related parties.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

20. Other expense

For the year ended December 31, 2009, the Company recorded an allowance against refundable liability insurance premiums of $0.4 million (Note 7). During the year ended December 31, 2008, the Company recognized a one-time $6.3 million settlement amount charged to income during the year ended December 31, 2008 and included in accounts payable and accrued liabilities at December 31, 2008. This amount was paid in 2009 and represented an affiliated entity's participation in a settlement between Sun Times Media Group Inc. ("Sun Times") and CanWest Global Communications Inc. ("CanWest") regarding an arbitrated dispute arising from CanWest's purchase of certain newspaper assets from Sun Times in 2000.

21. Joint ventures

At December 31, 2009, the Company exercised joint control over the operations of Great West, Fundata, ANGLP, Rhode Island Suburban Newspaper Inc. and Printwest Communications Ltd. The following balances at December 31, 2009 and 2008 and results of operations for the years then ended, representing the Company's ownership interests in these operations, have been proportionately consolidated in the Company's consolidated financial statements:

	2009	2008
	$	$
Income statement		
Sales	**52,367**	51,395
Costs and expenses	**46,905**	42,285
Net income	**5,462**	9,110
Cash flow statement		
Cash received from operating activities	**8,494**	11,873
Cash used in investing activities	**(599)**	(3,151)
Cash used in financing activities	**(7,552)**	(2,194)
Increase in net cash from continuing operations	**343**	6,528
Balance sheet		
Cash	**1,900**	3,952
Other current assets	**10,381**	11,028
Property, plant and equipment	**12,022**	11,833
Intangibles	**38,572**	38,396
Goodwill	**66,798**	66,427
Accounts payable and accrued liabilities	**(3,696)**	(4,256)
Other current liabilities	**(9,758)**	(10,136)
Long-term debt	**(13,924)**	(18,557)
Future income tax liabilities	**(7,265)**	(7,646)
Net assets	**95,030**	91,041

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

22. Employee benefit plans

The Company has defined benefit pension plans which cover certain employees. The plans provide pensions based on length of service and final average annual earnings. The Company also has health care plans covering certain hourly and retired salaried employees. Information about the Company's salaried pension plans and other non-pension benefits, in aggregate, is as follows:

(a) Defined benefit plan assets

	2009		2008	
	Pension benefit plans	**Other benefit plans**	Pension benefit plans	Other benefit plans
	$	**$**	$	$
Fair market value of plan assets				
Beginning of year	**24,012**	**-**	26,894	-
Actual return	**3,367**	**-**	(2,775)	-
Company contributions	**38**	**16**	83	7
Employee contributions	**510**	**-**	541	-
Benefit payments	**(676)**	**(16)**	(774)	(7)
Transfers	**-**	**-**	-	-
Other	**43**	**-**	43	-
End of year	**27,294**	**-**	24,012	-

	2009	2008
	%	%
Plan assets consist of the following		
Equity	**79**	67
Debt securities	**8**	26
Other	**13**	7
	100	100

(b) Defined benefit plan obligations

	2009		2008	
	Pension benefit plans	**Other benefit plans**	Pension benefit plans	Other benefit plans
	$	**$**	$	$
Accrued benefit obligation				
Beginning of year	**19,716**	**2,586**	24,154	3,589
Current service cost	**1,363**	**169**	1,765	207
Interest cost	**1,336**	**180**	1,335	194
Employee contributions	**17**	**-**	47	-
Benefit payments	**(676)**	**(16)**	(774)	(7)
Plan amendments	**161**	**-**	-	-
Actuarial loss (gain)	**1,104**	**250**	(6,811)	(1,397)
Other	**-**	**-**	-	-
End of year	**23,021**	**3,169**	19,716	2,586

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

22. Employee benefit plans (continued)

(c) Reconciliation of the funded status of the benefit plans to the amounts recorded in the financial statements

	2009		2008	
	Pension benefit plans	**Other benefit plans**	Pension benefit plans	Other benefit plans
	$	**$**	$	$
Fair market value of plan assets	**27,295**	**-**	24,012	-
Accrued benefit obligation	**23,021**	**3,169**	19,716	2,586
Funded status of plans - (deficit) surplus	**4,274**	**(3,169)**	4,296	(2,586)
Unamortized actuarial loss (gain)	**(2,689)**	**(1,083)**	(2,277)	(1,411)
Accrued benefit (liability) asset	**1,585**	**(4,252)**	2,019	(3,997)

The accrued benefit asset (liability) is included in the Company's balance sheet as follows:

	2009	2008
	$	$
Other assets (Note 7)	**1,585**	2,019
Other long-term liabilities (Note 16 (a))	**(4,252)**	(3,997)
	(2,667)	(1,978)

(d) Significant assumptions

	2009		2008	
	Pension benefit plans	**Other benefit plans**	Pension benefit plans	Other benefit plans
	%	**%**	%	%
Accrued benefit obligation as of December 31, 2009				
Discount rate	**6.00**	**6.75**	6.75-7.00	6.75
Rate of compensation increase	**2.00-3.50**	**3.00**	3.00-4.50	3.00
Benefit costs for year ended December 31, 2009				
Discount rate	**6.00-6.75**	**5.25**	5.00-7.00	5.25
Expected long-term rate of return on plan assets	**6.00-7.00**	**7.00**	7.00	7.00
Rate of compensation increase	**3.00-3.50**	**4.00**	4.00-4.50	4.00

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

22. Employee benefit plans (continued)

(e) Assumed health care cost trend rates

	2009		2008	
	Pension benefit plans	**Other benefit plans**	Pension benefit plans	Other benefit plans
Initial health care cost trend rate	**-**	**8.00%**	-	9.00%
Annual rate of decline in trend rate	**-**	**1.00%**	-	1.00%
Ultimate health care trend rate	**-**	**5.00%**	-	5.00%
Year ultimate rate is reached	**-**	**2013**	-	2013

(f) Sensitivity analysis

Assumed health care cost trend rates have a significant effect on the amounts reported for the other benefit plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects for 2009:

	1% increase	1% decrease
	$	$
Total of service and interest cost components during fiscal year 2009	364	334
Post-retirement accrued benefit obligation at December 31, 2009	3,277	3,054

(g) Aggregate benefit plan expense

The Company's expense for company-sponsored benefit plans is as follows:

	2009		2008	
	Pension benefit plans	**Other benefit plans**	Pension benefit plans	Other benefit plans
	$	**$**	$	$
Employer service cost	**870**	**169**	1,271	207
Interest cost	**1,336**	**180**	1,335	194
Actual return on assets	**(2,732)**	**-**	1,816	-
Actuarial losses (gains) on accrued benefit obligation	**1,262**	**250**	(6,724)	(1,397)
Difference between actual and expected return on assets	**1,067**	**-**	(3,695)	-
Difference between actual and recognized actuarial (losses) gains in year	**(1,288)**	**(328)**	6,811	1,397
Net benefit cost	**515**	**271**	814	401

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

23. Guarantees

In connection with certain dispositions of assets and/or businesses, the Company and/or its affiliates have in the past provided customary representations and warranties whose terms range in duration and may not be explicitly defined. The Company has also retained certain liabilities for events occurring in predecessor operations that have been sold, relating to tax, environmental, litigation and other matters. In certain circumstances, the Company has indemnified the purchasers in the event that a third party asserts a claim against the purchaser that relates to a liability retained by the Company. These types of indemnification guarantees typically extend for a number of years.

The Company is unable to estimate the maximum potential liability for these indemnifications as the underlying agreements do not always specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time.

Historically, the Company and its other affiliates have not made any significant indemnification payments under such agreements and no amount has been accrued in the consolidated balance sheet with respect to these indemnification guarantees. The Company continues to monitor the conditions that are subject to guarantees and indemnifications to identify whether it is probable that a loss has occurred and would recognize any such losses under any guarantees or indemnifications when those losses are probable and estimable.

24. Contingencies

(a) An affiliated entity has been named as a co-defendant in a series of disputes, investigations and legal proceedings relating to transactions between Sun Times Media Group, Inc. (formerly Hollinger International Inc.) ("Sun Times") and certain former officers and directors of Sun Times and its affiliates. The ultimate outcome of these proceedings to the affiliated entity is not determinable.

(b) The Company and certain of its affiliates have also been named as defendants in certain legal actions incurred in the normal course of business, none of which management believes will have a material impact on the results of operations and financial position of the Company.

25. Supplemental cash flow information

(a) *Other cash flow information*

	2009	2008
	$	$
Interest paid	**5,527**	8,146
Income taxes paid	**964**	783

(b) *Non-cash investing activities*

	2009	2008
	$	$
Preferred shares issued as cost of acquisition (Note 14)	**-**	5,000

26. Financial instruments

Financial risk management

The Company's activities result in exposure to a variety of financial risks, including risks relating to foreign exchange, credit, liquidity and interest rate risk. Details of these risks, how they arise and the objectives and policies for managing them are described as follows:

Foreign exchange risk

A small portion of the Company's products are sold at prices denominated in US dollars or based on prevailing US dollar prices while the majority of its operational costs and expenses are incurred in Canadian dollars. Therefore, an increase in the value of the Canadian dollar relative to the US dollar reduces the revenue in Canadian dollar terms realized by the Company from sales made in US dollars. The Company also has investments in US self-sustaining operations, whose net assets are exposed to foreign currency translation risk.

The Company currently hedges a portion of its foreign exchange exposure with financial forward contracts. At December 31, 2009 Glacier had foreign exchange swap contracts to sell US$125,000 per month commencing April 2009 at a rate of 0.86 $CDN: 1.00 $US, which expires April 2012 and US$83,333 per month commencing October 2008 at a rate of 0.94 $CDN:1.00 $US, expiring October 2010. At December 31, 2009, the exchange contracts are recorded at fair market value of $0.4 million and included in accounts receivable. The Company has concluded that these contracts do not qualify for hedge accounting; therefore changes in fair value of the contracts are recorded in the statement of operations each period.

Credit risk

Credit risk is risk of financial loss to the Company if a customer or third party to a derivative instrument fails to meet its contractual obligation.

The Company sells its products and services to a variety of customers under various payment terms and therefore is exposed to credit risks from its accounts receivable from customers.
The Company has adopted policies and procedures designed to limit these risks. The carrying amounts for accounts receivables are net of applicable allowances for doubtful accounts and returns, which are estimated based on past experience, specific risks associated with the customer and other relevant information.

The Company is protected against any concentration of credit risk through its products, broad clientele and geographic diversity. As at December 31, 2009, no single customer accounts for more than 5% of consolidated accounts receivable.

Management regularly monitors accounts receivable aging, customer credit limits, performs credit reviews and provides allowances for potentially uncollectible accounts receivable. The amounts disclosed in the consolidated balance sheets are net of allowances for doubtful accounts. The Company establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of accounts receivable. Accounts receivable are impaired when there is evidence that collection is unlikely. At December 31, 2009, the Company had accounts receivable of $33.5 million, net of allowance for doubtful accounts of $1.7 million. At December 31, 2009, $2.3 million of accounts receivable is considered past due, which is defined as amounts outstanding beyond normal credit terms and conditions for respective customers, but not impaired.

Based on the historical payment trend of the customers, the Company believes that this allowance for doubtful accounts is sufficient to cover the risk of default.

26. Financial instruments (continued)

Credit risk (continued)

The Company is also exposed to credit-related losses in the event of non-performance by counterparties to derivative instruments. The Company manages its counterparty risk by only accepting major financial institutions with high credit ratings assigned by international credit-rating agencies as counterparties.

The maximum exposure to credit risk at the reporting date is the carrying value of cash, accounts receivables and the credit risk of counter parties relating to the Company's derivatives.

Liquidity

Liquidity risk is the risk that the Company will be unable to meet its financial obligations on a current basis.

The Company manages liquidity by maintaining adequate cash balances and by having appropriate lines of credit available. In addition, the Company continuously monitors and reviews both actual and forecasted cash flows. Management believes that future cash flows from operations and the availability under existing banking arrangements will be adequate to support its financial liabilities.

Interest rate risk

The Company's interest rate risk mainly arises from the interest rate impact on cash and floating rate debt. The Company manages a portion of the interest rate risk through a five year amortizing interest rate swap contract which at December 31, 2009 had a notional value of $34.1 million. The interest rate for this facility has been fixed at 4.455% plus the acceptance fee which varies with debt levels. The interest rate swap contract has been recorded at fair market value and is included in long-term debt.

An assumed 100 basis points increase in interest rates during the year ended December 31, 2009 would have a $0.5 million impact on pre-tax net income. An assumed 100 basis points decrease would have had an equal but opposite effect on pre-tax net income.

Fair value

The book value of certain financial instruments maturing in the short-term approximates their fair value. These financial instruments include cash, accounts receivable, and accounts payable and accrued liabilities. The table below shows the fair value and the book value of other financial instruments as at December 31, 2009 and 2008.

The fair value is determined essentially by discounting cash flows or quoted market prices. The fair values calculated approximate the amounts for which the financial instruments could be settled between consenting parties, based on current market data for similar instruments. Consequently, as estimates must be used to determine fair value, they must not be interpreted as being realizable in the event of an immediate settlement of the instruments.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

26. Financial instruments (continued)

Fair value (continued)

	2009		2008	
	Fair value	**Book value**	Fair value	Book value
	$	**$**	$	$
Available for sale equity securities	**-**	**-**	-	-
Long-term debt, excluding derivative financial instruments	**(100,080)**	**(100,080)**	(112,583)	(112,583)
Interest rate swap agreement	**(1,030)**	**(1,030)**	(2,215)	(2,215)

Fair value hierarchy

For fair value estimates relating to derivatives and available-for-sale securities, the Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements. The table below shows financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3 – Inputs for the asset or liability that are not based on observable market data

				2009
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Cash	**2,364**	**-**	**-**	**2,364**
Available for sale equity securities	**-**	**-**	**-**	**-**
Foreign exchange forward contracts	**-**	**391**	**-**	**391**
Interest rate swap agreement (Note 11(a))	**-**	**(1,030)**	**-**	**(1,030)**
	2,364	**(639)**	**-**	**1,725**

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

27. Segment disclosure

The Company and its subsidiaries operate in two distinct operating segments throughout the United States and Canada. These segments are the business and professional market that Specialty Technical Publishers, CD-Pharma, Eco Log and Fundata operate in and the newspaper and trade information market in which the rest of Glacier's businesses operate. All of the Company's assets are located in Canada except the assets of a joint venture located in the United States. The following segment information is as at December 31, 2009 and 2008:

(thousands of dollars)	Newspaper and Trade	Business and Professional	Corporate and Other	Consolidated
	$	$	$	$
2009				
Revenues				
Canada	**204,977**	**11,453**	**-**	**216,430**
United States	**8,525**	**4,173**	**-**	**12,698**
				229,128
Income (loss) before interest, taxes and amortization	**31,005**	**4,760**	**27**	**35,792**
Net income	**14,584**	**(2,533)**	**1,875**	**13,926**
Assets	**458,608**	**44,538**	**601**	**503,747**
Capital expenditures	**9,149**	**196**	**-**	**9,345**
Additions and adjustments to goodwill	**121**	**(4,800)**	**-**	**(4,679)**
Investments accounted for by the equity method	**22,055**	**-**	**-**	**22,055**
2008				
Revenues				
Canada	223,495	12,104	-	235,599
United States	9,019	4,475	-	13,494
				249,093
Income (loss) before interest, taxes and amortization	46,202	5,310	310	51,822
Net income	34,207	2,485	(8,423)	28,269
Assets	470,291	47,902	757	518,950
Capital expenditures	9,343	140	-	9,483
Additions and adjustments to goodwill	17,658	-	-	17,658
Investments accounted for by the equity method	23,110	-	-	23,110

28. Subsequent events

Subsequent to year end the Company received notification that all of the preferred shares will be redeemed for an aggregate amount of $5.0 million plus accrued and unpaid dividends.

29. Comparative figures

Certain 2008 figures have been reclassified to conform to the current year's presentation.

Glacier Media Inc.
Corporate Information

Board of Directors

Bruce W. Aunger*	S. Christopher Heming
John S. Burns, Q.C.*	Jonathon J.L. Kennedy
Sam Grippo	Geoffrey L. Scott*
Brian Hayward	

*Member of the Audit Committee

Officers
Sam Grippo, Chairman
Jonathon J.L. Kennedy, President & Chief Executive Officer
Orest Smysnuik, CA, Chief Financial Officer
Bruce W. Aunger, Secretary

Transfer Agent
Computershare Trust Company of Canada
Toronto, Calgary and Vancouver

Auditors
Deloitte & Touche LLP

Stock Exchange Listing
The Toronto Stock Exchange
Trading symbol: GVC

Investor Relations
Institutional investors, brokers, security analysts and others requiring financial and corporate information about Glacier should visit our website *www.glaciermedia.ca* or contact: Orest Smysnuik, CA, Chief Financial Officer.

Head Office
1970 Alberta Street
Vancouver, B.C. V5Y 3X4
Phone: 604.872.8565
Fax: 604.879.1483

Glacier Media Inc.
1970 Alberta Street, Vancouver, British Columbia, Canada V5Y 3X4
Tel: 604.872.8565   Fax: 604.879.1483
www.glaciermedia.ca