Condensed Interim Consolidated Financial Statements of

GLACIER MEDIA INC.

Three and six months ended June 30, 2012

(Unaudited)

President's Message

For the three months ending June 30, 2012, Glacier Media Inc.'s ("Glacier" or the "Company") revenue increased 27.4% to $91.4 million from $71.7 million for the same period in the prior year. Cash flow from operations (before changes in non-cash operating accounts and non-recurring items) increased 10.2% to $15.4 million and earnings before interest, taxes, depreciation and amortization (EBITDA) increased 12.1% to $17.1 million compared to the same period in the prior year. Net income attributable to common shareholders (before non-recurring items) was $6.0 million compared to $7.9 million for the same period in the prior year. This change is primarily the result of a reduction in equity earnings from associates, increased interest costs, and increased deferred income tax expense.

For the six months ended June 30, 2012, Glacier's revenue increased 26.7% to $167.8 million from $132.4 million for the same period in the prior year. Cash flow from operations (before changes in non-cash operating accounts and non-recurring items) increased 4.1% to $24.8 million and earnings before interest, taxes, depreciation and amortization (EBITDA) increased 7.7% to $28.0 million compared to the same period in the prior year. Net income attributable to common shareholders (before non-recurring items) was $9.5 million compared to $11.8 million for the same period in the prior year.

Cash flow from operations (before changes in non-cash operating accounts and non-recurring items) per share increased 11.8% to $0.17 per share for the three months ending June 30, 2012 compared to the same period in the prior year, EBITDA per share increased 13.7% to $0.19 from $0.17 for the quarter compared to the same period in the prior year and net income attributable to common shareholders (before non-recurring items) per share decreased to $0.07 from $0.09 for the same period last year.

Cash flow from operations (before changes in non-cash operating accounts and non-recurring items) per share increased 5.6% to $0.28 per share for the six months ending June 30, 2012 compared to the same period last year, EBITDA per share increased 9.2% to $0.31 from $0.29 compared to the same period last year and net income attributable to common shareholders (before non-recurring items) per share decreased to $0.11 from $0.13 for the same period last year.

Review of Operations

Consolidated revenue grew 27.4% during the second quarter of 2012 compared to the same period last year as a result of organic growth in a variety of operations, the November 2011 acquisition of the Postmedia British Columbia community media assets, and the acquisition of control of one of Glacier's community media partnerships in April 2012. Consolidated EBITDA grew 12.1% during the quarter.

On a same-store basis, consolidated revenue and normalized EBITDA were relatively flat for the quarter compared to last year. Revenue and EBITDA were affected to some degree by weaker economic conditions, as well as national advertising softness. Consolidated EBITDA was also affected by operating resource expense investments made to strengthen some of the community media assets acquired.

Overall the combination of consolidated revenue growth, mix of businesses, level of performance of the Company's business units, and additional cost efficiencies are expected to result in continued growth in revenue, profitability and cash flow per share in 2012.

Sales Performance

Glacier's business and trade information operations continued to deliver strong growth, with revenue increases generated across a wide variety of verticals, despite weaker economic conditions.

While some revenues have been affected by economic conditions, a number of growth initiatives are being pursued and are generating strong sales results.

Glacier's trade information and business and professional information operations delivered strong growth in the energy, agriculture, environmental risk, environmental compliance networks, medical and financial information sectors, in particular. Some softness was experienced in several trade verticals as a result of economic conditions.

In addition to core print and digital sales, management is focused on strategies geared to offer customers an increasingly richer value proposition through both enhanced information content and richer and more robust product solutions that digital platforms and technology can provide, as well as enhanced customer targeting and marketing effectiveness for advertisers, amongst other things.

Specific initiatives are being pursued to specialize different types of digital content, advertising and subscriptions based on research being done to indicate how various markets can be served. Premium subscription and related products are being enhanced and developed with a particular focus on essential content, data, search, interpretation, contextualization and analytics. A new web-based data visualization product was launched for the Oilsands which displays rich information on both geo-spatial and graphical interfaces. Distribution dynamics are being enhanced to generate growth, such as delivering Canadian advertiser messages and content (particularly natural resources) to international markets. Efforts are being made to not only enhance customers' ability to make prudent decisions, but also facilitate transactions between buyers and sellers and improve the manner in which buyers and sellers interact, particularly through digital products. Efforts continue to be made to increase lead generation utility and effectiveness for customers through new digital products and enhancements. Collectively these strategies are intended wherever possible to strengthen customer decision dependence on Glacier's products and services. Efforts continue to be made to leverage and monetize content across channels and platforms, particularly mobile applications. Efforts are also being made to improve inter-divisional marketing and branding collaboration to create new organic growth and market opportunities.

Digital revenues represent more than 25% of Glacier's trade information and business & professional information revenue and are growing strongly. Significant focus and related investment will continue to be made to enhance Glacier's digital trade and business & professional information verticals, through both organic development and the acquisition of new businesses. These acquisitions will be targeted to expand the markets that Glacier covers, expand the breadth of information products and marketing solutions provided, and to expand Glacier's digital media staff, technology and other relevant resources.

Overall, the business information operations and various market sectors offer attractive opportunities for growth with high levels of profitability.

Glacier's community media operations incurred softer revenue performance in some markets during the quarter. The Prairie operations continued to generate strong revenue and profitability. The B.C. markets were affected by weaker economic conditions in Victoria, the Lower Mainland and a variety of Vancouver Island and Interior markets. National advertising revenues were weaker in most markets, which appears to be the result of cautiousness due to economic conditions, as financial and government revenues have been significantly lower, although digital competition is also affecting print spending levels. Local advertising revenues were more resilient in both the existing markets where Glacier has operated, and some of the Lower Mainland and Vancouver Island markets acquired from Postmedia, although the Victoria market continues to struggle.

Operating resource investments are being made to improve the strength of the community media assets acquired in order to increase competitiveness and sales effectiveness. The operations had been weakened by significant cost cutting incurred over many years under previous ownership due to the high debt levels of these owners. The costs of the operating investments have been partially offset by savings in overhead costs as a result of the integration of the operations with Glacier's existing infrastructure. The operating investments resulted in stronger local advertising sales and classified sales in the second quarter. While it will take time to strengthen and revitalize the operations, it is encouraging that direct revenue increases are being realized as investments are being made. Digital investments are also being made to exploit the digital revenue opportunities of the larger markets in which the community media operations acquired are located.

While economic and market challenges have affected the community media operations, management believes that these businesses remain strong and will continue to generate solid cash flow given the nature of the markets in which Glacier operates and the nature of local community media. This cash flow can be used to fund growth through both internal investment and acquisition of digital business information and digital community media assets, as well as repayment of debt, payment of dividends and repurchase of shares.

Glacier's small market community media operations offer a unique selling proposition and competitive advantage through the local information that they provide, of which they are a primary source, and the primary marketing channel they offer to advertisers. The value of Glacier's local community content is being provided to Glacier's readers in print and online, by tablet and mobile smartphone platforms. A number of new digital sales products and strategies have been introduced, and new digital sales and product staff are being hired and technology investments are being made to drive these growth initiatives. Given that the demand for local community information is expected to exist for the long term, Glacier expects to be able to monetize the information and marketing value through advertising and other revenue sources for the long term. As 85% of Glacier's local newspaper distribution is free, this also provides for a more durable reach of readership for advertisers over time wherein total market coverage can always be provided. The attributes of these community media operations are significantly different and stronger than larger metropolitan paid daily newspapers, which has been reflected in the financial performance of Glacier's community media group.

Profit Performance

As stated, consolidated EBITDA grew 12.1% to $17.1 million for the quarter compared to $15.3 million for the second quarter of 2011. The growth in EBITDA was the result of organic growth in the profitability of Glacier's business and professional and trade information operations, the November 2011 acquisition of the Postmedia British Columbia community media assets (these assets showed a strong improvement compared to the first quarter of the year in which they historically lose money as it is their weakest advertising period of the year), and the acquisition of control of one of Glacier's community media partnerships in April 2012. Glacier's consolidated EBITDA margin decreased to 18.7% for the quarter from 21.3% for the same quarter last year as a result of the lower margins of the Postmedia assets acquired. Management will seek to improve the margins and profit performance of the assets acquired through improved print and digital sales effectiveness, cost efficiency and other initiatives.

Cost reduction measures continue to be implemented consistent with management's strategy of maintaining strong product and editorial quality while reducing operating costs where possible through initiatives that do not impact quality, sales capacity or market and competitive positions. Management is being careful to maintain appropriate levels of resources in staff and technology as well as business development in order to facilitate long-term revenue growth.

The EBITDA results were achieved while increased operating infrastructure investment was made in digital media management, staff, information technology and related resources, as well as other content and quality related areas. The increase in Glacier's consolidated revenue has both allowed this investment to be made and has been in part a result of the digital investments already made. These investments were made consistent with Glacier's complementary media platform and product strategy and business information strategies.

The complementary media platform and product strategy is geared to address both the risks that digital media represents to the traditional print platform and the opportunities digital media offers in Glacier's local community and business and trade information markets. The strategy is based upon the premise that customer utility and value should drive the structuring of platform utilization and product design and functionality. Online, mobile, tablet and other information delivery devices will be fully utilized, while print content and design quality will also be fully maintained. While the digital platforms offer many attractive new opportunities, the print platform continues to offer effective utility to both readers and advertisers. Maintaining strong print products also maintains strong brand image and awareness, which increases the likelihood of success online. Studies of time spent across media platforms and reader satisfaction support the premise of the complementary platform and product strategy. Management expects that customer utility will vary over time and will be affected by what Glacier and other media providers can creatively provide. Management believes that the pursuit of a complementary platform and product strategy will be prudent for the foreseeable future, and will maximize revenue and profit generation.

As indicated, the business information strategies are focused on increasing the value provided to customers through richer content, data and analytic value and deepening the customer decision dependence of Glacier's products and services, thereby moving Glacier's products and services farther up the value ladder, with the higher revenue, profitability and recurring cash flow that this value proposition provides.

Financial Position

Glacier's consolidated debt net of cash outstanding before deferred financing charges and other expenses was 2.49x trailing 12 months EBITDA (normalized for the acquisition of control of one of Glacier's community media partnerships) as at June 30, 2012. The Company used its cash flow from operations to repay $5.6 million of debt during the quarter. Glacier's consolidated debt net of cash outstanding before deferred financing charges and other expenses was $137.0 million as at June 30, 2012.

Glacier invested $6.9 million of capital expenditures during the quarter primarily on facility construction and expansion to accommodate new press equipment, additional production equipment, information technology infrastructure and software. $6.4 million of these capital expenditures were investment capital expenditures, the majority of which relate to the building and installation of a new press facility that is expected to be completed in Q1 2013. The investment will result in lower operating costs, better quality, and new long-term contract based revenues (specifically, Glacier's joint venture operation, Great West Newspapers Limited Partnership, has secured a contract to print the Edmonton Journal commencing in 2013). The investment capital expenditures are being made to generate direct revenue and cash flow improvements and payback consistent with Glacier's targeted return on investment, as well as quality improvements and other benefits.

Outlook

While economic conditions have impacted some of the community media operations and business information verticals, and digital competition is stronger in the larger community media markets, management expects that growth will continue in Glacier's trade information and business and professional information operations, as well as a variety of community media markets in Saskatchewan, Alberta and parts of British Columbia.

The combination of consolidated revenue growth and additional cost efficiencies are expected to result in continued growth in profitability and cash flow in 2012.

Management will focus in the short-term on a balance of paying down debt, integrating the operations acquired, continuing to develop existing operations, targeting select acquisition opportunities and returning value to shareholders.

Glacier instituted its first dividend payments last year under its new policy whereby the board of directors expects to declare an annual dividend of $0.06 per common share, payable semi-annually. Given the increased cash flow resulting from operational growth and the acquisitions indicated and the strong level of cash flow overall, an increasing portion of the Company's cash flow can be returned to shareholders in the future through increased dividends. The Company also intends to repurchase shares as deemed attractive and prudent.

As indicated, significant focus and related investment will continue to be made to enhance Glacier's business information verticals, through both organic development and the acquisition of new businesses. These acquisitions will be targeted to expand the markets that Glacier covers, expand the breadth of information products and marketing solutions provided, and to expand Glacier's digital media staff, technology and other relevant resources.

In this regard, management will continue to seek a balance of maintaining debt at manageable levels and delivering growth through both operations and acquisitions. In particular, management will seek to time investment in the acquisition and organic growth opportunities to allow cash flow from operations to be used to pay down the increased borrowings incurred in the fourth quarter of 2011.

Jonathon J.L. Kennedy
President and Chief Executive Officer

Second Quarter 2012 Management's Discussion & Analysis ("MD&A")

Forward Looking Statements

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

The information in this report is as at August 13, 2012.

Glacier Media Inc.'s second quarter 2012 Interim 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 "Review of Operations" and the headings "Sales Performance", "Profit Performance" and "Outlook" in the accompanying President's Message, and statements relating to our expectations regarding our revenues, expenses, cash flows and future profitability, including our expectations that growth will continue in Glacier's business segments, our expectations as to organic revenue and profitability growth, to generate sufficient cash flow from operations to meet anticipated working capital, capital expenditures and debt service requirements, to monetize our information and content, that profitability will continue to improve as the economy recovers, that debt will be maintained at manageable levels, that cost savings will be realized, and that annual dividends are expected to be declared.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements are based on certain assumptions, including continued economic growth and recovery and those assumptions described under the heading "Review of Operations" and the headings "Sales Performance", "Profit Performance" and "Outlook" 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 the Department of Canadian Heritage's Canada Periodical Fund, 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 Interim 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.

The Interim Report and this MD&A and the documents to which we refer herein should be read 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 as at August 13, 2012 and should be read in conjunction with the Company's condensed interim consolidated financial statements and notes thereto as at and for the three and six months ended June 30, 2012. These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These condensed interim consolidated financial statements include only significant events and transactions affecting the Company during the current fiscal period and do not include all disclosures normally provided in the Company's annual financial statements. As a result, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2011. The Company's consolidated financial statements for the year ended December 31, 2011 and related MD&A can be obtained on the Company's web site: www.glaciermedia.ca and on the System for Electronic Document Analysis and Retrieval ("SEDAR"). Interim results are not necessarily indicative of the results expected for the fiscal year.

Non-IFRS Measures

Earnings before interest, taxes, depreciation and amortization, ("EBITDA"), EBITDA margin, EBITDA per share, cash flow from operations, cash flow from operations per share, net income attributable to common shareholders before non-recurring items and net income attributable to common shareholders before non-recurring items per share are not generally accepted measures of financial performance under IFRS. 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 EBITDA to measure performance and value for various purposes. Investors are cautioned, however, that EBITDA should not be construed as an alternative to net income attributable to common shareholders determined in accordance with IFRS 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-IFRS measures is included in the section entitled EBITDA, Cash Flow from Operations and Net Income Attributable to Common Shareholders before Non-recurring Items Reconciliation in this MD&A.

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

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 local newspaper and trade information group include the agricultural information group (which includes Western Producer Publications and Farm Business Communications), the JuneWarren/Nickle's Energy Group, the Business In Vancouver Media Group, the Business Information Group and the Glacier Community Media Group, which includes direct, joint venture and other interests in community and local daily newspapers and related publications, websites and digital products in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Rhode Island.

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 (www.sedar.com).

Significant Developments in 2012 and Outlook

For a detailed description of Glacier's business outlook see its 2011 Annual MD&A under *"Significant Developments in 2011 and Outlook"*.

Growth in revenues in the quarter ended June 30, 2012 was the result of organic growth in a variety of operations, the November 2011 acquisition of the Postmedia British Columbia community media assets, and the acquisition of control of Alta Newspaper Group Limited Partnership ("ANGLP") in April 2012. Revenue growth came from both print and digital media sources, and is directly attributable to Glacier's operational, business segment and complementary media platform and product strategies. New revenues were generated in a wide variety of areas including online, mobile, tablet, electronic product and lead generation developments, special publishing initiatives, special features, supplements, new community magazines, production and promotion of community events, custom publishing, sponsored industry specific research studies, educational offerings, conferences and tradeshows, new directories, and a number of other initiatives. Efforts continue to be made to leverage and monetize content across channels and platforms, particularly mobile applications. Efforts are also being made to improve inter-divisional marketing and branding collaboration to create new organic growth and market opportunities.

Management expects that growth will continue in Glacier's various business segments. Economic conditions have remained strong across many of Glacier's verticals including energy, agriculture, environmental risk, environmental compliance networks, medical and financial information, in particular and some local market community newspapers, although revenue continues to be softer in the urban markets of the newly acquired assets from Postmedia and British Columbia community media in general. Customer demand for Glacier's electronic information and other digital products continues to be strong.

Cost reduction measures continue to be implemented consistent with management's strategy of maintaining strong product and editorial quality while reducing operating costs where possible through initiatives that do not impact quality, sales capacity or market and competitive positions. Management is being careful to maintain appropriate levels of resources in staff and technology as well as business development in order to facilitate long-term revenue growth.

Overall the combination of consolidated revenue growth, mix of businesses, level of performance of the Company's business units and additional cost efficiencies are expected to result in continued growth in revenue, profitability and cash flow per share in 2012.

Management will continue to seek a balance of continuing to strengthen operations and generate growth through acquisition while maintaining debt at manageable levels. Growth strategies will continue to be pursued in traditional media areas and significant efforts will be made to enhance Glacier's digital media and information operations through both organic development and the acquisition of new businesses. These acquisitions will be targeted to expand the markets that Glacier covers, expand the breadth of information products and marketing solutions provided, and to expand Glacier's digital media staff, technology and other relevant resources.

Operational Performance

Revenue for the second quarter of 2012 was 27.4% higher than revenue in the same period in 2011. The growth in revenue came from i) organic growth in our business & professional and trade information businesses and a variety of local market community newspapers, ii) the acquisition of newspaper assets from Postmedia in November 2011, iii) the acquisition of control of Alta Newspaper Group Limited Partnership, iv) the Rogers acquisition in May of 2011 and v) other small acquisitions completed in 2011.

EBITDA grew 12.1% to $17.1 million for the second quarter of 2012 from $15.3 million for the same period in 2011. The organic revenue growth, the continued focus on operational costs in the Company's existing operations, and the ANGLP acquisition of control on April 1, 2012, primarily account for the increase in EBTIDA. The newly acquired Postmedia community publications contributed to the overall EBITDA increase although at a lower margin. While some softness occurred in Glacier's urban market community newspapers and certain business publications, overall operating performance continues to underscore the value of i) Glacier's smaller market local newspapers that are a primary source of information for the communities they serve and a primary marketing channel for advertisers and ii) Glacier's trade and business and professional information operations that provide essential information for business and industry readers who need this information to make informed and prudent decisions.

Second Quarter Results and Overview of Operating Performance

Selected Financial Data

thousands of dollars *except share and per share amounts*	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Revenue	$ 91,388	$ 71,712	$ 167,809	$ 132,420
Gross profit (3)	$ 33,672	$ 28,735	$ 58,427	$ 50,875
Gross margin	36.8%	40.1%	34.8%	38.4%
EBITDA (1)	$ 17,130	$ 15,281	$ 28,008	$ 26,013
EBITDA margin (1)	18.7%	21.3%	16.7%	19.6%
EBITDA per share (1)	$ 0.19	$ 0.17	$ 0.31	$ 0.29
Interest expense, net	$ 1,607	$ 1,278	$ 3,184	$ 2,586
Net income attributable to common shareholders before non-recurring items (1)(2)(4)	$ 5,998	$ 7,930	$ 9,466	$ 11,770
Net income attributable to common shareholders before non-recurring items per share (1)(2)(4)	$ 0.07	$ 0.09	$ 0.11	$ 0.13
Net income attributable to common shareholders	$ 5,344	$ 7,048	$ 8,258	$ 9,788
Net income attributable to common shareholders per share	$ 0.06	$ 0.08	$ 0.09	$ 0.11
Cash flow from operations (1)(2)(4)	$ 15,360	$ 13,932	$ 24,790	$ 23,818
Cash flow from operations per share (1)(2)(4)	$ 0.17	$ 0.15	$ 0.28	$ 0.26
Capital expenditures	$ 6,890	$ 2,752	$ 9,864	$ 4,284
Total assets	$ 634,009	$ 510,445	$ 634,009	$ 510,445
Debt net of cash outstanding before deferred financing charges and other expenses	$ 137,003	$ 97,868	$ 137,003	$ 97,868
Equity attributable to common shareholders	$ 345,681	$ 335,058	$ 345,681	$ 335,058
Weighted average shares outstanding, net	89,358,410	90,611,432	89,358,410	90,622,360

Notes:
(1) Refer to "Non-IFRS Measures" section for calculation of non-IFRS measures used in this table.
(2) Q2 2012 excludes $0.3 million of restructuring expense and $0.4 million of transaction costs
(3) Gross profit for these purposes excludes depreciation and amortization.
(4) For non-recurring items excluded in the prior period, refer to previoulsy reported financial statements.

The main factors affecting comparability of results for the quarter are:

- Operating performance of the Company's various business units and general market conditions during the reported periods;
- The acquisitions made during the second and fourth quarters of 2011;
- The additional revenues and expenses included in the Company's results in the second quarter of 2012 due to the acquisition of control of ANGLP;
- Restructuring expenses related to severance payments in the second quarter of 2011 and 2012; and
- The seasonal nature of some of Glacier's businesses.

Revenue

Glacier's consolidated revenue for the quarter ended June 30, 2012 was $91.4 million compared to $71.7 million in the same period last year.

Local Newspaper and Trade Information

The local newspaper and trade information group generated $87.3 million of revenue for the quarter ended June 30, 2012, as compared to $68.1 million for the same period last year. The increase in revenue during the period compared to the same period in the prior year was the result of i) organic growth particularly in agricultural and energy publications, ii) the Postmedia acquisition late in 2011 which resulted in a significant increase in revenues within the newspaper and trade information segment, iii) the acquisition of control of ANGLP which results in incremental revenues, iv) the Rogers acquisition in the spring of 2011 and v) several other small acquisitions completed in 2011.

Energy, agriculture, environmental risk, environmental compliance networks, medical, financial information and many of Glacier's other business and trade verticals also continued to experience revenue growth and profitability. Glacier's local newspaper operations generated growth in a number of its local markets in Western Canada. While growth continued in many of Glacier's smaller market papers, its urban community media assets continued to experience softness in revenues and in particular national advertising sales. A wide array of digital media initiatives resulted in growth in online and electronic revenues.

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 $4.1 million for the quarter ended June 30, 2012, as compared to $3.6 million for the same period last year. Both the Company's mutual fund information business and Canadian environmental health and safety information business showed strong growth during the three months ended June 30, 2012 in comparison to the same period in the prior year. Specialty Technical Publishers revenues were down for the second quarter of 2012 in comparison to the same period in the prior year due to shifting consumer preferences for electronic or digital format from hardcopy or CD Rom. STP is aggressively shifting its focus to meet the new electronic or digital format demand from customers and is generating solid growth in electronic network sales. Glacier's interactive medical education business generated increased revenues for the quarter as compared to the same period in the prior year, primarily as a result of new tablet based medical education products.

Gross Profit

Glacier's consolidated gross profit, being revenues less direct expenses, for the three months ended June 30, 2012 was $33.7 million compared to $28.7 million in the same period last year. The absolute dollar increase in gross profit is largely attributable to revenue increases and related direct contribution from the Postmedia acquisition in late 2011, the acquisition of control of ANGLP, combined with strong contribution from organic growth in the Company's trade information businesses and smaller market community newspapers, partially offset by annual salary and wage increases and softness in certain community media markets in British Columbia.

Gross profit as a percentage of revenues ("gross profit margin") for the quarter ended June 30, 2012 decreased to 36.8% compared to the quarter ended June 30, 2011 primarily as a result of lower gross margin contributed from the Postmedia acquisition. The Company is in the process of implementing significant sales and cost efficiency initiatives related to these newly acquired assets that are expected to increase the operating margin going forward.

General & Administrative Expenses

Glacier's consolidated general and administrative expenses were $16.5 million for the quarter ended June 30, 2012 as compared to $13.5 million in the same period in the prior year. The increase was due to i) the acquisition of newspaper publications from Postmedia in late 2011, ii) the acquisition of trade publications from Rogers Communications in May 2011, iii) the acquisition of control of ANGLP, iv) increased expenses associated with the Company's digital operations and v) annual salary and wage increases.

EBITDA

EBITDA was $17.1 million for the quarter ended June 30, 2012 as compared to $15.3 million for the same period last year. The increase in EBITDA was due to the reasons stated under **Revenue, Gross Profit** and **General & Administrative Expenses**.

Depreciation and Amortization

Depreciation of property, plant and equipment for the quarter ended June 30, 2012 increased $0.3 million as compared to the same period in the prior year primarily as a result of the additional assets from the Postmedia acquisition in 2011 and the ANGLP acquisition of control in April 2012. Amortization of intangible and other assets increased $0.3 million for the quarter ended June 30, 2012 as compared to the same period in the prior year as a result of investments in software and business acquisitions that occurred during the fourth quarter of 2011 and second quarter of 2012.

Net Interest Expense

Glacier's consolidated net interest expense for the quarter ended June 30, 2012 was $1.6 million as compared to $1.3 million for the same period in the prior year, an increase of $0.3 million. The increase in net interest expense reflects the increased borrowings in 2011 in connection with the Postmedia acquisition, additional borrowing related to construction of new facilities at our joint venture GWNLP and the ANGLP acquisition of control on April 1, 2012. These increases were offset by debt repayments in the first and second quarters of 2012.

Other Expenses

Other expenses for the quarter ended June 30, 2012 increased by $0.4 million compared to the same period in the prior year primarily due to higher restructuring costs of $0.1 million and transaction costs of $0.3 million, respectively.

Earnings from Associates

Earnings from associates which include the Company's share of Continental Newspapers Ltd. ("Continental"), certain assets acquired from Postmedia in November 2011 and Infomine Inc. ("Infomine"), decreased $0.5 million as compared to the same period in the prior year. The earnings from associates were affected by a one-time impairment charge on financial instruments, increased interest, amortization and depreciation and increased expenses related to the development stage operations focused on growing revenues and developing products and brands.

Net Income Attributable to Common Shareholders

Net income attributable to common shareholders decreased by $1.7 million compared to the second quarter of 2011. The change resulted from i) increased operating results, ii) a decrease in impairment expense of $0.7 million; offset by i) higher interest costs of $0.3 million, ii) higher amortization and depreciation of $0.6 million, iii) higher other expenses of $0.4 million, iv) lower earnings from associates of $0.5 million, v) a higher income tax provision of $1.4 million, and vi) higher non-controlling interest of $1.1 million.

Cash Flow from Operations

Glacier's consolidated cash flow from operations increased to $15.4 million (before changes in non-cash operating accounts and non-recurring items) for the quarter ended June 30, 2012 from $13.9 million for the same period last year. The increase in cash flow from operations is primarily due to higher revenues and contribution as a result of the reasons stated under **Revenue, Gross Profit** and **General & Administrative Expenses**.

Management believes that cash flow from operations before changes in non-cash operating accounts (see Interim 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.

Capital expenditures were $6.9 million for the quarter ended June 30, 2012 compared to $2.8 million for the same period last year. Investment capital expenditures for the second quarter of 2012 included $4.4 million for the construction of a new press and operating facility at our joint venture operation, Great West Newspapers Limited Partnership, lease space improvements of $1.2 million, and $0.8 million for other press and facility improvements and software and IT infrastructure. These investment capital expenditures are expected to result in attractive direct revenues and cash flow improvements and payback consistent with Glacier's targeted return on investment. Specifically, Glacier's joint venture operation, Great West Newspapers Limited Partnership, has secured a contract to print the Edmonton Journal commencing in 2013. Sustaining capital expenditures for the quarter were $0.5 million.

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	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Revenue	$ 302,783	$ 91,388	$ 76,421	$ 73,019	$ 61,955
EBITDA [(1)]	$ 51,135	$ 17,130	$ 10,878	$ 12,555	$ 10,572
EBITDA margin [(1)]	16.9%	18.7%	14.2%	17.2%	17.1%
EBITDA per share [(1)]	$ 0.57	$ 0.19	$ 0.12	$ 0.14	$ 0.12
Interest expense, net	$ 5,214	$ 1,607	$ 1,577	$ 1,028	$ 1,002
Net income attributable to common shareholders before non-recurring items [(1)(2)(3)]	$ 20,310	$ 5,998	$ 3,468	$ 6,633	$ 4,211
Net income attributable to common shareholders before non-recurring items per share [(1)(2)(3)]	$ 0.23	$ 0.07	$ 0.04	$ 0.07	$ 0.05
Net income attributable to common shareholders	$ 24,200	$ 5,344	$ 2,914	$ 12,221	$ 3,721
Net income attributable to common shareholders per share	$ 0.27	$ 0.06	$ 0.03	$ 0.14	$ 0.04
Cash flow from operations [(1)(2)(3)]	$ 45,848	$ 15,360	$ 9,431	$ 11,177	$ 9,880
Cash flow from operations per share [(1)(2)(3)]	$ 0.51	$ 0.17	$ 0.11	$ 0.13	$ 0.11
Capital expenditures	$ 21,067	$ 6,890	$ 2,974	$ 7,124	$ 4,079
Debt net of cash outstanding before deferred financing charges and other expenses	$ 137,003	$ 137,003	$ 127,182	$ 131,413	$ 91,971
Equity attributable to common shareholders	$ 345,681	$ 345,681	$ 343,613	$ 340,416	$ 332,108
Weighted average shares outstanding, net	89,864,762	89,358,410	89,358,410	89,358,410	89,383,682

	Trailing 12 Months	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Revenue	$ 250,697	$ 71,712	$ 61,027	$ 63,067	$ 54,891
EBITDA [(1)]	$ 45,602	$ 15,281	$ 10,732	$ 11,602	$ 7,987
EBITDA margin [(1)]	18.2%	21.3%	17.7%	18.4%	14.6%
EBITDA per share [(1)]	$ 0.50	$ 0.17	$ 0.12	$ 0.13	$ 0.09
Interest expense, net	$ 5,425	$ 1,278	$ 1,308	$ 1,302	$ 1,537
Net income attributable to common shareholders before non-recurring items [(1)(3)]	$ 19,159	$ 7,930	$ 3,840	$ 5,278	$ 2,111
Net income attributable to common shareholders before non-recurring items per share [(1)(3)]	$ 0.21	$ 0.09	$ 0.04	$ 0.06	$ 0.02
Net income attributable to common shareholders	$ 11,639	$ 7,048	$ 2,740	$ 790	$ 1,061
Net income attributable to common shareholders per share	$ 0.13	$ 0.08	$ 0.03	$ 0.01	$ 0.01
Cash flow from operations [(1)(3)]	$ 41,303	$ 13,932	$ 9,885	$ 10,569	$ 6,917
Cash flow from operations per share [(1)(3)]	$ 0.45	$ 0.15	$ 0.11	$ 0.11	$ 0.08
Capital expenditures	$ 9,847	$ 2,752	$ 1,532	$ 4,207	$ 1,356
Debt net of cash outstanding before deferred financing charges and other expenses	$ 97,868	$ 97,868	$ 87,360	$ 94,732	$ 96,458
Equity attributable to common shareholders	$ 335,058	$ 335,058	$ 330,249	$ 328,575	$ 328,537
Weighted average shares outstanding, net	90,982,330	90,611,432	90,633,410	90,633,410	92,040,406

Notes:

(1) Refer to "**Non-IFRS Measures**" section for calculation of non-IFRS measures used in this table.

(2) Q2 2012 excludes $0.3 million of restructuring expense and $0.4 million of transaction costs.

(3) For non-recurring items in the prior quarters, refer to the prior quarter management discussion & analysis.

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

- Operating performance of the Company's various business units and general market conditions during the reported periods;
- The acquisitions and dispositions made during the third and fourth quarters of 2010, the second and fourth quarters of 2011, and the second quarter of 2012;
- Restructuring expenses related to severance payments in 2010, 2011 and the first and second quarters of 2012;
- Stock based compensation of $0.3 million in the first quarter of 2011;

- Transaction costs of $1.0 million during the third quarter of 2010 and $1.1 million in the fourth quarter of 2011, and $0.1 million and $0.3 million in the first and second quarters of 2012, respectively;
- A goodwill and intangible assets impairment charge of $4.0 million in the fourth quarter of 2010, $0.7 million in the second quarter and $8.5 million in the fourth quarter of 2011;
- A one-time gain in earnings from associates of $15.1 million in the fourth quarter of 2011; and
- The seasonal nature of some of Glacier's businesses.

Acquisition

On April 1, 2012, the Company acquired control of its joint venture partner Alta Newspaper Group Limited Partnership ("ANGLP"). Prior to April 1, 2012, ANGLP was accounted for as a joint venture with the Company recording its proportionate share of 59.5% of ANGLP's assets, liabilities, revenues and expenses. Effective April 1, 2012, the Company consolidates the results of ANGLP and records 100% of the financial position and results of ANGLP. The additional 40.5% of ANGLP's operating results, assets and liabilities, as at June 30, 2012 and for the three months then ended have been included in the results of the Company.

EBITDA, Cash Flow from Operations and Net Income Attributable to Common Shareholders before Non-recurring Items Reconciliation

The following table reconciles the Company's net income attributable to common shareholders as reported under IFRS to EBITDA, cash flow from operations and net income attributable to common shareholders before non-recurring items.

thousands of dollars *except share and per share amounts*	**Three months ended June 30, 2012**	Three months ended June 30, 2011	**Six months ended June 30, 2012**	Six months ended June 30, 2011
EBITDA (1)				
Net income attributable to common shareholders	**$ 5,344**	$ 7,048	**$ 8,258**	$ 9,788
Add (deduct):				
Non-controlling interest	**$ 1,474**	$ 417	**$ 2,028**	$ 903
Depreciation of property, plant and equipment	**$ 1,563**	$ 1,272	**$ 3,132**	$ 2,870
Amortization of intangible and other assets	**$ 2,338**	$ 2,048	**$ 4,727**	$ 4,225
Impairment expense	**$ -**	$ 737	**$ -**	$ 737
Income tax expense	**$ 3,943**	$ 2,543	**$ 5,191**	$ 4,129
Interest	**$ 1,607**	$ 1,278	**$ 3,184**	$ 2,586
Share of losses (earnings) from associates	**$ 255**	$ (236)	**$ 393**	$ (495)
Other expenses	**$ 606**	$ 174	**$ 1,095**	$ 1,270
EBITDA (1)	**$ 17,130**	$ 15,281	**$ 28,008**	$ 26,013
Cash flow from operations (1)				
Net income attributable to common shareholders	**$ 5,344**	$ 7,048	**$ 8,258**	$ 9,788
Add (deduct):				
Non-controlling interest	**$ 1,474**	$ 417	**$ 2,028**	$ 903
Depreciation and amortization	**$ 3,901**	$ 3,320	**$ 7,859**	$ 7,095
Impairment expense	**$ -**	$ 737	**$ -**	$ 737
Employee future benefits	**$ (22)**	$ (216)	**$ 283**	$ 86
Deferred income taxes	**$ 3,721**	$ 2,267	**$ 4,764**	$ 3,622
Unrealized foreign exchange (gain) loss	**$ -**	$ (2)	**$ 18**	$ (68)
Non cash interest	**$ 63**	$ 408	**$ 106**	$ 845
Stock option expense	**$ -**	$ -	**$ -**	$ 289
Loss (gain) on disposal of property, plant, and equipment	**$ (3)**	$ (17)	**$ 195**	$ (17)
Share of losses (earnings) from associates	**$ 255**	$ (236)	**$ 393**	$ (495)
(Gain) loss on change in fair value of derivative financial instruments	**$ 23**	$ 61	**$ (55)**	$ 77
Other non-cash expenses	**$ (38)**	$ -	**$ (38)**	$ -
Amortization of leasehold inducements	**$ (16)**	$ -	**$ (34)**	$ -
Restucturing costs	**$ 306**	$ 145	**$ 585**	$ 956
Transaction costs	**$ 351**	$ -	**$ 428**	$ -
Cash flow from operations (1)	**$ 15,359**	$ 13,932	**$ 24,790**	$ 23,818
Net income attributable to common shareholders before non-recurring items (1)				
Net income attributable to common shareholders	**$ 5,344**	$ 7,048	**$ 8,258**	$ 9,788
Add (deduct):				
Restructuring costs	**$ 306**	$ 145	**$ 585**	$ 956
(Gain) loss on disposal of assets	**$ (3)**	$ -	**$ 195**	$ -
Stock option expense	**$ -**	$ -	**$ -**	$ 289
Impairment expense	**$ -**	$ 737	**$ -**	$ 737
Transaction costs	**$ 351**	$ -	**$ 428**	$ -
Net income attributable to common shareholders before non-recurring items (1)	**$ 5,998**	$ 7,930	**$ 9,466**	$ 11,770
Weighted average shares outstanding, net	**89,358,410**	90,611,432	**89,358,410**	90,622,360
EBITDA per share (1)	**$ 0.19**	$ 0.17	**$ 0.31**	$ 0.29
Net income attributable to common shareholders before non-recurring items per share (1)	**$ 0.07**	$ 0.09	**$ 0.11**	$ 0.13
Net income attributable to common shareholders per share	**$ 0.06**	$ 0.08	**$ 0.09**	$ 0.11
Cash flow from operations per share (1)	**$ 0.17**	$ 0.15	**$ 0.28**	$ 0.26

Notes:
(1) Refer to "**Non-IFRS Measures**" section for calculation of non-IFRS 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 June 30, 2012, Glacier had consolidated cash and cash equivalents of $6.9 million, current and long-term debt of $143.9 million before adjustment for deferred financing fees attributable directly to the issuance of long-term debt, and working capital of $20.6 million excluding deferred revenue. Glacier's long-term debt increased an additional $12.6 million on April 1, 2012 as a result of the acquisition of control of ANGLP. Glacier's actual cash working capital is greater than reflected by the amounts indicated on the consolidated balance sheet for several reasons: i) 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, ii) Glacier receives cash revenue on an ongoing basis that offsets the deferred revenue liability, and iii) certain of the Company's businesses sell on a trial basis and do not record accounts receivable or revenue when orders are shipped, but nonetheless receives revenue from these orders on a regular basis that is not reflected in current assets.

Management believes that cash flow from operations before changes in non-cash operating accounts (see Interim 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 depreciation and amortization largely relate to intangible assets and do 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.

Capital expenditures were $6.9 million for the quarter ended June 30, 2012 compared to $2.8 million for the same period last year. In the second quarter of 2012 investment capital expenditures included $4.4 million for the construction of a new press and operating facility at our joint venture operation, Great West Newspapers Limited Partnership, lease space improvements of $1.2 million, and $0.8 million for other press and facility improvements and software and IT infrastructure. Sustaining capital expenditures for the quarter were of $0.5 million.

Changes in Financial Position

	Three months ended		Six months ended	
(thousands of dollars)	**June 30, 2012**	June 30, 2011	**June 30, 2012**	June 30, 2011
Cash generated from (used in)				
Operating activities	**9,318**	4,202	**18,818**	14,225
Investing activities	**(5,955)**	(13,503)	**(8,456)**	(15,434)
Financing activities	**(4,672)**	7,365	**(12,677)**	1,850
Increase (Decrease) in cash	**(1,309)**	(1,936)	**(2,315)**	641

The changes in the components of cash flows during the second quarter of 2012 and 2011 are detailed in the consolidated statements of cash flows of the Financial Statements. The more significant changes are discussed below.

Operating Activities

Glacier generated cash from operations before non-recurring items and changes in non-cash operating accounts of $15.4 million compared to $13.9 million in the same period in the prior year. The increase was primarily due to the cash flows generated from increased revenues resulting from both organic growth and acquisitions completed in 2011 and 2012. Cash from operations before non-recurring items and after change in non-cash working capital is $10.0 million compared to $4.3 million in the same period in the prior year. The change is primarily related to the timing of interest payments and increased deferred revenues as a result of the acquisitions in 2011 and 2012.

Investing Activities

Cash used in investing activities totalled $6.0 million for the quarter ended June 30, 2012 compared to $13.5 million in the same period of 2011. Investing activities included $6.4 million of investment capital expenditures, $0.5 million of sustaining capital expenditures, $0.8 million of cash acquired on the acquisition of control of ANGLP, dividends received and other investing activities. Investing activities in the prior year included the acquisition of trade publications and digital brands from Rogers Communications Inc.

Financing Activities

Cash used for financing activities was $4.7 million for the quarter ended June 30, 2012 compared to cash generated of $7.4 million in the same period in 2011. The Company made net debt repayments of $4.1 million for the quarter compared to net draws of $8.5 million in the same period the prior year. The draws in the prior year were made to finance acquisitions including trade publications and digital brands from Rogers Communications Inc.

Outstanding Share Data

As of June 30, 2012, there were 89,358,410 common shares, 475,000 share purchase options and 1,115,000 share purchase warrants outstanding. The options have an exercise price of $2.44 per share and expire on March 29, 2014. The warrants outstanding allow the holder to purchase one common share per warrant at $4.48 per share. These warrants expire on June 28, 2014.

As at August 13, 2012 the Company had 89,358,410 common shares outstanding.

Contractual Agreements

As at June 30, 2012, Glacier has agreements with a syndicate of major Canadian banks whereby the lenders provided a single revolving loan facility with no required principal repayments during its term. There were no changes to the Company's banking agreements during the quarter ended June 30, 2012.

The Company also has additional long term debt with a major international bank which is held by ANGLP and is non-recourse to the Company.

In May 2012, the Company entered into a foreign exchange contract to sell US$100,000 per month commencing June 2012 at rates of CAD$1.030 to $1.036, which expires in May 2013.

The Company has also entered into operating leases for premises and office equipment, which expire on various dates up to 2019.

In summary, the Company's contractual obligations excluding the U.S. dollar foreign exchange contract, due over the next five calendar years, are as follows:

(thousands of dollars)	**Total**	**2012**	**2013**	**2014**	**2015**	**2016**	**Thereafter**
Long term debt	141,874	10,921	4,883	20,320	105,010	70	670
Finance leases	1,461	775	686	-	-	-	-
Operating leases	17,841	2,431	3,517	2,792	2,130	1,783	5,188
	161,176	14,127	9,086	23,112	107,140	1,853	5,858

Under various financing arrangements with its banks, the Company and its subsidiaries and its affiliates are required to meet certain covenants. The Company and its subsidiaries and its affiliates were fully in compliance with these covenants at June 30, 2012 and 2011.

Financial Instruments

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

A small portion of the Company's products are sold at prices denominated in U.S. dollars or based on prevailing U.S. dollar prices while the majority of its operational costs and expenses are incurred in Canadian dollars. An increase in the value of the Canadian dollar relative to the U.S. dollar reduces the revenue in Canadian dollar terms realized by the Company from sales made in U.S. dollars. The Company also has investments in self-sustaining operations in the United States, 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. During the quarter ended June 30, 2012, Glacier purchased foreign exchange swap contracts to sell U.S.$100,000 per month which commenced June 2012 at rates between CAD$1.030 and CAD$1.036, and expires in May 2013.

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 trade receivables from customers. The Company has adopted policies and procedures designed to limit these risks. The carrying amounts for trade receivables 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 actively manages its interest rate risk through ongoing monitoring of market interest rates and the overall economic situation. In the past, the Company had entered into five year amortizing interest rate swap contracts with fixed interest rates and variable acceptance fees.

The fair value of exchange 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. The Company concluded that those contracts do not qualify for hedge accounting; therefore, changes in fair value of the contracts are recorded in the statement of operations each period.

The Company is exposed to liquidity risk with respect to trade payables, long-term debt, derivatives and contractual obligations. 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.

The carrying value of certain financial instruments maturing in the short-term approximates their fair value. These financial instruments include cash and cash equivalents, trade receivables, trade payables, dividends payable, other current liabilities, and preferred shares in affiliates. The fair value of the other financial instruments 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. 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 fair value of all of the Company's available for sale financial instruments was determined using quoted prices in active markets.

Business Environment and Risks

A comprehensive discussion of Risks and Uncertainties was included in the 2011 Annual Report and can be found on SEDAR.

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 did not make any changes to its internal controls over financial reporting ("ICFR"), during the most recent period ended June 30, 2012 which materially affected, or are reasonably likely to materially affect, the Company's ICFR.

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 and Rhode Island Suburban Newspaper Inc., each a proportionately consolidated entity in which the Company has an interest. These entities have combined net income of $2.3 million for the quarter ended June 30, 2012 and net assets of $53.5 million as at June 30, 2012.

Future accounting policies

In November 2009, the IASB issued IFRS 9, *Financial Instruments*, which becomes effective for annual periods beginning on or after January 1, 2015.

In May 2011, the IASB issued the following standards: IFRS 10, *Consolidated Financial Statements* (IFRS 10), IFRS 11, *Joint Arrangements* (IFRS 11), IFRS 12, *Disclosure of Interests in Other Entities* (IFRS 12), IAS 27, *Separate Financial Statements* (IAS 27), IFRS 13, *Fair Value Measurement* (IFRS 13) and amended IAS 28, *Investments in Associates and Joint Ventures* (IAS 28). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

The Company is in the process of assessing the impact of these new standards and determining if it will adopt the standards early.

Critical Accounting Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts recorded in the financial statements. Management regularly reviews these estimates, including those related to useful lives for depreciation and amortization, impairment of long-lived assets, certain trade receivables, pension and other employee future benefit plans 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.

GLACIER MEDIA INC.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
Three and six months ended June 30, 2012 and 2011

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

	Three months ended		Six months ended	
	June 30, 2012	June 30, 2011	**June 30, 2012**	June 30, 2011
	$	$	**$**	$
Revenue	**91,388**	71,712	**167,809**	132,420
Expenses before depreciation and amortization				
Direct expenses (Note 14)	**57,716**	42,977	**109,382**	81,545
General and administrative (Note 14)	**16,542**	13,454	**30,419**	24,862
	17,130	15,281	**28,008**	26,013
Interest expense, net	**1,607**	1,278	**3,184**	2,586
Depreciation of property, plant and equipment	**1,563**	1,272	**3,132**	2,870
Amortization of intangible and other assets	**2,338**	2,048	**4,727**	4,225
Impairment expense	**-**	737	**-**	737
Other expenses	**606**	174	**1,095**	1,270
Share of losses (earnings) from associates (Note 7)	**255**	(236)	**393**	(495)
Net income before income taxes	**10,761**	10,008	**15,477**	14,820
Income tax expense (Note 13)	**3,943**	2,543	**5,191**	4,129
Net income for the period	**6,818**	7,465	**10,286**	10,691
Net income attributable to:				
Common shareholders	**5,344**	7,048	**8,258**	9,788
Non-controlling interest	**1,474**	417	**2,028**	903
Earnings per share attributable to common shareholders				
Basic and diluted	**0.06**	0.08	**0.09**	0.11
Weighted average number of common shares				
Basic and diluted	**89,358,410**	90,611,432	**89,358,410**	90,622,360

See accompanying notes to these interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Three and six months ended June 30, 2012 and 2011

(Expressed in thousands of Canadian dollars)
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2012	June 30, 2011	**June 30, 2012**	June 30, 2011
	$	$	**$**	$
Net income for the period	**6,818**	7,465	**10,286**	10,691
Other comprehensive income (loss) (net of tax) (Note 12)				
Actuarial gains (losses) on defined benefit pension plans	**(555)**	(1,021)	**(215)**	(173)
Currency translation adjustment on joint venture	**66**	(111)	**4**	(187)
Unrealized (loss) on investments classified as available-for-sale	**(72)**	-	**(79)**	-
Share of other comprehensive income from associates	**(51)**	-	**(30)**	-
Other comprehensive income, net of tax	**(612)**	(1,132)	**(320)**	(360)
Total comprehensive income	**6,206**	6,333	**9,966**	10,331
Total comprehensive income attributable to:				
Common shareholders	**4,753**	5,979	**7,950**	9,467
Non-controlling interest	**1,453**	354	**2,016**	864

See accompanying notes to these interim consolidated financial statements

GLACIER MEDIA INC.

INTERIM CONSOLIDATED BALANCE SHEETS
As at June 30, 2012 and December 31, 2011

(Expressed in thousands of Canadian dollars)
(Unaudited)

	As at June 30, 2012	As at December 31, 2011
	$	$
Assets		
Current assets		
Cash and cash equivalents	**6,891**	9,206
Trade and other receivables	**54,351**	58,746
Inventory	**4,069**	5,431
Prepaid expenses	**4,306**	3,248
	69,617	76,631
Non-current assets		
Investment in associates (Note 7)	**61,380**	62,369
Available for sale investments	**3,973**	3,970
Other assets	**1,588**	1,595
Property, plant and equipment (Note 8)	**82,124**	73,843
Goodwill (Note 9)	**239,986**	202,166
Intangible assets (Note 10)	**175,341**	173,393
Total assets	**634,009**	593,967
Liabilities		
Current liabilities		
Trade and other payables	**28,332**	35,509
Dividends payable	**2,770**	2,770
Deferred revenue	**17,518**	20,861
Current portion of long-term debt (Note 11)	**15,450**	10,724
Other current liabilities	**2,448**	2,748
	66,518	72,612
Non-current liabilities		
Non-current portion of deferred revenue	**939**	652
Other non-current liabilities	**1,788**	1,860
Post-employment benefit obligation	**11,364**	10,471
Long-term debt (Note 11)	**127,885**	129,272
Deferred income taxes	**32,573**	24,260
Total liabilities	**241,067**	239,127
Equity		
Share capital	**199,216**	199,216
Contributed surplus	**8,792**	8,792
Accumulated other comprehensive (loss) (Note 12)	**(514)**	(441)
Retained earnings	**138,187**	132,849
Total equity attributable to common shareholders	**345,681**	340,416
Non-controlling interest	**47,261**	14,424
Total equity	**392,942**	354,840
Total liabilities and equity	**634,009**	593,967

See accompanying notes to these interim consolidated financial statements

GLACIER MEDIA INC.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Six months ended June 30, 2012 and 2011

(Expressed in thousands of Canadian dollars, except share amounts)
(Unaudited)

	Attributable to common shareholders							
	Share capital		Contributed	Accumulated other comprehensive	Retained		Non-controlling	Total
	Shares	Amount	surplus	loss	earnings	Total	interests	equity
		$	$	$	$	$	$	$
Balance, December 31, 2011	89,358,410	199,216	8,792	(441)	132,849	340,416	14,424	354,840
Net income for the period		-	-	-	8,258	8,258	2,028	10,286
Other comprehensive income (loss) (net of tax):		-	-	(73)	(235)	(308)	(12)	(320)
Total comprehensive income (loss) for the period		-	-	(73)	8,023	7,950	2,016	9,966
Dividends declared on common shares	-	-	-	-	(2,685)	(2,685)	(85)	(2,770)
Acquisition of control of ANGLP	-	-	-	-	-	-	31,474	31,474
Distributions to non-controlling interests	-	-	-	-	-	-	(568)	(568)
Balance, June 30, 2012	**89,358,410**	**199,216**	**8,792**	**(514)**	**138,187**	**345,681**	**47,261**	**392,942**
Balance, December 31, 2010	90,633,410	202,059	8,644	(187)	118,059	328,575	13,593	342,168
Net income for the period		-	-	-	9,788	9,788	903	10,691
Other comprehensive income (loss) (net of tax):		-	-	(182)	(139)	(321)	(39)	(360)
Total comprehensive income (loss) for the period		-	-	(182)	9,649	9,467	864	10,331
Dividends declared on common shares		-	-	-	(2,719)	(2,719)	-	(2,719)
Distributions to non-controlling interests		-	-	-	-	-	(225)	(225)
Stock option expense		-	289	-	-	289	-	289
Repurchase of common shares	(500,000)	(1,115)	(55)	-	-	(1,170)	-	(1,170)
Balance, June 30, 2011	90,133,410	200,944	8,878	(369)	124,989	334,442	14,232	348,674

See accompanying notes to these interim consolidated financial statements

GLACIER MEDIA INC.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Three and six months ended June 30, 2012 and 2011

(Expressed in thousands of Canadian dollars)
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2012	June 30, 2011	**June 30, 2012**	June 30, 2011
	$	$	**$**	$
Operating activities				
Net income	**6,818**	7,465	**10,286**	10,691
Items not affecting cash				
Depreciation of property, plant and equipment	**1,563**	1,272	**3,132**	2,870
Amortization of intangible and other assets	**2,338**	2,048	**4,727**	4,225
Stock based compensation	**-**	-	**-**	289
(Gain) loss on disposal of property, plant and equipment	**(3)**	(17)	**195**	(17)
Impairment expense	**-**	737	**-**	737
Employee future benefit expense in excess of employer contributions	**(22)**	(216)	**283**	86
Deferred income taxes	**3,721**	2,267	**4,764**	3,622
Non-cash interest expense	**63**	408	**106**	845
Share of losses (earnings) from associates	**255**	(236)	**393**	(495)
Loss (gain) on change in fair value of derivative financial instruments	**23**	61	**(55)**	77
Unrealized foreign exchange (gain) loss on long-term receivable	**-**	(2)	**18**	(68)
Other non-cash expenses	**(38)**	-	**(38)**	-
Amortization of leasehold inducements	**(16)**	-	**(34)**	-
Cash flow from operations before changes in non-cash operating accounts	**14,702**	13,787	**23,777**	22,862
Changes in non-cash operating accounts				
Trade and other receivables	**(56)**	(836)	**6,241**	(261)
Inventory	**2,718**	2,726	**1,481**	1,924
Prepaid expenses	**1,467**	(714)	**(922)**	(1,072)
Trade and other payables	**(3,573)**	(2,788)	**(8,115)**	(2,524)
Deferred revenue	**(5,940)**	(7,973)	**(3,644)**	(6,704)
Cash generated from operating activities	**9,318**	4,202	**18,818**	14,225
Investing activities				
Acquisitions, inclusive of bank indebtedness assumed and related financing liabilities	**-**	(6,356)	**-**	(6,720)
Net cash acquired on acquisitions	**872**	-	**872**	-
Investment in associates	**(45)**	(3,895)	**(228)**	(3,930)
Other investing activities	**(270)**	(1,390)	**(270)**	(1,390)
Proceeds from disposal of assets	**-**	890	**239**	890
Dividends received from associates	**378**	-	**795**	-
Purchase of property, plant, equipment	**(6,061)**	(1,568)	**(8,407)**	(2,488)
Purchase of intangible assets	**(829)**	(1,184)	**(1,457)**	(1,796)
Cash used in investing activities	**(5,955)**	(13,503)	**(8,456)**	(15,434)
Financing activities				
Proceeds from long-term debt	**1,509**	10,500	**2,070**	10,500
Purchase of common shares	**-**	(1,170)	**-**	(1,170)
Distribution to non-controlling interests	**(568)**	-	**(568)**	(225)
Dividends paid	**-**	-	**(2,770)**	-
Repayment of long-term debt	**(5,613)**	(1,965)	**(11,409)**	(7,255)
Cash (used in) generated from financing activities	**(4,672)**	7,365	**(12,677)**	1,850
Net cash inflow (outflow)	**(1,309)**	(1,936)	**(2,315)**	641
Cash and cash equivalents, beginning of period	**8,200**	2,997	**9,206**	420
Cash and cash equivalents, end of period	**6,891**	1,061	**6,891**	1,061

Supplemental information (Note 16)

See accompanying notes to these interim consolidated financial statements

(Amounts in tables expressed in thousands of Canadian dollars)
(Unaudited)

1. General business description

Glacier Media Inc. ("Glacier" or the "Company") is an information communications company providing 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 Company is incorporated under the Canada Business Corporations Act, with common shares listed on the Toronto Stock Exchange ("TSX"). The address of its head office is 1970 Alberta Street, Vancouver, British Columbia.

2. Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB.

These financial statements have been approved by the board of directors for issue on August 13, 2012.

Certain comparative information has been reclassified to conform to the presentation in the current period.

3. Significant accounting policies

The principal accounting policies adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2011. The policies applied are based on the International Financial Reporting Standards issued and outstanding as at the date the board of directors approved these financial statements.

4. Accounting standards issued but not yet applied

In November 2009, the IASB issued IFRS 9, *Financial Instruments*, which becomes effective for annual periods beginning on or after January 1, 2015.

In May 2011, the IASB issued the following standards: IFRS 10, *Consolidated Financial Statements* (IFRS 10), IFRS 11, *Joint Arrangements* (IFRS 11), IFRS 12, *Disclosure of Interests in Other Entities* (IFRS 12), IAS 27, *Separate Financial Statements* (IAS 27), IFRS 13, *Fair Value Measurement* (IFRS 13) and amended IAS 28, *Investments in Associates and Joint Ventures* (IAS 28). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

The Company is in the process of assessing the impact of these new standards and determining if it will adopt the standards early.

(Amounts in tables expressed in thousands of Canadian dollars)
(Unaudited)

5. Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2011.

6. Acquisitions

(a) On April 1, 2012, the Company acquired control of its joint venture partner Alta Newspaper Group Limited Partnership ("ANGLP"). In accordance with IFRS 3, this acquisition was treated as a step acquisition by the Company, whereby its existing investment was disposed of at April 1, 2012 and a new investment reacquired. Effective April 1, 2012, the Company accounts for its investment in ANGLP as a subsidiary and consolidates the financial position and results of the Company. Prior to April 1, 2012, the Company accounted for its investment in ANGLP using proportionate consolidation in accordance with IAS 31.

The Company has completed a preliminary determination of the acquired assets and liabilities of ANGLP on April 1, 2012. The consideration paid is equal to the net carrying value of the Company's interest in ANGLP immediately prior to the acquisition of control including net working capital, property plant and equipment, intangible assets, goodwill, and long term debt. Non controlling interest was valued at the minority shareholders percentage of the net asset of the ANGLP on April 1, 2012. The Company expects that the final fair value assessment will result in a one-time gain on the acquisition transaction. The Company has not yet completed it determination of the fair value of the assets and liabilities acquired and expects to finalize the purchase accounting by the end of the year. The preliminary amounts are as follows:

	$
Assets acquired	
Cash	2,154
Trade receivables	4,421
Inventory	295
Prepaid assets	337
Property, plant and equipment	8,469
Intangible assets	20,995
Goodwill	79,650
	116,321
Liabilities assumed	
Trade payables and accrued liabilities	1,311
Deferred revenues	1,453
Deferred income taxes	8,461
Long term debt	31,042
Post employment benefits	668
	42,935
Non-controlling interest	31,474
Consideration	41,912

(Amounts in tables expressed in thousands of Canadian dollars)
(Unaudited)

6. Acquisitions (continued)

(b) During the six months ended June, 2012, the Company and its affiliates completed the purchase accounting for its acquisition of trade publications from Rogers Publishing Limited in May 2011. The completion of the acquisition accounting resulted in an increase in intangible assets of $1.6 million, a decreased in goodwill of $1.5 million and an increase in deferred tax liabilities of $0.1 million.

7. Investment in associates

Investment in associates includes the following investments.

(a) A 28% equity interest in Continental Newspapers Ltd. (“Continental”), which owns and operates newspapers in British Columbia and Ontario. Continental has a March 31 year end.

(b) A 50% equity interest in InfoMine Inc. (“InfoMine”) which operates online and digital services to the mining industry. The Company does not control InfoMine as it does not have a majority of members on the board of directors nor does it have voting control over the company.

(c) A 59% equity interest in a private holding company. The Company does not have control over this investment as it does not have a majority of members on the board of directors nor does it have voting control over the company.

(d) A 49% equity interest in a community newspaper.

The investment in its various associates consists of the following:

(thousands of dollars)	**As at and for the period ended June 30, 2012**	As at and for the year ended December 31, 2011
	$	$
Balance, beginning of period	**62,369**	22,890
Investment in associates	**228**	25,036
Share of (losses) earnings for the period	**(393)**	16,257
Share of other comprehensive (loss) income for the period	**(29)**	(275)
Dividends received and other equity movements	**(795)**	(1,539)
Balance, end of period	**61,380**	62,369

Included in earnings from associates for the year ended December 31, 2011, is the Company’s $15.1 million share of a one-time gain of $25.7 million relating to recognition of tax assets within one of the Company’s associates.

The following summarizes financial information about the assets, liabilities, revenues, net income, and other comprehensive loss of the Company’s associate entities and are reported at the values reported by each associate. The amounts disclosed include adjustments made to the carrying amount of assets and liabilities of the associate on acquisition if applicable.

(Amounts in tables expressed in thousands of Canadian dollars)
(Unaudited)

7. Investment in associates (continued)

(thousands of dollars)	**As at and for the period ended June 30, 2012**	As at and for the year ended December 31, 2011
	$	$
Assets	**180,515**	189,440
Liabilities	**65,763**	71,929
Revenues	**44,801**	41,684
Net income (loss) for ther period	**(1,026)**	31,326
Other comprehensive income (loss)	**(86)**	(467)

8. Property, plant and equipment

As at June 30, 2012

(thousands of dollars)	**Cost**	**Accumulated depreciation**	**Carrying amount**
	$	**$**	**$**
Land	17,687	-	17,687
Buildings	27,951	(1,855)	26,096
Production equipment	53,721	(24,037)	29,684
Office equipment and leaseholds	25,564	(16,907)	8,657
	124,923	**(42,799)**	**82,124**

As at December 31, 2011

(thousands of dollars)	Cost	Accumulated depreciation	Carrying amount
	$	$	$
Land	16,864	-	16,864
Buildings	25,004	(1,658)	23,346
Production equipment	49,681	(23,942)	25,739
Office equipment and leaseholds	24,960	(17,066)	7,894
	116,509	**(42,666)**	**73,843**

During the six months ended June 30, 2012 the Company acquired property, plant and equipment of $8.4 million including the construction and expansion of new facilities for two of the Company's printing operations, purchase of a new printing press, and additional assets from the acquisition of control of ANGLP.

Included in production equipment are assets held under a finance lease.

(Amounts in tables expressed in thousands of Canadian dollars)
(Unaudited)

9. Goodwill

(thousands of dollars)	**As at and for the period ended June 30, 2012**	As at and for the year ended December 31, 2011
	$	$
Balance, beginning of period	**202,166**	199,832
Preliminary acquisition accounting (Note 6)	**39,304**	3,271
Finalization of prior year acquisition accounting (Note 6)	**(1,484)**	-
Impairment	**-**	(937)
Balance, end of period	**239,986**	202,166

10. Intangible assets

The Company has various intangible assets including customer relationships, subscription lists, mastheads, software, web sites, copyrights and trademarks. Of these, certain mastheads and trademarks are considered to have an indefinite life and are therefore not amortized.

Intangible assets are as follows:

		As at June 30, 2012	
(thousands of dollars)	**Cost**	**Accumulated amortization**	**Carrying amount**
	$	**$**	**$**
Indefinite life			
Mastheads and trademarks	96,521	-	96,521
Amortizating			
Copyrights	12,650	(9,333)	3,317
Customer relationships	97,129	(27,763)	69,366
Subscription lists	3,532	(2,729)	803
Software and websites	17,042	(11,708)	5,334
	226,874	**(51,533)**	**175,341**

		As at December 31, 2011	
(thousands of dollars)	Cost	Accumulated amortization	Carrying amount
	$	$	$
Indefinite life	96,654	-	96,654
Mastheads and trademarks			
Amortizating			
Copyrights	12,650	(8,891)	3,759
Customer relationships	92,170	(24,595)	67,575
Subscription lists	3,176	(2,707)	469
Software and websites	15,754	(10,818)	4,936
	220,404	(47,011)	173,393

During the six months ended June 30, 2012 the Company acquired intangible assets of $1.5 million. The Company also recorded additional intangible assets resulting from the acquisition of control of ANGLP.

(Amounts in tables expressed in thousands of Canadian dollars)
(Unaudited)

11. Long-term debt

The Company has the following long-term debt outstanding at June 30, 2012 and December 31, 2011:

Current liabilities (Thousands of dollars)	**As at June 30, 2012**	As at December 31, 2011
	$	$
ANGLP non-recourse debt	**7,500**	4,463
Finance lease liability	**1,566**	1,638
Mortgages and other loans	**6,384**	4,623
	15,450	10,724

Non-current liabilities (Thousands of dollars)	**As at June 30, 2012**	As at December 31, 2011
	$	$
Revolving bank loan	**105,500**	112,046
ANGLP non-recourse debt	**21,680**	15,155
Finance lease liability	**28**	756
Mortgages and other loans	**677**	1,315
	127,885	129,272

Total Long-term debt (Thousands of dollars)	**As at June 30, 2012**	As at December 31, 2011
	$	$
Current	**15,450**	10,724
Non-current	**127,885**	129,272
	143,335	139,996

On April 1, 2012, the Company acquired control of ANGLP and as a result recorded an additional $12.6 million in long term debt from ANGLP (Note 6(a)). The debt is non-recourse to the Company.

Under various financing arrangements with its banks, the Company and its subsidiaries and associates are required to meet certain covenants. The Company and its subsidiaries and associates were in compliance with these covenants at June 30, 2012 and December 31, 2011.

(Amounts in tables expressed in thousands of Canadian dollars)
(Unaudited)

12. Other comprehensive income (loss)

The components of other comprehensive income (loss) are as follows:

(thousands of dollars)	Accumulated other comprehensive income: Equity Securities classified as available for sale	Cumulative Translation Adjustment	Total	Retained earnings: Actuarial gains (losses) on defined benefit plans	Total	Non-controlling interests	Total comprehensive loss
	$	$		$	$	$	$
Balance, December 31, 2011	(315)	(126)	(441)	(8,085)	(8,085)	(273)	(8,799)
Cumulative translation adjustment	-	3	3	-	-	1	4
Actuarial (losses) on defined benefit plans	-	-	-	(206)	(206)	(9)	(215)
Unrealized (loss) on available for sale investments	(76)	-	(76)	-	-	(3)	(79)
Share of other comprehensive (loss) from associates	-	-	-	(29)	(29)	(1)	(30)
Other comprehensive (loss) for the period			(73)		(235)	(12)	(320)
Balance, June 30, 2012	**(391)**	**(123)**	**(514)**	**(8,320)**	**(8,320)**	**(285)**	**(9,119)**
Balance, December 31, 2010	-	(187)	(187)	(2,501)	(2,501)	(86)	(2,774)
Cumulative translation adjustment	-	(182)	(182)	-	-	(5)	(187)
Actuarial (losses) on defined benefit plans	-	-	-	(139)	(139)	(34)	(173)
Other comprehensive (loss) for the period			(182)		(139)	(39)	(360)
Balance, June 30, 2011	-	(369)	(369)	(2,640)	(2,640)	(125)	(3,134)

Other comprehensive income items that do not recycle through the statement of operations in future periods are recorded directly in retained earnings.

Other comprehensive income items are reported net of income taxes as follows:

	Three months ended **June 30, 2012**	Three months ended June 30, 2011	Six months ended **June 30, 2012**	Six months ended June 30, 2011
Cumulative translation adjustment	**-**	-	**-**	-
Actuarial (losses) on defined benefit plans	**198**	340	**85**	58
Unrealized (loss) on available for sale investments	**(10)**	-	**(11)**	-
Share of other comprehensive (loss) from associates	**-**	-	**-**	-

13. Income taxes

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The components of income tax expense are shown in the following table:

(thousands of dollars)	Six months ended **June 30, 2012**	Six months ended June 30, 2011
	$	$
Current tax	**427**	402
Deferred tax	**4,764**	3,727
Income tax expense	**5,191**	4,129

At June 30, 2012, the Company has available non-capital losses and unclaimed tax credits which may be used to reduce future Canadian income taxes otherwise payable.

(Amounts in tables expressed in thousands of Canadian dollars)
(Unaudited)

14. Expense by nature

(thousands of dollars)	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
	$	$	**$**	$
Wages and benefits	**36,871**	28,341	**72,408**	56,324
Newsprint, ink and other printing costs	**11,803**	9,466	**22,544**	18,158
Delivery costs	**8,317**	5,200	**15,906**	9,517
Rent, utilities and other property costs	**3,365**	2,727	**6,311**	5,134
Advertising, marketing and other promotion costs	**3,571**	2,351	**6,488**	4,970
Third party production and editorial costs	**3,535**	2,296	**6,756**	3,835
Legal, bank, insurance and professional services	**1,687**	1,509	**3,213**	2,855
Data services, system maintenance, telecommunications and software licenses	**1,517**	1,246	**2,583**	2,319
Other	**3,592**	3,295	**3,592**	3,295
	74,258	56,431	**139,801**	106,407
Direct expenses	**57,716**	42,977	**109,382**	81,545
General and administrative expenses	**16,542**	13,454	**30,419**	24,862
	74,258	56,431	**139,801**	106,407

Expenses for the three months ended June 30, 2012 include the additional share of ANGLP's operations as a result of the Company's acquisition of control on April 1, 2012 (Note 6 (a)) and expenses from the Postmedia acquisition on November 30, 2011.

15. Joint ventures

At June 30, 2012, the Company exercised joint control over the operations of Great West Newspapers Limited Partnership ("Great West"), Fundata Canada Inc. ("Fundata"), and Rhode Island Suburban Newspaper Inc. ("RISN"). The balances below, representing the Company's ownership interests in these operations, have been proportionately consolidated in the Company's consolidated financial statements.

The following balances at June 30, 2012 and for the three months then ended, do not include the Company's ownership interest in ANGLP as the Company acquired control on April 1, 2012 and therefore fully consolidated these results. The results for the six months ended June 30, 2012, include our proportionate share of 59.5% of ANGLP for the period from January 1, 2012 to April 1, 2012. The balances below for the three and six months ended June 30, 2011 and as at December 31, 2011, reflect the Company's proportionate consolidation of ANGLP, which was 59.5%.

(thousands of dollars)	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
	$	$	**$**	$
Statement of operations				
Revenues	**7,591**	13,256	**19,153**	24,895
Costs and expenses	**5,274**	10,637	**14,442**	19,967
Net income	**2,317**	2,619	**4,711**	4,928

(Amounts in tables expressed in thousands of Canadian dollars)
(Unaudited)

15. Joint ventures (continued)

(thousands of dollars)	**As at June 30, 2012**	As at December 31, 2011
	$	$
Balance sheet		
Cash and cash equivalents	**3,964**	6,093
Other current assets	**3,257**	10,349
Property, plant and equipment	**14,438**	15,307
Intangible assets	**15,251**	36,274
Goodwill	**26,788**	67,087
Trade and other payables	**(2,018)**	(3,814)
Other current liabilities	**(7,149)**	(13,631)
Long-term debt	**-**	(15,616)
Deferred income taxes	**(1,016)**	(8,410)
Net assets	**53,515**	93,639

16. Supplemental cash flow information

	Three months ended		Six months ended	
(thousands of dollars)	**June 30, 2012**	June 30, 2011	**June 30, 2012**	June 30, 2011
	$	$	**$**	$
Interest paid	**1,579**	977	**3,107**	1,855
Income taxes paid	**233**	206	**468**	404

(Amounts in tables expressed in thousands of Canadian dollars)
(Unaudited)

17. Segment disclosure

The Company and its subsidiaries operate in two distinct operating segments throughout Canada and the United States. These segments are the business and professional market that Specialty Technical Publishers ("STP"), CD-Pharma, Eco Log and Fundata operate in and the local 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 and for the three and six months ended June 30, 2012 and 2011:

(thousands of dollars)	Newspaper and Trade	Business and Professional	Corporate and Other	Consolidated
Three months ended June 30, 2012	$	$	$	$
Revenue				
Canada	**84,789**	**3,221**	**-**	**88,010**
United States	**2,520**	**858**	**-**	**3,378**
				91,388
Income (loss) before interest, taxes, depreciation and amortization	**15,827**	**1,339**	**(36)**	**17,130**
Interest	**1,536**	**71**	**-**	**1,607**
Amortization and depreciation	**3,659**	**242**	**-**	**3,901**
Other expenses	**272**	**16**	**318**	**606**
Income tax	**3,782**	**161**	**-**	**3,943**
Share of (earnings) loss from associates	**255**	**-**	**-**	**255**
Segment Net income	**6,323**	**849**	**(354)**	**6,818**
Assets	**593,919**	**40,060**	**30**	**634,009**
Capital expenditures	**6,679**	**211**	**-**	**6,890**
Investment in associate	**61,380**	**-**	**-**	**61,380**

(thousands of dollars)	Newspaper and Trade	Business and Professional	Corporate and Other	Consolidated
Three months ended June 30, 2011	$	$	$	$
Revenue				
Canada	65,951	2,689	-	68,640
United States	2,169	903	-	3,072
				71,712
Income (loss) before interest, taxes, depreciation and amortization	14,151	1,138	(8)	15,281
Interest	1,222	56	-	1,278
Amortization and depreciation	3,085	235	-	3,320
Impairment	737	-	-	737
Other expenses	36	80	58	174
Income tax	2,428	115	-	2,543
Share of (earnings) loss from associates	(236)	-	-	(236)
Segment Net income	6,879	652	(66)	7,465
Assets	460,903	49,520	22	510,445
Capital expenditures	2,638	114	-	2,752
Investment in associate	26,997	-	-	26,997

(Amounts in tables expressed in thousands of Canadian dollars)
(Unaudited)

17. Segment disclosure (continued)

(thousands of dollars)	Newspaper and Trade	Business and Professional	Corporate and Other	Consolidated
Six months ended June 30, 2012	$	$	$	$
Revenue				
Canada	**155,020**	**6,035**	**-**	**161,055**
United States	**5,040**	**1,714**	**-**	**6,754**
				167,809
Income (loss) before interest, taxes, depreciation and amortization	**25,574**	**2,478**	**(44)**	**28,008**
Interest	**3,037**	**147**	**-**	**3,184**
Amortization and depreciation	**7,378**	**481**	**-**	**7,859**
Other expenses	**586**	**(39)**	**548**	**1,095**
Income tax	**4,951**	**240**	**-**	**5,191**
Share of (earnings) loss from associates	**393**	**-**	**-**	**393**
Segment Net income	**9,229**	**1,649**	**(592)**	**10,286**
Assets	**593,919**	**40,060**	**30**	**634,009**
Capital expenditures	**9,569**	**295**	**-**	**9,864**
Investment in associate	**61,380**	**-**	**-**	**61,380**

(thousands of dollars)	Newspaper and Trade	Business and Professional	Corporate and Other	Consolidated
Six months ended June 30, 2011	$	$	$	$
Revenue				
Canada	120,986	5,290	-	126,276
United States	4,338	1,806	-	6,144
				132,420
Income (loss) before interest, taxes, depreciation and amortization	23,882	2,147	(16)	26,013
Interest	2,467	119	-	2,586
Amortization and depreciation	6,627	468	-	7,095
Impairment	737	-	-	737
Other expenses	1,101	101	68	1,270
Income tax	3,829	300	-	4,129
Share of (earnings) loss from associates	(495)	-	-	(495)
Segment Net income	9,616	1,159	(84)	10,691
Assets	460,903	49,520	22	510,445
Capital expenditures	4,073	211	-	4,284
Investment in associate	26,997	-	-	26,997

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
PricewaterhouseCoopers 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.

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