Condensed Interim Consolidated Financial Statements of

GLACIER MEDIA INC.

For the three and six months ended June 30, 2016
(Unaudited)

Report to Shareholders

Financial Performance and Position

The second quarter was challenging for Glacier Media Inc. ("Glacier" or the "Company") primarily due to the continued depressed commodity and energy markets. Adjusted consolidated revenue(1) was $60.6 million for the three-month period ended June 30, 2016 compared to $70.9 million for the same period in the prior year. Approximately 19% ($2.0 million) of the total $10.3 million adjusted revenue decline for the period resulted from planned closures and restructuring of newspaper and printing operations. These restructurings resulted in stronger and more efficient operations and improved profitability. During the quarter, the Company published its Comprehensive Oilfield Service & Supply Database ("COSSD"). Revenue for this publication declined significantly due to the extremely difficult energy environment in Western Canada, accounting for another 18% ($1.9 million) of the total adjusted revenue decline for the quarter.

Adjusted consolidated EBITDA(1) decreased to $7.4 million for the three-months ended June 30, 2016 compared to $9.8 million for the same period in the prior year. The Company's operations directly affected by the weak energy and commodity environments experienced significant EBITDA declines, including a sizeable EBITDA decline related to the COSSD (most of the revenue decline directly impacts EBITDA).

The Company's operations not adversely impacted by the weaker energy sector and excluding the operating investment related to the launch of the Company's Environmental Risk Information Services into the U.S., grew in EBITDA compared to the same period in the prior year. The Company's community media segment EBITDA grew by 15% compared to the same period in the prior year. Community media continues to benefit from the 2015 and year-to-date restructuring efforts in many of its operations.

For the six-months ended June 30, 2016, the Company's adjusted consolidated EBITDA declined $1.1 million. Excluding the COSSD (which is published once a year in the second quarter) EBITDA grew $0.4 million or 3%.

On an adjusted basis(1), including the Company's share of its joint venture interests, Glacier's consolidated debt net of cash outstanding before deferred financing charges was 2.2x trailing 12-months EBITDA as at June 30, 2016.

Rights Offering

During the period ended June 30, 2016, the Company undertook a rights offering which closed on July 4, 2016. The offering raised net proceeds of $13.2 million, all of which was used to reduce the Company's senior debt. A total of 20,745,626 common shares were issued after quarter end as a result of the rights offering. The total outstanding number of common shares after the rights offering is 109,828,731.

(1) For a reconciliation of adjusted results to results in accordance with International Financial Reporting Standards ("IFRS"), refer to the "Reconciliation of IFRS to Adjusted Results" as presented in the Company's Management Discussion & Analysis.

Operational Overview

Business information's adjusted consolidated revenue(1) decreased to $23.3 million for the three-months ended June 30, 2016 compared to $ 25.1 million for the same period in the prior year. Business information's adjusted consolidated EBITDA(1) decreased to $3.0 million for the three-months ended June 30, 2016 compared to $6.2 million for the same period in the prior year.

Agriculture Information

- Conditions in the agricultural sector remain soft with low commodity prices and increasing industry consolidation. Conditions in the second half of the year do appear to be improving.

- Certain Glacier FarmMedia ("GFM") operations did continue to grow in the quarter. Weather INnovations Consulting ("WIN") continues to close new revenue contracts. During the quarter, WIN signed a significant new contract with the Food and Environment Research Agency, a U.K. crown corporation for high-end weather units.
- In July, GFM held its second annual Ag In Motion show, the Western Canadian farm demonstration show held in Saskatchewan. The show was extremely successful experiencing significant increases in the number of exhibitors, attendance and revenue.

Energy Information

- The near-term outlook for the energy sector remains uncertain. Conditions at JuneWarren Nickle's Energy Group ("JWN") continue to be adversely impacted by market conditions. JWN has implemented substantial cost reduction measures while concurrently pursuing revenue initiatives such as new research contracts and data information products.
- The Company continued to invest in its database of energy companies, properties and assets (CanOils). Asset information has become increasingly valuable as companies look to navigate the industry downturn and investors look for distressed assets. Consequently, revenues from the Company's database products have performed well despite the dramatic downturn.

Mining Information

- The mining sector continues to be impacted by a four-year slump. While the Company's mining information businesses had another challenging quarter there are initial signs of a turn around. Some lines of business that have not grown for some time grew in the quarter. This growth mimics some initial positive signs in the underlying mining industry.

Environmental Information

- Environmental Risk Information Services ("ERIS") continues to experience strong revenue growth, adding a number of new customers during the quarter. Revenue for the quarter increased 20% compared to the same period in the prior year.
- Operating investments continue to be made to allow ERIS to scale to the next revenue tier and maintain strong product quality. The tangible benefits of these investments will come to bear over the coming quarters.
- STP's revenues grew significantly during the quarter as a result of continued growth in EMIS and electronic network sales.

Real Estate Information

- REW.ca, the Company's online real estate portal, continued to grow rapidly with increased traffic and features. In June 2016, the site grew to a visit level of 1.8 million visitors per month, a 95% increase over the same period in the prior year. Revenues continue to scale more than doubling versus the same period in the prior year. The Company continues to invest in site features and relevant data.

Financial Information

- Fundata Canada Inc. ("Fundata") experienced another strong quarter with increases in revenue and EBTIDA compared to the same period in the prior year. Fundata continues to have strong initial response to its new Point of Sales Fund Facts offering.

General Business Information

- Business in Vancouver ("BIV") experienced a very strong quarter with increases in revenue and EBITDA compared to the same period in the prior year. BIV's success is attributable to strong newspaper and special event performance complemented by new product offerings such as the Women in Business publication.

Community Media

- Community media's adjusted consolidated revenue(1) decreased to $37.4 million for the three-months ended June 30, 2016 compared to $45.9 million for the same period in the prior year. Community media's adjusted consolidated EBITDA(1) increased to $6.4 million for the three-months ended June 30, 2016 compared to $5.5 million for the same period in the prior year.
- Overall, the Company's community media segment experienced adjusted revenue declines driven by a combination of the maturing nature of print advertising and the impact of continued weak commodity prices on many Western Canadian communities. However, adjusted EBITDA increased in the quarter, as the Company continues to realize savings from the restructurings implemented throughout 2015 and 2016. In many cases, the changes have resulted in improved products for both readers and advertisers as fewer but more substantial editions are published.
- Digital community media revenues and EBITDA grew by more than 20% for the three-months ended June 30, 2016, compared to the same period in the prior year.
- The Company continues to pursue cost-reduction initiatives in all markets, where practical, while maintaining product quality and sales effectiveness.

Outlook

Near-term uncertainty and market risk continues in Western Canada. The effects of the commodity market conditions on the Company's adjusted revenue and EBITDA for the second quarter of 2016 were significant. A large portion of the negative impact was a once a year occurrence with the publishing of the COSSD. The Company continues to focus its effort in areas driving the most value and will continue to invest in businesses that offer significant market opportunities. The Company's cost savings initiatives from substantial restructurings implemented throughout 2015 and 2016 will continue to benefit the bottom line.

Glacier's successful rights offering demonstrates the support and commitment shareholders have for the Company. With the completion of the rights offering, the Company has strengthened its financial positon by reducing overall debt.

As indicated, considerable progress has been made in a number of areas including: ERIS, real estate information, financial information and energy and mining information databases.

Second Quarter 2016 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 11, 2016.

Glacier Media Inc.'s Second Quarter 2016 Interim Report, including this MD&A and the accompanying Report to Shareholders, 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", "expected", "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 relating to our expectations regarding revenues, expenses, cash flows, future profitability and the effect of our strategic initiatives and restructuring, including our expectations to grow our business information operations, to generate new revenues, to implement cost reduction measures, to launch new information products, to generate new business acquisitions, to improve profitability, to generate sufficient cash flow from operations to meet anticipated working capital, capital expenditures, and debt service requirements and to reduce debt levels. These forward-looking statements are based on certain assumptions, including continued economic growth and recovery and the realization of cost savings in a timely manner and in the expected amounts, which 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 include failure to implement or achieve the intended results from our strategic initiatives, the failure to implement or realize cost savings in a timely manner or in the expected amounts, the failure to identify, negotiate and complete the acquisition of new businesses, the failure to develop or launch new products and the other risk factors listed in our Annual Information Form under the heading "Risk Factors" and in our annual MD&A under the heading "Business Environment and Risks", many of which are out of our control. These other risk 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 and energy industry, discontinuation of the Department of Canadian Heritage's Canada Periodical Fund's Aid to Publishers, 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, tax risk, financing risk and debt service risk.

The forward-looking statements made in the Company's Interim Report, including this MD&A and the accompanying Report to Shareholders, relate only to events or information as of the date on which the statements are made. 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, 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 11, 2016 and should be read in conjunction with the Company's annual consolidated financial statements and notes thereto as at and for the year ended December 31, 2015. The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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 consolidated financial statements. As a result, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015 and related MD&A which can be obtained on the Company's website: 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. In addition, certain results in this MD&A stated to be "adjusted" have been presented on an adjusted basis that includes the Company's shares of revenue, expenses, assets and liabilities from its joint venture operations, which reflects the basis on which management makes its operating decisions and performance evaluation. These adjusted measures are also 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, its lenders and its 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 and Cash Flow from Operations Reconciliation, Net Income Attributable to Common Shareholders before Non-Recurring Items and Net Income Attributable to Common Shareholders before Non-Recurring Items Reconciliation with Per Share Amounts and a reconciliation of the adjusted non-IFRS measures is included in the section entitled Reconciliation of IFRS to Adjusted Results in this MD&A.

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

Overview of the Business

Glacier Media Inc. ("Glacier" or the "Company") is an information & marketing solutions company pursuing growth in sectors where the provision of essential information and related services provides high customer utility and value.

Glacier's strategy is implemented through two operational areas:

1. Content and marketing solutions; and
2. Data, analytics and intelligence

Glacier's business information operations include Glacier FarmMedia ("GFM") (which includes Western Producer Publications, Farm Business Communications, Canada's Outdoor Farm Show, Ag In Motion and Weather INnovations Network ("WIN")), the JuneWarren-Nickle's Energy Group (which includes Evaluate Energy), the Northern Miner mining information group, ERIS, Specialty Technical Publishers, Inceptus Media, the Real Estate group, Business in Vancouver, a 50% interest in Fundata and a 50% interest in Infomine.

The Company also owns and operates community media operations including direct, joint venture and other interests in community and local daily and weekly newspapers and related publications, websites and digital products in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and the United States.

For additional information on Glacier's operations see the Company's Annual Information Form as filed on SEDAR (www.sedar.com).

Significant Developments in 2016

The second quarter was challenging for Glacier Media Inc. ("Glacier" or the "Company") primarily due to the continued depressed commodity and energy markets. Adjusted consolidated revenue(1) was $60.6 million for the three-month period ended June 30, 2016 compared to $70.9 million for the same period in the prior year. Approximately 19% ($2.0 million) of the total $10.3 million adjusted revenue decline for the period resulted from planned closures and restructuring of newspaper and printing operations. These restructurings resulted in stronger and more efficient operations and improved profitability. During the quarter, the Company published its Comprehensive Oilfield Service & Supply Database ("COSSD"). Revenue for this publication declined significantly due to the extremely difficult energy environment in Western Canada, accounting for another 18% ($1.9 million) of the total adjusted revenue decline for the quarter.

Adjusted consolidated EBITDA(1) decreased to $7.4 million for the three-months ended June 30, 2016 compared to $9.8 million for the same period in the prior year. The Company's operations directly affected by the weak energy and commodity environments experienced significant EBITDA declines, including a sizeable EBITDA decline related to the COSSD (most of the revenue decline directly impacts EBITDA).

The Company's operations not adversely impacted by the weaker energy sector and excluding the operating investments related to the launch of the Company's Environmental Risk Information Services into the U.S., grew in EBITDA compared to the same period in the prior year. The Company's community media segment EBITDA grew by 15% compared to the same period in the prior year. Community media continues to benefit from the 2015 and year-to-date restructuring efforts in many of its operations.

For the six-months ended June 30, 2016, the Company's adjusted consolidated EBITDA declined $1.1 million. Excluding the COSSD (which is published once a year in the second quarter) EBITDA grew $0.4 million or 3%.

On an adjusted basis(1), including the Company's share of its joint venture interests, Glacier's consolidated debt net of cash outstanding before deferred financing charges was 2.2x trailing 12-months EBITDA as at June 30, 2016.

During the period ended June 30, 2016, the Company undertook a rights offering which closed on July 4, 2016. The offering raised net proceeds of $13.2 million, all of which was used to reduce the Company's senior debt. A total of 20,745,626 common shares were issued after quarter end as a result of the rights offering. The total outstanding number of common shares after the rights offering is 109,828,731.

Business information's adjusted consolidated revenue(1) decreased to $23.3 million for the three-months ended June 30, 2016 compared to $ 25.1 million for the same period in the prior year. Business information's adjusted consolidated EBITDA(1) decreased to $3.0 million for the three-months ended June 30, 2016 compared to $6.2 million for the same period in the prior year.

Conditions in the agricultural sector remain soft with low commodity prices and increasing industry consolidation. Conditions in the second half of the year do appear to be improving.

Certain Glacier FarmMedia ("GFM") operations did continue to grow in the quarter. Weather INnovations Consulting ("WIN") continues to close new revenue contracts. During the quarter, WIN signed a significant new contract with the Food and Environment Research Agency, a U.K. crown corporation for high-end weather units.

In July, GFM held its second annual Ag In Motion show, the Western Canadian farm demonstration show held in Saskatchewan. The show was extremely successful experiencing significant increases in the number of exhibitors, attendance and revenue.

The near-term outlook for the energy sector remains uncertain. Conditions at JuneWarren Nickle's Energy Group ("JWN") continue to be adversely impacted by market conditions. JWN has implemented substantial cost reduction measures while concurrently pursuing revenue initiatives such as new research contracts and data information products.

The Company continued to invest in its database of energy companies, properties and assets (CanOils). Asset information has become increasingly valuable as companies look to navigate the industry downturn and investors look for distressed assets. Consequently, revenues from the Company's database products have performed well despite the dramatic downturn.

The mining sector continues to be impacted by a four-year slump. While the Company's mining information businesses had another challenging quarter there are initial signs of a turn around. Some lines of business that have not grown for some time grew in the quarter. This growth mimics some initial positive signs in the underlying mining industry.

Environmental Risk Information Services ("ERIS") continues to experience strong revenue growth, adding a number of new customers during the quarter. Revenue for the quarter increased 20% compared to the same period in the prior year.

Operating investments continue to be made to allow ERIS to scale to the next revenue tier and maintain strong product quality. The tangible benefits of these investments will come to bear over the coming quarters.

STP's revenues grew significantly during the quarter as a result of continued growth in EMIS and electronic network sales.

REW.ca, the Company's online real estate portal, continued to grow rapidly with increased traffic and features. In June 2016, the site grew to a visit level of 1.8 million visitors per month, a 95% increase over the same period in the prior year. Revenues continue to scale more than doubling versus the same period in the prior year. The Company continues to invest in site features and relevant data.

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Business in Vancouver ("BIV") experienced a very strong quarter with increases in revenue and EBITDA compared to the same period in the prior year. BIV's success is attributable to strong newspaper and special event performance complemented by new product offerings such as the Women in Business publication.

Community media's adjusted consolidated revenue(1) decreased to $37.4 million for the three-months ended June 30, 2016 compared to $45.9 million for the same period in the prior year. Community media's adjusted consolidated EBITDA(1) increased to $6.4 million for the three-months ended June 30, 2016 compared to $5.5 million for the same period in the prior year.

Overall, the Company's community media segment experienced adjusted revenue declines driven by a combination of the maturing nature of print advertising and the impact of continued weak commodity prices on many Western Canadian communities. However, adjusted EBITDA increased in the quarter, as the Company continues to realize savings from the restructurings implemented throughout 2015 and 2016. In many cases, the changes have resulted in improved products for both readers and advertisers as fewer but more substantial editions are published.

Digital community media revenues and EBITDA grew by more than 20% for the three-months ended June 30, 2016, compared to the same period in the prior year.

The Company continues to pursue cost-reduction initiatives in all markets, where practical, while maintaining product quality and sales effectiveness.

Near-term uncertainty and market risk continues in Western Canada. The effects of the commodity market conditions on the Company's adjusted revenue and EBITDA for the second quarter of 2016 were significant. A large portion of the negative impact was a once a year occurrence with the publishing of the COSSD. The Company continues to focus its effort in areas driving the most value and will continue to invest in businesses that offer significant market opportunities. The Company's cost savings initiatives from substantial restructurings implemented throughout 2015 and 2016 will continue to benefit the bottom line.

Glacier's successful rights offering demonstrates the support and commitment shareholders have for the Company. With the completion of the rights offering, the Company has strengthened its financial positon by reducing overall debt.

As indicated, considerable progress has been made in a number of areas including: ERIS, real estate information, financial information and energy and mining information databases.

Reconciliation of IFRS to Adjusted Results

The following table reconciles the Company's results as reported under IFRS to the results presented on an adjusted basis that includes the Company's share of revenue, expenses, assets and liabilities from its joint venture operations, which reflects the basis on which management makes its operating decisions and performance evaluation.

(thousands of dollars)	**Three months ended June 30, 2016**			Three months ended June 30, 2015		
except share and per share amounts	**Per IFRS**	**Differential**	**Adjusted [1]**	Per IFRS	Differential	Adjusted [1]
Revenue	$ 51,018	$ 9,584	$ 60,602	$ 60,940	$ 10,008	$ 70,948
Gross profit [3]	$ 15,349	$ 4,875	$ 20,224	$ 18,731	$ 5,330	$ 24,061
Gross margin	30.1%		33.4%	30.7%		33.9%
EBITDA [1][2]	$ 3,933	$ 3,465	$ 7,398	$ 5,832	$ 3,972	$ 9,804
EBITDA margin [1]	7.7%		12.2%	9.6%		13.8%
EBITDA per share [1][2]	$ 0.04	$ 0.04	$ 0.08	$ 0.07	$ 0.04	$ 0.11
Net income attributable to common shareholders before non-recurring items [1][2]	$ 3,429	$ 358	$ 3,787	$ 2,233	$ (183)	$ 2,050
Net income attributable to common shareholders before non-recurring items per share [1][2]	$ 0.04	$ 0.00	$ 0.04	$ 0.03	$ (0.01)	$ 0.02
Net income (loss) attributable to common shareholders	$ 2,495	$ 348	$ 2,843	$ (1,052)	$ (187)	$ (1,239)
Net income (loss) attributable to common shareholders per share	$ 0.03	$ 0.00	$ 0.03	$ (0.01)	$ 0.00	$ (0.01)
Cash flow from operations before non-recurring items[1][2]	$ 3,682	$ 3,551	$ 7,233	$ 5,213	$ 2,759	$ 7,972
Cash flow from operations per share [1][2]	$ 0.04	$ 0.04	$ 0.08	$ 0.06	$ 0.03	$ 0.09
Total assets	$ 257,370	$ 19,232	$ 276,602	$ 466,267	$ 18,091	$ 484,358
Weighted average shares outstanding, net	89,083,105		89,083,105	89,083,105		89,083,105

(thousands of dollars)	**Six months ended June 30, 2016**			Six months ended June 30, 2015		
except share and per share amounts	**Per IFRS**	**Differential**	**Adjusted [1]**	Per IFRS	Differential	Adjusted [1]
Revenue	$ 100,349	$ 18,774	$ 119,123	$ 117,013	$ 19,737	$ 136,750
Gross profit [3]	$ 30,782	$ 9,652	$ 40,434	$ 34,781	$ 10,271	$ 45,052
Gross margin	30.7%		33.9%	29.7%		32.9%
EBITDA [1][2]	$ 8,801	$ 6,804	$ 15,605	$ 9,305	$ 7,397	$ 16,702
EBITDA margin [1]	8.8%		13.1%	8.0%		12.2%
EBITDA per share [1][2]	$ 0.10	$ 0.08	$ 0.18	$ 0.10	$ 0.09	$ 0.19
Net income attributable to common shareholders before non-recurring items [1][2]	$ 4,774	$ 373	$ 5,147	$ 2,345	$ 85	$ 2,430
Net income attributable to common shareholders before non-recurring items per share [1][2]	$ 0.05	$ 0.01	$ 0.06	$ 0.03	$ 0.00	$ 0.03
Net income attributable to common shareholders	$ 2,223	$ 362	$ 2,585	$ 2,611	$ (38)	$ 2,573
Net income attributable to common shareholders per share	$ 0.02	$ 0.01	$ 0.03	$ 0.03	$ 0.00	$ 0.03
Cash flow from operations before non-recurring items [1][2]	$ 8,048	$ 6,135	$ 14,183	$ 9,034	$ 5,808	$ 14,842
Cash flow from operations per share [1][2]	$ 0.09	$ 0.07	$ 0.16	$ 0.10	$ 0.07	$ 0.17
Total assets	$ 257,370	$ 19,232	$ 276,602	$ 466,267	$ 18,091	$ 484,358
Weighted average shares outstanding, net	89,083,105		89,083,105	89,083,105		89,083,105

Notes:
(1) Refer to "Non-IFRS Measures" section for discussion of non-IFRS measures used in this table.
(2) IFRS net income attributable to common shareholders and cash flow from operations have been adjusted for non-recurring items. Refer to "EBITDA and Cash Flow from Operations Reconciliation" and "Net Income Attributable to Common Shareholders Before Non-Recurring Items Reconciliation".
(3) Gross profit for these purposes excludes depreciation and amortization.

Adjusted Operational Performance[1]

Management believes that including its share of revenues, expenses and cash flows of its joint venture operations in the Company's results provides a more comprehensive basis for reflecting and assessing the overall operations of the Company. Management bases its operating decisions and performance evaluation using the adjusted results[1]. The following discussion adjusts the Company's reported results under IFRS to include the revenues, expenses and cash flows of its joint ventures.

For the period ended June 30, 2016, adjusted consolidated EBITDA decreased 24.5% to $7.4 million, as compared to $9.8 million for the same period in the prior year. Glacier's consolidated EBITDA margin, on an adjusted basis, decreased to 12.2% for the period from 13.8% compared to the same period in the prior year. Adjusted consolidated revenue declined 14.6% to $60.6 million compared to the same period in the prior year.

For the six months ended June 30, 2016, adjusted consolidated EBITDA decreased 6.6% to $15.6 million, as compared to $16.7 million for the same period in the prior year. Glacier's EBITDA margin for the six months ended June 30, 2016, on an adjusted basis, increased to 13.1% for the period from 12.2% compared to the same period in the prior year. Adjusted consolidated revenue for the six months ended June 30, 2016 declined 12.9% to $119.1 million compared to the same period in the prior year.

Depressed energy and agricultural commodity prices continue to weigh on the Western Canadian economy and the operations of the Company. Glacier's energy information business and community media operations, particularly in the Prairies, continue to face challenges.

For the period ended June 30, 2016, adjusted net income attributable to common shareholders before non-recurring items increased to $3.8 million from $2.1 million for the same period in the prior year.

Adjusted cash flow from operations before non-recurring items decreased to $7.2 million from $8.0 million for the same period in the prior year.

The main factors affecting the comparability of the results for the quarter are detailed below under the IFRS Selected Financial Information.

Note:

[1] The adjusted consolidated financial results have been adjusted to include the Company's share of revenue, expenses, assets and liabilities from its joint venture operations on a proportionate accounting basis as this is the basis on which management bases its operating decisions and performance evaluation. IFRS does not allow for the inclusion of the joint ventures on a proportionate basis. These results include additional non-IFRS measures such as EBITDA, cash flow from operations and net income attributable to common shareholders before non-recurring items.

The adjusted results are not generally accepted measures of financial performance under IFRS. 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. Please refer to the **Reconciliation of Adjusted Results** for a reconciliation of these non-IFRS measures and adjusted results. Management reports its results adjusted to include its share of its joint ventures in the MD&A under the heading **Adjusted Operational Performance**. Management reports its results adjusted to include its share of its joint ventures in the Report to Shareholders.

Second Quarter IFRS Results and Overview of Operating Performance

Selected Financial Information

The following outlines selected financial statistics and performance measures for Glacier, on an IFRS basis (other than the non-IFRS measures noted) for the period ended June 30, 2016 and 2015.

(thousands of dollars)	**Three months ended June 30,**		**Six months ended June 30,**	
except share and per share amounts	**2016**	2015	2016	2015
Revenue	$ 51,018	$ 60,940	$ 100,349	$ 117,013
Gross profit [2]	$ 15,349	$ 18,731	$ 30,782	$ 34,781
Gross margin	30.1%	30.7%	30.7%	29.7%
EBITDA [1]	$ 3,933	$ 5,832	$ 8,801	$ 9,305
EBITDA margin [1]	7.7%	9.6%	8.8%	8.0%
EBITDA per share [1]	$ 0.04	$ 0.07	$ 0.10	$ 0.10
Interest expense, net	$ 917	$ 983	$ 1,918	$ 1,938
Net income attributable to common shareholders before non-recurring items [1]	$ 3,429	$ 2,233	$ 4,774	$ 2,345
Net income attributable to common shareholder before non-recurring items per share [1]	$ 0.04	$ 0.03	$ 0.05	$ 0.03
Net (loss) income attributable to common shareholders	$ 2,495	$ (1,052)	$ 2,223	$ 2,611
Net (loss) income attributable to common shareholders per share	$ 0.03	$ (0.01)	$ 0.02	$ 0.03
Cash flow from operations [1]	$ 3,682	$ 5,213	$ 8,048	$ 9,034
Cash flow from operations per share [1]	$ 0.04	$ 0.06	$ 0.09	$ 0.10
Capital expenditures	$ 819	$ 1,863	$ 1,407	$ 3,761
Total assets	$ 257,370	$ 466,267	$ 257,370	$ 466,267
Total non-current financial liabilities	$ 65,582	$ 77,020	$ 65,582	$ 77,020
Debt net of cash outstanding before deferred financing charges and other expenses	$ 64,786	$ 71,674	$ 64,786	$ 71,674
Equity attributable to common shareholders	$ 115,586	$ 272,625	$ 115,586	$ 272,625
Dividends paid	$ -	$ 1,781	$ -	$ 3,562
Dividends paid per share	$ 0.00	$ 0.02	$ 0.00	$ 0.04
Weighted average shares outstanding, net	89,083,105	89,083,105	89,083,105	89,083,105

Notes:
(1) Refer to "Non-IFRS Measures" and "EBITDA and Cash Flow from Operations Reconciliation" and "Net Income Attributable to Common Shareholders before Non-Recurring Items" section for calculation of non-IFRS measures used in this table.
(2) Gross profit for these purposes excludes depreciation and amortization.

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

- Operating performance of the Company's various business units, including cost-reduction initiatives, and general market conditions during the reported periods;
- Decreased revenues due to the weaker community media industry, the cyclical nature of certain of Glacier's businesses, including the falling price of oil, and the softness in the agriculture and mining industry;
- Restructuring expenses including severance payments and transition and transition costs for acquisitions and dispositions;
- The Company purchased the remaining ownership interest in Evaluate Energy for a purchase price of $1.0 million. Cash consideration paid was $0.3 million. The Company's ownership interest increased from 60% to 100%; and
- The Company sold land and building property in Chilliwack for net proceeds of $0.6 million. The Company recognized a $0.1 million gain on sale.

Revenue

Glacier's consolidated revenue for the period ended June 30, 2016, was $51.0 million compared to $60.9 million for the same period in the prior year.

Business Information

The business information group generated revenues of $21.2 million for the period ended June 30, 2016, as compared to $23.1 million in the same period in the prior year. ERIS, the Company's environmental risk information business, continues to generate strong growth in revenues, especially in the U.S. markets. REW.ca, the Company's online real estate portal, generated strong revenue growth. Site visits continue to increase compared to the same period in the prior year. Continued improvements in functionality and expanding location listings contribute to REW.ca's strong revenues. BIV Media Group, experienced solid revenues during the period as a result of successful events, such as the CFO Awards and the Commercial Real Estate Awards, and the launch of two new publications, the Scorecard and Women in Business. Concerted efforts to grow the Company's business information revenues through its Evolve, Enrich and Extend strategy are proving successful, and resulting in continued growth in a variety of areas.

The Company's business information revenues were impacted by the downturn in the oil & gas sector, and softness in the agriculture and mining sectors.

Community Media

The community media group generated $29.8 million of revenue for the period ended June 30, 2016, as compared to $37.8 million for the same period in the prior year.

Glacier's community media operations continued to experience softness due to increased digital competition, as well as softer economic conditions in some of the markets in which the Company's operations are located. In particular, local markets in Saskatchewan, Alberta, and B.C. Interior have been significantly affected by the downturn in the energy and agriculture industries. National advertising, in particular, continues to be affected by the shift to digital advertising. Part of the decline in community media revenue was from the sale, closure and restructuring of a group of community media assets in B.C. and Saskatchewan. Restructuring continues and has resulted in large financial and operating improvements.

A wide array of sales initiatives are being pursued to find new sources of community media revenue. In particular, digital media initiatives resulted in growth in digital community media revenues and new features and supplements initiatives contributed to local revenue performance. The wide range of new revenue initiatives and focus on higher-margin revenues resulted in incremental sales that helped to partially offset the weaker traditional print advertising.

Gross Profit

Glacier's consolidated gross profit, being revenues less direct expenses, for the period ended June 30, 2016 was $15.3 million compared to $18.7 million for the same period in the prior year. The decrease in gross profit is largely attributable to the decrease in revenues.

Gross profit as a percentage of revenues ("gross profit margin") for the period ended June 30, 2016 was 30.1% as compared to 30.7% for the same period in the prior year.

General & Administrative Expenses

Glacier's consolidated general and administrative expenses were $11.4 million for the period ended June 30, 2016 as compared to $12.9 million for the same period in the prior year. The decrease was due to cost savings from the Company's restructuring efforts.

EBITDA

EBITDA was $3.9 million for the period ended June 30, 2016 as compared to $5.8 million for the same period in the prior year. The results are due to the various reasons stated under **Revenue, Gross Profit** and **General & Administrative Expenses**.

Net Interest Expense

Glacier's consolidated net interest expense for the period ended June 30, 2016 was $0.9 million as compared to $1.0 million for the same period in the prior year, a decrease of $0.1 million. The decrease was primarily the result of debt repayments made throughout 2015 and 2016, partially offset by higher interest rates.

Depreciation and Amortization

During the period ended June 30, 2016, depreciation of property, plant and equipment and amortization of intangible assets decreased by $0.9 million mainly due the impairment of property, plant and equipment and finite life intangible assets taken in 2015, partially offset by additions throughout 2015 and 2016.

Restructuring and Other Expenses

Restructuring and other expenses for the period ended June 30, 2016 were $1.4 million compared to $4.3 million for the same period in the prior year. These expenses for the current period include restructuring costs, transaction and transition costs, foreign exchange and net gain or loss on disposal of assets. Restructuring and other expenses were impacted by restructuring initiatives including severance costs incurred as the Company restructured and reduced its workforce.

Share of Earnings from Joint Ventures and Associates

Share of earnings from joint ventures and associates, which include the Company's share of Fundata Canada Inc. ("Fundata"), InfoMine Inc. ("InfoMine"), Continental Newspapers Ltd. ("Continental"), Great West Newspapers Limited Partnership ("GWNLP"), the Victoria Times-Colonist, Rhode Island Suburban Newspapers Inc. ("RISN") and other joint ventures and associates, increased $0.3 million as compared to the same period in the prior year.

Aggregate operating results for the Company's joint ventures and associates, at the Company's proportionate share of the results, are as follows:

	As at	
(thousands of dollars)	**June 30, 2016**	December 31, 2015
	$	$
Assets	**92,403**	99,687
Liabilities	**34,181**	40,287
Net assets	**58,222**	59,400
	For the three months ended June 30,	
	2016	2015
	$	$
Revenues	**15,875**	17,191
Net income for the period	**2,962**	3,062
Other comprehensive (loss) income	**(758)**	132

Net Income Attributable to Common Shareholders

Net income attributable to common shareholders increased by $3.5 million compared to the same period in the prior year. The increase resulted from i) lower restructuring and other expenses of $2.9 million, ii) higher income tax recovery of $1.0 million, iii) decreased amortization of intangible assets of $0.5 million, iv) decrease depreciation of property, plant and equipment of $0.4 million, v) higher income from joint ventures and associates of $0.3 million, vi) higher other income of $0.2 million, and vii) lower interest expense of $0.1 million. The increase was partially offset by i) lower operating results of $1.9 million, and ii) other of $0.2 million. The allocation of income to minority interest also positively impacted net income attributable to common shareholders by $0.2 million.

Other Comprehensive Loss (net of tax)

For the period ended June 30, 2016, Glacier recognized other comprehensive loss (net of tax) of $3.0 million. The majority of the loss related to actuarial loss on defined benefit pension plans.

Cash Flow from Operations

Glacier's consolidated cash flow from operations was $3.7 million (before changes in non-cash operating accounts and non-recurring items) for the period ended June 30, 2016 as compared to $5.2 million for the same period in the prior year. The change in cash flow from operations resulted from the factors stated under **Revenue**, **Gross Profit**, **General & Administrative Expenses** and **EBITDA**.

Capital expenditures were $0.8 million for the period ended June 30, 2016 compared to $1.9 million for the same period in the prior year. The majority of current period expenditures relate to agriculture intangible assets and software capital expenditures.

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

Related Party Transactions

During the period ended June 30, 2016, the Company and its affiliates recorded administration, consulting, interest and other expenses of $0.3 million (2015: $0.3 million) from Madison Venture Corporation ("Madison") and its subsidiaries. Madison is a shareholder of the Company and certain of its officers and directors are officers and directors of the Company. Madison provides strategic, financial, transactional advisory services and administrative services to the Company on an ongoing basis. These services have been provided with the intention of maintaining an efficient and cost-effective corporate overhead structure, instead of i) hiring more full-time corporate and administrative staff and thereby increasing fixed overhead costs and ii) retaining outside professional advisory firms on a more extensive basis.

These services were provided in the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties. In addition, Madison was required to be the guarantor of a loan relating to the acquisition of interests in certain community newspapers in 2007.

Contingency

An affiliate of the Company ("the affiliate") has received, from the Canada Revenue Agency ("CRA") and provincial tax authorities, tax notices of reassessment relating to the taxation years from 2008-2014. The notices deny the application of non-capital losses, capital losses and scientific research and experimental development ("SR&ED") tax credits claimed. The affiliate has filed notices of objection with the CRA and provincial taxing authorities. Total reassessments for the taxation years 2008-2014 are approximately $48.2 million. The affiliate has paid required deposits of $20.4 million to the CRA. In connection with filing the notice of objection for the taxation year ended December 31, 2014, the affiliate will be required to make a $1.6 million deposit. The affiliate has paid $0.6 million of this deposit to the CRA and the remaining required deposit is due in the second half of 2016.

The Company, the affiliate and its counsel believe that the filing positions adopted by the affiliate in all years are appropriate and in accordance with the law. The affiliate intends to vigorously defend such positions.

If the affiliate is successful in defending its positions, the deposits made plus applicable interest will be refunded to the affiliate. There is no assurance that the affiliate's objections and appeals will be successful. If the CRA and provincial tax authorities are successful, the affiliate will be required to pay the remaining balance of taxes owing plus applicable interest, and will be required to write-off any remaining tax assets relating to reassessed amounts.

Summary of Selected Quarterly IFRS 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 2016	Q1 2016	Q4 2015	Q3 2015
Revenue	$ 204,038	$ 51,018	$ 49,331	$ 53,369	$ 50,320
EBITDA (1)	$ 16,673	$ 3,933	$ 4,868	$ 5,838	$ 2,034
EBITDA margin (1)	8.2%	7.7%	9.9%	10.9%	4.0%
EBITDA per share (1)	$ 0.19	$ 0.04	$ 0.05	$ 0.07	$ 0.02
Interest expense, net	$ 4,101	$ 917	$ 1,001	$ 1,257	$ 926
Net income attributable to common shareholders before non-recurring items (1)	$ 13,585	$ 3,429	$ 1,345	$ 6,274	$ 2,537
Net income attributable to common shareholders before non-recurring items per share (1)	$ 0.15	$ 0.04	$ 0.02	$ 0.07	$ 0.03
Net (loss) income attributable to common shareholders	$ (153,201)	$ 2,495	$ (272)	$ (148,649)	$ (6,775)
Net (loss) income attributable to common shareholders per share	$ (1.72)	$ 0.03	$ 0.00	$ (1.67)	$ (0.08)
Cash flow from operations (1)	$ 15,153	$ 3,682	$ 4,366	$ 4,967	$ 2,138
Cash flow from operations per share (1)	$ 0.17	$ 0.04	$ 0.05	$ 0.06	$ 0.02
Capital expenditures	$ 2,816	$ 819	$ 588	$ 137	$ 1,272
Debt net of cash outstanding before deferred financing charges and other expenses	$ 64,786	$ 64,786	$ 68,417	$ 70,781	$ 78,041
Equity attributable to common shareholders	$ 115,586	$ 115,586	$ 115,972	$ 116,727	$ 265,737
Weighted average shares outstanding, net	89,083,105	89,083,105	89,083,105	89,083,105	89,083,105

	Trailing 12 Months	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Revenue	$ 237,496	$ 60,940	$ 56,073	$ 64,497	$ 55,986
EBITDA (1)	$ 21,640	$ 5,832	$ 3,473	$ 8,679	$ 3,656
EBITDA margin (1)	9.1%	9.6%	6.2%	13.5%	6.5%
EBITDA per share (1)	$ 0.24	$ 0.07	$ 0.04	$ 0.10	$ 0.04
Interest expense, net	$ 4,082	$ 983	$ 955	$ 1,132	$ 1,012
Net income attributable to common shareholders before non-recurring items (1)	$ 14,132	$ 2,233	$ 112	$ 10,436	$ 1,351
Net income attributable to common shareholders before non-recurring items per share (1)	$ 0.16	$ 0.03	$ 0.00	$ 0.12	$ 0.02
Net (loss) income attributable to common shareholders	$ (3,610)	$ (1,052)	$ 3,663	$ (8,222)	$ 2,001
Net (loss) income attributable to common shareholders per share	$ (0.04)	$ (0.01)	$ 0.04	$ (0.09)	$ 0.02
Cash flow from operations (1)	$ 22,388	$ 5,213	$ 3,821	$ 8,841	$ 4,513
Cash flow from operations per share (1)	$ 0.25	$ 0.06	$ 0.04	$ 0.10	$ 0.05
Capital expenditures	$ 7,251	$ 1,863	$ 1,898	$ 2,737	$ 753
Debt net of cash outstanding before deferred financing charges and other expenses	$ 71,674	$ 71,674	$ 75,235	$ 75,023	$ 79,814
Equity attributable to common shareholders	$ 272,625	$ 272,625	$ 274,743	$ 273,349	$ 282,156
Weighted average shares outstanding, net	89,083,105	89,083,105	89,083,105	89,083,105	89,083,105

Notes:
(1) Refer to "Non-IFRS Measures" and "EBITDA and Cash Flow from Operations Reconciliation" and "Net Income Attributable to Common Shareholders Before Non-Recurring Items" section for calculation of non-IFRS measures used in this table.

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

- Operating performance of the Company's various business units, including cost-reduction initiatives and general market conditions during the reported periods;
- Decreased revenues during the reported periods due to the weaker community media industry, the cyclical nature of certain of Glacier's businesses, including the falling price of oil, and softness in the agriculture and mining industries;
- Decreased revenues and expenses, and quarterly fluctuations in restructuring expenses, primarily due to the restructuring, sale and closure of certain community media assets, specifically in the Lower Mainland of B.C. in the second quarter of 2015.
- The purchase of a 60% interest in Evaluate Energy, based in the UK, in the fourth quarter of 2014, and the purchase of the remaining 40% ownership interest in the second quarter of 2016 for a purchase price of $1.0 million. Cash consideration paid in the second quarter of 2016 was $0.3 million;
- In the second quarter of 2016, the Company sold land and building property in Chilliwack for net proceeds of $0.6 million. The Company recognized a $0.1 million gain on sale.
- The Company recognized settlement gains on pension and post-retirement benefits of $4.8 million in the first quarter of 2015, and $1.6 million in the fourth quarter of 2015, and $1.2 million in the fourth quarter of 2014;
- The sale of a package of real estate assets for $4.8 million in the fourth quarter of 2015. $2.7 million was generated through a sale lease-back transaction;
- A goodwill, intangible asset, investments in joint ventures and associates and other investments impairment charge of $194.0 million in the fourth quarter of 2015 and $11.0 million in fourth quarter of 2014;
- Goodwill and intangible asset impairments in certain joint ventures and associates included in share of earnings from joint ventures and associates in the fourth quarter of 2014;
- The sale of the Company's investment in Iron Solutions in the fourth quarter of 2014;
- The sale of the Kamloops land and building in the fourth quarter of 2014; and
- The sale of certain business information media publications and related assets located in Toronto in the second quarter of 2015. The assets and liabilities were considered to be held for sale as at December 31, 2014 and previously presented as discontinued operations.

EBITDA and Cash Flow from Operations Reconciliation

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

(thousands of dollars)	Three months ended June 30,				Six months ended June 30,			
except share and per share amounts		**2016**		2015		**2016**		2015
EBITDA [(1)]								
Net income (loss) attributable to common shareholders	**$**	**2,495**	$	(1,052)	**$**	**2,223**	$	2,611
Add (deduct):								
Non-controlling interests	**$**	**573**	$	732	**$**	**1,034**	$	1,618
Net interest expense	**$**	**917**	$	983	**$**	**1,918**	$	1,938
Depreciation of property, plant and equipment	**$**	**1,055**	$	1,435	**$**	**2,101**	$	2,782
Amortization of intangible assets	**$**	**1,406**	$	1,873	**$**	**2,834**	$	3,653
Settlement gain on pension and post-retirement benefits	**$**	**-**	$	-	**$**	**-**	$	(4,843)
Other income	**$**	**(283)**	$	(102)	**$**	**(348)**	$	(164)
Restructuring and other expenses (net)	**$**	**1,427**	$	4,341	**$**	**3,592**	$	5,509
Share of earnings from joint ventures and associates	**$**	**(2,861)**	$	(2,585)	**$**	**(3,803)**	$	(4,776)
Income tax (recovery) expense	**$**	**(796)**	$	207	**$**	**(750)**	$	977
EBITDA [(1)]	**$**	**3,933**	$	5,832	**$**	**8,801**	$	9,305
Cash flow from operations [(1)]								
Net income (loss) attributable to common shareholders	**$**	**2,495**	$	(1,052)	**$**	**2,223**	$	2,611
Add (deduct):								
Non-controlling interests	**$**	**573**	$	732	**$**	**1,034**	$	1,618
Depreciation of property, plant and equipment	**$**	**1,055**	$	1,435	**$**	**2,101**	$	2,782
Amortization of intangible assets	**$**	**1,406**	$	1,873	**$**	**2,834**	$	3,653
Employee future benefit expense in excess of employer contributions	**$**	**17**	$	178	**$**	**33**	$	346
Deferred income tax (recovery) expense	**$**	**(1,130)**	$	207	**$**	**(1,107)**	$	977
Interest expense	**$**	**929**	$	1,018	**$**	**1,943**	$	2,014
Share of earnings from joint ventures and associates	**$**	**(2,861)**	$	(2,585)	**$**	**(3,803)**	$	(4,776)
Settlement gain on pension and post-retirement benefits	**$**	**-**	$	-	**$**	**-**	$	(4,843)
Other non-cash items	**$**	**750**	$	2,978	**$**	**1,877**	$	2,971
Restructuring costs (net of tax)	**$**	**60**	$	31	**$**	**244**	$	227
Transaction and transition costs	**$**	**388**	$	398	**$**	**669**	$	1,454
Cash flow from operations [(1)]	**$**	**3,682**	$	5,213	**$**	**8,048**	$	9,034

Notes:
[(1)] Refer to "Non-IFRS Measures" section for discussion of non-IFRS measures used in this table.

Net Income Attributable to Common Shareholders before Non-Recurring Items and Net Income Attributable to Common Shareholders before Non-Recurring Items Reconciliation with Per Share Amounts

The following table reconciles the Company's net income attributable to common shareholders as reported under IFRS to net income attributable to common shareholders before non-recurring items.

(thousands of dollars) *except share and per share amounts*	Three months ended June 30, **2016**	2015	Six months ended March 31, **2016**	2015
Net income attributable to common shareholders before non-recurring items (1)				
Net income (loss) attributable to common shareholders	**$ 2,495**	$ (1,052)	**$ 2,223**	$ 2,611
Add (deduct):				
Other expenses (net)	**$ 57**	$ (115)	**$ (12)**	$ (75)
Settlement gain on pension and post-retirement benefits	**$ -**	$ -	**$ -**	$ (4,843)
Restructuring costs (net of tax)	**$ 489**	$ 3,002	**$ 1,894**	$ 3,198
Transaction and transition costs	**$ 388**	$ 398	**$ 669**	$ 1,454
Net income attributable to common shareholders before non-recurring items (1)	**$ 3,429**	$ 2,233	**$ 4,774**	$ 2,345
Weighted average shares outstanding, net	**89,083,105**	89,083,105	**89,083,105**	89,083,105
Net income (loss) attributable to common shareholders per share	**$ 0.03**	$ (0.01)	**$ 0.02**	$ 0.03
EBITDA per share (1)	**$ 0.04**	$ 0.07	**$ 0.10**	$ 0.10
Cash flow from operations before non-recurring items per share (1)	**$ 0.04**	$ 0.06	**$ 0.09**	$ 0.10
Net income attributable to common shareholders before non-recurring items per share (1)	**$ 0.04**	$ 0.03	**$ 0.05**	$ 0.03

Notes:
(1) Refer to "Non-IFRS Measures" section for discussion 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, 2016, Glacier had consolidated cash and cash equivalents of $5.1 million, current and long-term debt of $69.9 million before adjustment for deferred financing fees attributable directly to the issuance of long-term debt, and working capital of $15.5 million excluding deferred revenue. Glacier's actual cash working capital is greater than reflected by the amounts indicated on the consolidated balance sheet due to deferred revenue relating to quarterly updates, renewals and newspaper subscriptions that have been paid for by subscribers but not yet delivered; the costs associated with the fulfillment of this liability are less than the amount indicated in current liabilities.

Capital expenditures were $0.8 million for the period ended June 30, 2016 compared to $1.9 million for the same period in the prior year. The majority of current period expenditures relate to agriculture intangible assets and software capital expenditures.

During the period ended June 30, 2016, the Company undertook a rights offering which closed on July 4, 2016. The offering raised net proceeds of $13.2 million, all of which was used to reduce the Company's senior debt. A total of 20,745,626 common shares were issued after quarter end as a result of the rights offering. The total outstanding number of common shares after the rights offering is 109,828,731.

Changes in Financial Position

(thousands of dollars)	Three months ended June 30, 2016	2015	Six months ended June 30, 2016	2015
Cash generated from (used in)				
Operating activities	**4,312**	8,025	**7,146**	9,877
Investing activities	**1,489**	1,158	**2,393**	2,478
Financing activities	**(5,170)**	(5,884)	**(8,640)**	(12,698)
Increase (decrease) in cash	**631**	3,299	**899**	(343)

The changes in the components of cash flows during the second quarter of 2016 and 2015 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 $3.7 million compared to $5.2 million for the same period in the prior year as a result of the factors stated under **Revenue**, **Gross Profit**, **General & Administrative Expenses** and **EBITDA**. Cash flow from operations before non-recurring items and after change in non-cash working capital was $4.8 million compared to $8.5 million for the same period in the prior year.

Investing Activities

Cash generated by investing activities totalled $1.5 million for the period ended June 30, 2016 compared to $1.2 million for the same period in the prior year. Investing activities included distributions received of $2.3 million, $0.8 million of capital expenditures, $0.6 million of proceeds received from disposal of assets, acquisitions of $0.3 million, and $0.3 million of cash used in other investing activities.

Financing Activities

Cash used in financing activities was $5.2 million for the period ended June 30, 2016 compared to $5.9 million for the same period in the prior year. The Company made net debt repayments of $3.0 million for the period ended June 30, 2016 compared to $0.2 million for the same period in the prior year. In the period ended June 30, 2016, the Company distributed $1.2 million to its minority partners (non-controlling interests), and paid $1.0 million in interest.

Outstanding Share Data

As at June 30, 2016 and August 11, 2016, there were 89,083,105 common shares and 1,115,000 share purchase warrants outstanding. Subsequent to the period ended June 30, 2016, the Company issued 20,745,626 common shares in connection with its rights offering.

The warrants outstanding allow the holder to purchase one common share per warrant at $4.48 per share. The warrants expire on June 28, 2019, unless extended.

Contractual Agreements

As at June 30, 2016, the Company has agreements with a syndicate of major Canadian banks whereby the lenders provide a revolving loan facility with no required principal repayments during its term. The lenders also provide a term loan facility which requires annual principal payments of $2.5 million, paid quarterly.

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.

The Company has also entered into operating leases for premises and office equipment, which expire on various dates up to 2025.

In summary, the Company's contractual obligations due over the next five calendar years are as follows:

(thousands of dollars)	Total	2016	2017	2018	2019	2020	Thereafter
Long-term debt	69,478	3,211	60,041	3,930	1,899	93	304
Operating leases	24,668	2,966	5,421	5,113	3,453	2,202	5,513
	94,146	6,177	65,462	9,043	5,352	2,295	5,817

Under various financing arrangements with its banks, the Company, its subsidiaries, and its affiliates are required to meet certain covenants. The Company, its subsidiaries, and its affiliates were fully in compliance with these covenants at June 30, 2016 and June 30, 2015.

Financial Instruments

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

The Company has, in the past, hedged a portion of its foreign exchange exposure with financial forward contracts. As at June 30, 2016 and 2015, the Company did not have any foreign exchange forward contracts.

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 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 and other receivables, trade payables, dividends payable, and other current liabilities. 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 2015 Annual Report and can be found on SEDAR. The discussion is applicable for the period ended June 30, 2016.

Disclosure Controls and Internal Controls over Financial Reporting

The Company has established disclosure controls and procedures to ensure that the 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, 2016 which materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Future Accounting Policies

In May 2014, the International Accounting Standards Board ("IASB") and the Financial Accounting Standards Board ("FASB") completed its joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and United States Generally Accepted Accounting Principles ("U.S. GAAP"). As a result of the joint project, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

In July 2014, the IASB issued IFRS 9, Financial Instruments, which addresses classification and measurement of financial assets and replaces the multiple category and measurement models for debt instruments in IAS 39, Financial Instruments: Recognition and Measurement. Debt instruments will be measured with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. The new standard also addresses financial liabilities which largely carries forward existing requirements in IAS 39, with the exception of fair value changes to credit risk for liabilities designated at fair value through profit and loss which are generally to be recorded in other comprehensive income. In addition, the new standard introduces a new hedge accounting model more closely aligned with risk management activities undertaken by entities.

The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

In January 2016, the IASB issued IFRS 16, Leases, which supersedes IAS 17, Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted, but only if the Company also applies IFRS 15 Revenues from Contracts with Customers.

The most significant impacts of IFRS 16 includes the lessee's recognition of the initial present value of future lease payments as lease assets and lease liabilities on the statement of financial position, except for those leases that meet a limited exception criteria. The presentation on the statement of operations and other comprehensive income will be affected by the new standard and will result in lease expenses being presented as depreciation and finance expenses. Net income is likely to be effected as the timing of expenses is accelerated when applying the new standard which uses a finance lease model compared to straight line recognition.

The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

Critical Accounting Estimates

The preparation of the annual consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts recorded in the consolidated 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, 2016 and 2015

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Revenue	**51,018**	60,940	**100,349**	117,013
Expenses before depreciation and amortization				
Direct expenses (Note 14)	**35,669**	42,209	**69,567**	82,232
General and administrative (Note 14)	**11,416**	12,899	**21,981**	25,476
	3,933	5,832	**8,801**	9,305
Interest expense, net (Note 15)	**917**	983	**1,918**	1,938
Depreciation of property, plant and equipment	**1,055**	1,435	**2,101**	2,782
Amortization of intangible assets	**1,406**	1,873	**2,834**	3,653
Settlement gain on pension and post-retirement benefits (Note 16)	**-**	-	**-**	(4,843)
Other income	**(283)**	(102)	**(348)**	(164)
Restructuring and other expenses (net) (Note 17)	**1,427**	4,341	**3,592**	5,509
Share of earnings from joint ventures and associates (Note 8)	**(2,861)**	(2,585)	**(3,803)**	(4,776)
Net income (loss) before income taxes	**2,272**	(113)	**2,507**	5,206
Income tax (recovery) expense (Notes 13 and 20)	**(796)**	207	**(750)**	977
Net income (loss) for the period	**3,068**	(320)	**3,257**	**4,229**
Net income (loss) attributable to:				
Common shareholders	**2,495**	(1,052)	**2,223**	2,611
Non-controlling interests	**573**	732	**1,034**	1,618
Income (loss) per share attributable to common shareholders per share				
Basic and diluted	**0.03**	(0.01)	**0.02**	0.03
Weighted average number of common shares				
Basic and diluted	**89,083,105**	89,083,105	**89,083,105**	89,083,105

See accompanying notes to these interim consolidated financial statements

GLACIER MEDIA INC.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Three and six months ended June 30, 2016 and 2015

(Expressed in thousands of Canadian dollars)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Net income (loss) for the period	**3,068**	(320)	**3,257**	4,229
Other comprehensive (loss) income (net of tax) (Note 12)				
Actuarial (loss) gain on defined benefit pension plans [1]	**(2,235)**	601	**(2,869)**	314
Currency translation adjustment [2]	**20**	6	**44**	28
Share of other comprehensive (loss) income from joint ventures and associates (Note 8)	**(758)**	132	**(646)**	(107)
Other comprehensive (loss) income (net of tax)	**(2,973)**	739	**(3,471)**	235
Total comprehensive income	**95**	419	**(214)**	4,464
Total comprehensive (loss) income attributable to:				
Common shareholders	**(386)**	(337)	**(1,141)**	2,838
Non-controlling interests	**481**	756	**927**	1,626

(1) Recorded directly in retained deficit.
(2) Recycles through the consolidated statement of operations in current and future periods.

See accompanying notes to these interim consolidated financial statements

GLACIER MEDIA INC.

INTERIM CONSOLIDATED BALANCE SHEETS
As at June 30, 2016 and 2015

(Expressed in thousands of Canadian dollars)
(Unaudited)

	As at June 30, 2016	As at December 31, 2015
	$	$
Assets		
Current assets		
Cash and cash equivalents	**5,148**	4,249
Trade and other receivables	**36,843**	39,817
Inventory	**3,517**	4,151
Prepaid expenses	**3,390**	2,554
	48,898	50,771
Non-current assets		
Investments in joint ventures and associates (Note 8)	**66,427**	67,456
Other investments	**589**	589
Other assets (Note 20)	**22,532**	22,914
Property, plant and equipment (Note 9)	**32,318**	34,401
Intangible assets (Note 10)	**45,358**	47,323
Goodwill	**41,248**	40,007
Total assets	**257,370**	263,461
Liabilities		
Current liabilities		
Trade and other payables	**26,103**	29,106
Deferred revenue	**14,450**	11,706
Current portion of long-term debt (Note 11)	**6,421**	6,421
Other current liabilities	**842**	1,421
	47,816	48,654
Non-current liabilities		
Non-current portion of deferred revenue	**1,512**	1,592
Other non-current liabilities	**2,525**	2,406
Post-employment benefit obligations	**5,198**	1,288
Long-term debt (Note 11)	**63,057**	68,183
Deferred income taxes	**2,617**	4,764
Total liabilities	**122,725**	126,887
Equity		
Share capital	**198,605**	198,605
Contributed surplus	**8,951**	8,951
Accumulated other comprehensive loss (Note 12)	**(27)**	(69)
Retained deficit	**(91,943)**	(90,760)
Total equity attributable to common shareholders	**115,586**	116,727
Non-controlling interests	**19,059**	19,847
Total equity	**134,645**	136,574
Total liabilities and equity	**257,370**	263,461

Subsequent event (Note 21)
See accompanying notes to these interim consolidated financial statements

GLACIER MEDIA INC.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Six months ended June 30, 2016 and 2015

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

	Attributable to common shareholders							
	Share capital							
	Shares	Amount	Contributed surplus	Accumulated other comprehensive (loss) income	Retained (deficit) earnings	Total	Non-controlling interest	Total equity
		$	$	$	$	$	$	$
Balance, December 31, 2015	89,083,105	198,605	8,951	(69)	(90,760)	116,727	19,847	136,574
Net income for the period	-	-	-	-	2,223	2,223	1,034	3,257
Other comprehensive (loss) income (net of tax)	-	-	-	42	(3,406)	(3,364)	(107)	(3,471)
Total comprehensive (loss) income for the period	-	-	-	42	(1,183)	(1,141)	927	(214)
Repurchase of non-controlling interests	-	-	-	-	-	-	279	279
Distributions to non-controlling interests	-	-	-	-	-	-	(1,994)	(1,994)
Balance, June 30, 2016	**89,083,105**	**198,605**	**8,951**	**(27)**	**(91,943)**	**115,586**	**19,059**	**134,645**
Balance, December 31, 2014	89,083,105	198,605	8,951	(122)	65,915	273,349	50,712	324,061
Net income for the period	-	-	-	-	2,611	2,611	1,618	4,229
Other comprehensive income (net of tax)	-	-	-	27	200	227	8	235
Total comprehensive income for the period	-	-	-	27	2,811	2,838	1,626	4,464
Dividends declared on common shares	-	-	-	-	(3,562)	(3,562)	-	(3,562)
Repurchase of non-controlling interests	-	-	-	-	-	-	(75)	(75)
Non-controlling interest on acquisition	-	-	-	-	-	-	2,830	2,830
Distributions to non-controlling interests	-	-	-	-	-	-	(3,642)	(3,642)
Balance, June 30, 2015	89,083,105	198,605	8,951	(95)	65,164	272,625	51,451	324,076

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, 2016 and 2015

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

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Operating activities				
Net income (loss)	**3,068**	(320)	**3,257**	4,229
Items not affecting cash				
Depreciation of property, plant and equipment	**1,055**	1,435	**2,101**	2,782
Amortization of intangible assets	**1,406**	1,873	**2,834**	3,653
Settlement gain on pension and post-retirement benefits	**-**	-	**-**	(4,843)
Employee future benefit expense in excess of employer contributions	**17**	178	**33**	346
Deferred income tax (recovery) expense	**(1,130)**	207	**(1,107)**	977
Interest expense (Note 15)	**929**	1,018	**1,943**	2,014
Share of earnings from joint ventures and associates	**(2,861)**	(2,585)	**(3,803)**	(4,776)
Other non-cash items (Note 17)	**750**	2,978	**1,877**	2,971
Cash flow from operations before changes in non-cash operating accounts	**3,234**	4,784	**7,135**	7,353
Changes in non-cash operating accounts				
Trade and other receivables	**3,371**	5,191	**3,435**	7,772
Inventory	**1,646**	1,799	**634**	368
Prepaid expenses	**(934)**	(1,002)	**(836)**	(683)
Trade and other payables	**(4,630)**	(1,192)	**(5,886)**	(5,499)
Deferred revenue	**1,625**	(1,555)	**2,664**	566
Cash generated from operating activities	**4,312**	8,025	**7,146**	9,877
Investing activities				
Acquisitions, inclusive of assumed and related financing liabilities	**(321)**	(114)	**(321)**	(3,114)
Net cash acquired on acquisitions	**-**	137	**-**	137
Investments in joint ventures and associates	**(10)**	-	**(20)**	(89)
Other investing activities	**(94)**	3	**(392)**	(487)
Proceeds from disposal of assets (Note 7)	**553**	370	**623**	20,236
Distributions received from joint ventures and associates	**2,307**	2,625	**4,206**	4,841
Deposits paid (Note 20)	**(127)**	-	**(296)**	(15,285)
Purchase of property, plant and equipment	**(386)**	(1,090)	**(537)**	(2,210)
Purchase of intangible assets	**(433)**	(773)	**(870)**	(1,551)
Cash generated from investing activities	**1,489**	1,158	**2,393**	2,478
Financing activities				
Distribution to non-controlling interests	**(1,155)**	(2,771)	**(1,571)**	(3,091)
Dividends paid	**-**	(1,781)	**-**	(3,562)
Interest paid	**(1,009)**	(1,071)	**(1,958)**	(1,983)
Repurchase of non-controlling interests	**-**	(75)	**-**	(441)
Net repayment of long-term debt (Note 11)	**(3,006)**	(186)	**(5,111)**	(3,621)
Cash used in financing activities	**(5,170)**	(5,884)	**(8,640)**	(12,698)
Net cash generated from operations	**631**	3,299	**899**	(343)
Cash and cash equivalents, beginning of period	**4,517**	4,550	**4,249**	8,192
Cash and cash equivalents, end of period	**5,148**	7,849	**5,148**	7,849

See accompanying notes to these interim consolidated financial statements

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

1. General business description

Glacier Media Inc. ("Glacier" or the "Company") is an information & marketing solutions company pursuing growth in sectors where the provision of essential information and related services provides high customer utility and value. Glacier's strategy is implemented through two operational areas: content and marketing solutions; and data, analytics and intelligence.

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 2188 Yukon 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 consolidated financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB.

These consolidated financial statements have been approved by the Board of Directors for issue on August 11, 2016.

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, 2015. The policies applied are based on the International Financial Reporting Standards issued and outstanding as at the date the board of directors approved these consolidated financial statements.

4. New accounting standards

There are no new accounting standards that were applied for the period ended June 30, 2016.

5. Accounting standards issued but not yet applied

In May 2014, the International Accounting Standards Board ("IASB") and the Financial Accounting Standards Board ("FASB") completed its joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and United States Generally Accepted Accounting Principles ("U.S. GAAP"). As a result of the joint project, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

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

5. Accounting standards issued but not yet applied (continued)

In July 2014, the IASB issued IFRS 9, Financial Instruments, which addresses classification and measurement of financial assets and replaces the multiple category and measurement models for debt instruments in IAS 39, Financial Instruments: Recognition and Measurement. Debt instruments will be measured with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. The new standard also addresses financial liabilities which largely carries forward existing requirements in IAS 39, with the exception of fair value changes to credit risk for liabilities designated at fair value through profit and loss which are generally to be recorded in other comprehensive income. In addition, the new standard introduces a new hedge accounting model more closely aligned with risk management activities undertaken by entities.

The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

In January 2016, the IASB issued IFRS 16, Leases, which supersedes IAS 17, Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted, but only if the Company also applies IFRS 15 Revenues from Contracts with Customers.

The most significant impacts of IFRS 16 includes the lessee's recognition of the initial present value of future lease payments as lease assets and lease liabilities on the statement of financial position, except for those leases that meet a limited exception criteria. The presentation on the statement of operations and other comprehensive income will be affected by the new standard and will result in lease expenses being presented as depreciation and finance expenses. Net income is likely to be effected as the timing of expenses is accelerated when applying the new standard which uses a finance lease model compared to straight line recognition.

The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

6. Critical accounting estimates and judgements

The preparation of the consolidated 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 expenses. 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, 2015.

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

7. Acquisitions and disposals

In April 2016, the Company purchased the remaining ownership interest in Evaluate Energy Ltd. ("Evaluate") for a purchase price of $1.0 million. Cash consideration paid was $0.3 million. The remaining purchase price of $0.7 million was deferred and recorded in current liabilities as at June 30, 2016. The Company recognized $1.3 million of goodwill and a change in non-controlling interest of $0.3 million.

In January 2015, the Company sold certain of its business information media publications and related assets located in Toronto for a sale price of $19.7 million. These assets and liabilities were considered to be held for sale as at December 31, 2014 and were presented as discontinued operations in 2014.

In March 2015, the Company completed the asset acquisition and disposition of certain community media assets. The total consideration paid, net of consideration received for the assets was $3.0 million. The assets acquired included $1.1 million of mastheads and $3.2 million of customer relationships.

In April 2015, the Company completed the acquisition of an additional 2% interest in Weather INnovations Network ("WIN"). As a result, the Company acquired control of this operation and recognized $3.2 million of intangible assets, $0.3 million of goodwill, $1.2 million of property plant and equipment, $1.7 million of net working capital and $0.2 million of other liabilities. The Company had a deemed disposition of its equity investment in this operation of $3.2 million. Total consideration paid for the acquisition was $0.1 million. The Company recognized $2.8 million of non-controlling interest.

8. Investments in joint ventures and associates

The Company's share of the joint ventures and associates consists of the following:

(thousands of dollars)	**As at and for the period ended June 30, 2016**	As at and for the year ended December 31, 2015
	$	$
Balance, beginning of period	**67,456**	102,764
Acquisition (derecognition) of investments in joint ventures and associates	**20**	(5,167)
Share of earnings for the period	**3,803**	10,475
Share of other comprehensive loss for the period (net of tax)	**(646)**	(458)
Distributions and dividends received and other equity movements	**(4,206)**	(8,667)
Impairment of investments in joint ventures and associates	**-**	(31,491)
Balance, end of period	**66,427**	67,456

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

9. Property, plant and equipment

			As at June 30, 2016
(thousands of dollars)	**Cost**	**Accumulated depreciation and impairment**	**Carrying amount**
	$	**$**	**$**
Land	**4,039**	**-**	**4,039**
Buildings	**12,374**	**(2,432)**	**9,942**
Production equipment	**34,146**	**(22,112)**	**12,034**
Office equipment and leaseholds	**26,549**	**(20,246)**	**6,303**
	77,108	**(44,790)**	**32,318**

			As at December 31, 2015
(thousands of dollars)	Cost	Accumulated depreciation and impairment	Carrying amount
	$	$	$
Land	4,186	-	4,186
Buildings	12,759	(2,267)	10,492
Production equipment	34,323	(21,519)	12,804
Office equipment and leaseholds	26,146	(19,227)	6,919
	77,414	(43,013)	34,401

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

10. Intangible assets

The Company has various intangible assets including customer relationships, subscription lists, mastheads, software, websites, 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, 2016
(thousands of dollars)	**Cost**	**Accumulated amortization and impairment**	**Carrying amount**
	$	**$**	**$**
Indefinite life			
Mastheads and trademarks	**52,157**	**(26,396)**	**25,761**
Finite life			
Copyrights	**10,199**	**(10,199)**	**-**
Customer relationships	**57,291**	**(43,353)**	**13,938**
Subscription lists	**3,996**	**(3,069)**	**927**
Software and websites	**23,050**	**(18,318)**	**4,732**
	146,693	**(101,335)**	**45,358**

			As at December 31, 2015
(thousands of dollars)	Cost	Accumulated amortization and impairment	Carrying amount
	$	$	$
Indefinite life			
Mastheads and trademarks	52,157	(26,396)	25,761
Finite life			
Copyrights	10,199	(10,199)	-
Customer relationships	57,377	(41,754)	15,623
Subscription lists	3,721	(2,984)	737
Software and websites	22,370	(17,168)	5,202
	145,824	(98,501)	47,323

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

11. Long-term debt

The Company has the following long-term debt outstanding:

(thousands of dollars)	**As at June 30, 2016**	As at December 31, 2015
	$	$
Current		
ANGLP non-recourse debt	**3,847**	3,847
Term bank loan	**2,500**	2,500
Mortgages and other loans	**74**	74
	6,421	6,421
Non-current		
Revolving bank loan	**42,650**	41,400
Term bank loan	**12,640**	17,040
ANGLP non-recourse debt	**7,581**	9,489
Mortgages and other loans	**642**	680
Deferred financing costs	**(456)**	(426)
	63,057	68,183
	69,478	74,604

Changes to the Company's debt obligation were as follows:

(thousands of dollars)	**As at and for the period ended June 30, 2016**	As at and for the year ended December 31, 2015
	$	$
Balance, beginning of period	**74,604**	82,664
Additional borrowings	**-**	29,150
Financing charges (net)	**(15)**	77
Repayment of debt	**(5,111)**	(37,287)
Balance, end of period	**69,478**	74,604

Under various financing arrangements with its banks, the Company is required to meet certain covenants. The Company was in compliance with these covenants at June 30, 2016 and 2015.

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

12. Other comprehensive loss

The components of other comprehensive loss are as follows:

	Accumulated other comprehensive loss			Retained deficit			
(thousands of dollars)	Equity securities classified as available for sale	Cumulative translation adjustment	Total	Actuarial (losses) gain on defined benefit plans	Total	Non-controlling interest	Total comprehensive loss
	$	$	$	$	$	$	$
Balance, December 31, 2015	-	(69)	(69)	(2,938)	(2,938)	(90)	(3,097)
Actuarial loss on defined benefit plans	-	-	-	(2,780)	(2,780)	(89)	(2,869)
Cumulative translation adjustment	-	42	42	-	-	2	44
Share of other comprehensive loss from joint ventures and associates	-	-	-	(626)	(626)	(20)	(646)
Other comprehensive (loss) income for the period			42		(3,406)	(107)	(3,471)
Balance, June 30, 2016	-	**(27)**	**(27)**	**(6,344)**	**(6,344)**	**(197)**	**(6,568)**
Balance, December 31, 2014	-	(122)	(122)	(2,638)	(2,638)	(85)	(2,845)
Actuarial gain on defined benefit plans	-	-	-	304	304	10	314
Cumulative translation adjustment	-	27	27	-	-	1	28
Share of other comprehensive loss from joint ventures and associates	-	-	-	(104)	(104)	(3)	(107)
Other comprehensive income for the period			27		200	8	235
Balance, June 30, 2015	-	(95)	(95)	(2,438)	(2,438)	(77)	(2,610)

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

Other comprehensive loss items are reported net of the following tax effects:

	Three months ended June 30,		**Six months ended June 30,**	
(thousands of dollars)	**2016**	2015	**2016**	2015
	$	$	**$**	$
Income tax effect of:				
Actuarial loss (gain) on defined benefit plans	**786**	(211)	**1,008**	(110)
Share of other comprehensive loss (income) from joint ventures and associates	**266**	(47)	**227**	37

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

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 estimated average annual rate used for the period ended June 30, 2016 was 26.0% (2015: 26.0%). The components of income tax expense are shown in the following table:

(thousands of dollars)	**Three months ended June 30, 2016**	2015	**Six months ended June 30, 2016**	2015
	$	$	**$**	$
Current tax	**334**	-	**357**	-
Deferred tax	**(1,130)**	207	**(1,107)**	977
Income tax (recovery) expense	**(796)**	207	**(750)**	977

As at June 30, 2016, the Company has available unclaimed tax credits which may be used to reduce future Canadian income taxes otherwise payable.

Refer to note 20 regarding the contingency relating to the CRA reassessment.

14. Expense by nature

(thousands of dollars)	**Three months ended June 30, 2016**	2015	**Six months ended June 30, 2016**	2015
	$	$	**$**	$
Wages and benefits	**25,761**	30,014	**49,670**	57,470
Newsprint, ink and other printing costs	**5,672**	7,461	**11,333**	15,105
Delivery costs	**4,154**	5,060	**8,273**	10,521
Rent, utilities and other property costs	**2,345**	3,148	**4,422**	6,243
Advertising, marketing and other promotion costs	**2,240**	2,347	**4,257**	4,473
Third party production and editorial costs	**3,135**	3,169	**5,979**	6,216
Legal, bank, insurance and professional services	**1,649**	1,650	**2,951**	3,310
Data services, system maintenance, telecommunications and software licences	**1,288**	1,395	**2,590**	2,598
Fees, licences and other services	**447**	526	**1,134**	1,088
Event costs	**163**	111	**355**	294
Other	**231**	227	**584**	390
	47,085	55,108	**91,548**	107,708
Direct expenses	**35,669**	42,209	**69,567**	82,232
General and administrative expenses	**11,416**	12,899	**21,981**	25,476
	47,085	55,108	**91,548**	107,708

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

15. Net interest expense

The net interest expense for the periods ended June 30, 2016 and 2015 is comprised of:

(thousands of dollars)	**Three months ended June 30, 2016**	2015	**Six months ended June 30, 2016**	2015
	$	$	**$**	$
Interest income	**(12)**	(35)	**(25)**	(76)
Interest expense	**929**	1,018	**1,943**	2,014
Net interest expense	**917**	983	**1,918**	1,938

16. Settlement gain on pension and post-retirement benefits

During the period ended March 31, 2015, the Company recognized a $4.8 million non-cash settlement gain on the pension and post-retirement benefits as a number of employees left the Company's pension and post-retirement benefit plan as a result of the sale of certain of its business information media publications and related assets located in Toronto.

17. Restructuring and other expenses (net)

(thousands of dollars)	**Three months ended June 30, 2016**	2015	**Six months ended June 30, 2016**	2015
	$	$	**$**	$
Restructuring expenses (a)	**667**	3,901	**2,553**	4,097
Transaction and transition costs (b)	**388**	398	**669**	1,454
Other	**372**	42	**370**	(42)
	1,427	4,341	**3,592**	5,509

(a) Restructuring expenses

During the three month period ended June 30, 2016, restructuring expenses of $0.7 million were recognized (2015: $3.9 million). During the three and six month period ended June 30, 2016, restructuring expenses includes severance costs incurred as the Company restructured and reduced its workforce.

During the three and six month period ended June 30, 2015, restructuring expenses were recognized with respect to severance costs incurred as the Company restructured and reduced its workforce, and the write-off of property plant and equipment, intangible assets, goodwill and other amounts related to the closure and expected sale of certain community media assets, that were held for sale at June 30, 2015.

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

17. Restructuring and other expenses (net) (continued)

(b) Transaction and transition costs

The Company incurred costs related to its acquisitions and divestitures completed in 2016 and 2015. These costs include the costs of completing the transactions, the costs of transitioning sold entities and the costs of integrating the new operations into the Company. Transaction costs include legal, accounting, due diligence, consulting and general acquisition and disposition costs. Transition costs include information technology costs, transitional staffing requirements, service fees paid to the vendor during the transition period and other costs directly related to the operational integration of the newly acquired businesses, as well as any closing costs associated with the closure or divestiture of operations.

18. Related party transactions

During the period ended June 30, 2016, the Company and its affiliates recorded administration, consulting, interest and other expenses of $0.3 million (2015: $0.3 million) from Madison Venture Corporation ("Madison") and its subsidiaries. Madison is a shareholder of the Company and certain of its officers and directors are officers and directors of the Company. Madison provides strategic, financial, transactional advisory services and administrative services to the Company on an ongoing basis. These services have been provided with the intention of maintaining an efficient and cost effective corporate overhead structure, instead of i) hiring more full-time corporate and administrative staff and thereby increasing fixed overhead costs and ii) retaining outside professional advisory firms on a more extensive basis.

These services were provided in the normal course of operations and were measured at amount of consideration established and agreed to by the related parties. In addition, Madison was required to be the guarantor of a loan relating to the acquisition of interests in certain community newspapers in 2007.

19. Segment disclosure

The Company and its subsidiaries operate in two distinct operating segments mainly throughout Canada and the United States. These segments are Business Information (which includes the Agriculture, Energy and Other Business Information group of CGUs) and Community Media (which includes the BC Community Media and Prairie Community Media group of CGUs). Business Information includes the Company's business to business content, marketing solutions and data information products. The community media segment includes the Company's community media assets and related digital and printing operations. The Company's assets are mainly located in Canada, along with some operations in the United Kingdom and a joint venture located in the United States.

The Company's chief operating decision makers review operating results and base decisions on information that includes both its directly owned operations and its joint ventures. Therefore, the Company presents its segments based on its adjusted results which include its share of the revenues, expenses, assets and liabilities from its joint ventures. A reconciliation of the segment disclosure to the statement of operations and balance sheet is provided below.

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

19. Segment disclosure (continued)

The following segment information is at June 30, 2016 and June 30, 2015 and for the periods ended June 30, 2016 and 2015:

(thousands of dollars)	Business Information	Community Media	Total Operations	Differential(1)	IFRS Total
For the three months ended June 30, 2016	**$**	**$**	**$**	**$**	**$**
Revenue					
Canada	**20,841**	**34,700**	**55,541**	**(7,030)**	**48,511**
United States	**2,507**	**2,554**	**5,061**	**(2,554)**	**2,507**
	23,348	**37,254**	**60,602**	**(9,584)**	**51,018**
Divisional earnings before interest, taxes, depreciation, and amortization	**2,975**	**6,378**	**9,353**	**(3,465)**	**5,888**
Centralized and corporate expenses			**1,955**	**-**	**1,955**
			7,398	**(3,465)**	**3,933**
Depreciation and amortization			**3,057**	**(596)**	**2,461**
Restructuring and other expense			**865**	**562**	**1,427**
Other income			**(288)**	**5**	**(283)**
Net interest expense			**992**	**(75)**	**917**
Share of earnings from joint ventures and associates			**(98)**	**(2,763)**	**(2,861)**
Income tax recovery			**(184)**	**(612)**	**(796)**
Net income for the period			**3,054**	**14**	**3,068**
Depreciation and amortization	**946**	**2,111**	**3,057**	**(596)**	**2,461**
Capital expenditures	**432**	**404**	**836**	**(17)**	**819**

(1) Adjustments represent the differential between the IFRS consolidated results and the consolidated results of the Company including its share of its joint ventures.

(thousands of dollars)	Business Information	Community Media	Total Operations	Differential(1)	IFRS Total
For the three months ended June 30, 2015	$	$	$	$	$
Revenue					
Canada	24,371	43,414	67,785	(7,559)	60,226
United States	714	2,449	3,163	(2,449)	714
	25,085	45,863	70,948	(10,008)	60,940
Divisional earnings before interest, taxes, depreciation, and amortization	6,193	5,536	11,729	(3,971)	7,758
Centralized and corporate expenses			1,925	1	1,926
			9,804	(3,972)	5,832
Depreciation and amortization			3,994	(686)	3,308
Restructuring and other expense			4,402	(61)	4,341
Other income			(79)	(23)	(102)
Net interest expense			1,080	(97)	983
Share of earnings from joint ventures and associates			(355)	(2,230)	(2,585)
Income tax expense			1,308	(1,101)	207
Net loss for the period			(546)	226	(320)
Depreciation and amortization	1,068	2,926	3,994	(686)	3,308
Capital expenditures	903	1,208	2,111	(248)	1,863

(1) Adjustments represent the differential between the IFRS consolidated results and the consolidated results of the Company including its share of its joint ventures.

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

19. Segment disclosure (continued)

(thousands of dollars)	Business Information	Community Media	Total Operations	Differential[(1)]	IFRS Total
For the six months ended June 30, 2016	**$**	**$**	**$**	**$**	**$**
Revenue					
Canada	**42,670**	**65,558**	**108,228**	**(13,322)**	**94,906**
United States	**5,443**	**5,452**	**10,895**	**(5,452)**	**5,443**
	48,113	**71,010**	**119,123**	**(18,774)**	**100,349**
Divisional earnings before interest, taxes, depreciation, and amortization	**9,431**	**10,033**	**19,464**	**(6,804)**	**12,660**
Centralized and corporate expenses			**3,859**	**-**	**3,859**
			15,605	**(6,804)**	**8,801**
Depreciation and amortization			**6,183**	**(1,248)**	**4,935**
Restructuring and other expense			**3,602**	**(10)**	**3,592**
Other income			**(360)**	**12**	**(348)**
Net interest expense			**2,074**	**(156)**	**1,918**
Share of (earnings) loss from joint ventures and associates			**539**	**(4,342)**	**(3,803)**
Income tax (recovery) expense			**180**	**(930)**	**(750)**
Net income for the period			**3,387**	**(130)**	**3,257**
Depreciation and amortization	**1,900**	**4,283**	**6,183**	**(1,248)**	**4,935**
Capital expenditures	**801**	**891**	**1,692**	**(285)**	**1,407**

(1) Adjustments represent the differential between the IFRS consolidated results and the consolidated results of the Company including its share of its joint ventures.

(thousands of dollars)	Business Information	Community Media	Total Operations	Differential[(1)]	IFRS Total
For the six months ended June 30, 2015	$	$	$	$	$
Revenue					
Canada	44,352	83,449	127,801	(14,453)	113,348
United States	3,665	5,284	8,949	(5,284)	3,665
	48,017	88,733	136,750	(19,737)	117,013
Divisional earnings before interest, taxes, depreciation, and amortization	12,966	8,193	21,159	(7,397)	13,762
Centralized and corporate expenses			4,457	-	4,457
			16,702	(7,397)	9,305
Depreciation and amortization			7,747	(1,312)	6,435
Restructuring and other expense			5,718	(209)	5,509
Other income			(141)	(23)	(164)
Net interest expense			2,152	(214)	1,938
Settlement gain on pension and post-retirement benefits (Note 16)			(4,843)	-	(4,843)
Share of earnings from joint ventures and associates			(157)	(4,619)	(4,776)
Income tax expense			2,262	(1,285)	977
Net income for the period			3,964	265	4,229
Depreciation and amortization	2,017	5,730	7,747	(1,312)	6,435
Capital expenditures	1,512	3,317	4,829	(1,068)	3,761

(1) Adjustments represent the differential between the IFRS consolidated results and the consolidated results of the Company including its share of its joint ventures.

20. Commitments

An affiliate of the Company ("the affiliate") has received, from the Canada Revenue Agency ("CRA") and provincial tax authorities, tax notices of reassessment relating to the taxation years from 2008-2014. The notices deny the application of non-capital losses, capital losses and scientific research and experimental development ("SR&ED") tax credits claimed. The affiliate has filed notices of objection with the CRA and provincial taxing authorities. Total reassessments for the taxation years 2008-2014 are approximately $48.2 million. The affiliate has paid required deposits of $20.4 million to the CRA. In connection with filing the notice of objection for the taxation year ended December 31, 2014, the affiliate will be required to make a $1.6 million deposit. The affiliate has paid $0.6 million of this deposit to the CRA and the remaining required deposit is due in the second half of 2016.

The Company, the affiliate and its counsel believe that the filing positions adopted by the affiliate in all years are appropriate and in accordance with the law. The affiliate intends to vigorously defend such positions.

If the affiliate is successful in defending its positions, the deposits made plus applicable interest will be refunded to the affiliate. There is no assurance that the affiliate's objections and appeals will be successful. If the CRA and provincial tax authorities are successful, the affiliate will be required to pay the remaining balance of taxes owing plus applicable interest, and will be required to write-off any remaining tax assets relating to reassessed amounts.

21. Subsequent event

During the period ended June 30, 2016, the Company undertook a rights offering which closed on July 4, 2016. The offering raised net proceeds of $13.2 million, all of which was used to reduce the Company's senior debt. A total of 20,745,626 common shares were issued after quarter end as a result of the rights offering. The total outstanding number of common shares after the rights offering is 109,828,731.

Board of Directors

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

*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
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