Condensed Interim Consolidated Financial Statements of

GLACIER MEDIA INC.

Three months ended March 31, 2012

(Unaudited)

President's Message

For the three months ended March 31, 2012, Glacier Media Inc.'s ("Glacier" or the "Company") revenue increased 25.2% to $76.4 million from $61.0 million for the year prior. Cash flow from operations (before changes in non-cash operating accounts and non-recurring items) decreased 4.6% to $9.4 million and earnings before interest, taxes, depreciation and amortization (EBITDA) increased 1.4% to $10.9 million compared to the year prior. Net income attributable to common shareholders (before non-recurring items) decreased by $0.4 million to $3.5 million.

Cash flow from operations (before changes in non-cash operating accounts and non-recurring items) per share for the three months ended March 31, 2012 was the same as in the prior year at $0.11, EBITDA per share was consistent with prior year at $0.12 and net income attributable to common shareholders per share was consistent at $0.03 the same as last year.

Review of Operations

Consolidated revenue grew 25.2% during the first quarter of 2012 compared to the same period last year as a result of both organic growth and several acquisitions made in 2011, primarily the November 2011 acquisition of the Postmedia British Columbia community media assets. Consolidated EBITDA grew 1.4% during the quarter compared to last year.

Glacier's consolidated revenue grew 1.7% and consolidated EBITDA grew 5.4% on a same-store basis for the quarter compared to last year.

Sales Performance

The growth in same-store revenue was generated across Glacier's operations. Growth came from both print and digital media sources, and is directly attributable to Glacier's operational, business segment and complementary media platform strategies. New revenues were generated in a wide variety of areas including online, mobile, tablet, electronic product and lead generation developments, special publishing initiatives, special features, supplements, new community magazines, production and promotion of community events, custom publishing, sponsored industry specific research studies, educational offerings, conferences and tradeshows, new directories, and a number of other initiatives. Efforts continue to be successful in leveraging and monetizing content across Glacier's channels and platforms.

Glacier's trade information and business and professional information operations generated strong growth during the quarter. These operations provide essential information for business and industry people who need this content and advertising based information to make prudent decisions. In particular, Glacier's agriculture, energy, mining, environmental, financial and medical operations experienced strong growth. A number of successful new business initiatives as well as core print and digital sales in the trade and business information operations have driven revenue gains in these operations. These initiatives are being geared to offer Glacier's customers an increasingly richer value proposition through both enhanced information content and richer and more robust product solutions that digital platforms and technology can provide, as well as enhanced customer targeting and marketing effectiveness for advertisers, amongst other things.

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

As stated, Glacier's community media revenue increased significantly due to the acquisition of the Postmedia assets in November 2011. Revenue was softer in the first quarter of 2012 in the Victoria and Lower Mainland urban markets of the assets acquired, although advertising sales did recover in March in the local community markets of the Lower Mainland and Vancouver Island.

Glacier's existing Western Canadian community media operations continued to generate steady organic revenue growth during the quarter. The growth varied from market to market, with the Prairie operations achieving record revenue and EBITDA levels in particular. The growth was realized in both print and digital revenues. The performance continues to underscore the value of Glacier's small market community media operations, which offer a unique selling proposition and competitive advantage through the local information that they provide, of which they are a primary source, and the primary marketing channel they offer to advertisers. The value of Glacier's local community content is being provided to Glacier's readers in print and online, by tablet and smartphone platforms. A number of new digital sales products and strategies have been introduced, and new digital sales and product staff are being hired and technology investments are being made to drive these growth initiatives. Given that the demand for local community information is expected to exist for the long term, Glacier expects to be able to monetize the information and marketing value through advertising and other revenue sources for the long term. As 85% of Glacier's local newspaper distribution is free, this also provides for a more durable reach of readership for advertisers over time wherein total market coverage can always be provided.

Profit Performance

As stated, consolidated EBITDA grew 1.4% to $10.9 million for the quarter compared to $10.7 million for the first quarter of 2011. EBITDA growth was reduced by the inclusion of the Postmedia assets in the consolidated results, as they incurred a loss in the first quarter of 2012. These assets have historically lost money in the first quarter, which is their weakest advertising period of the year. Glacier's consolidated EBITDA margin decreased to 14.2% for the quarter from 17.6% for the same quarter last year as a result of the lower margins of the Postmedia assets acquired. Management will seek to improve the margins and profit performance of the assets acquired through improved print and digital sales effectiveness, cost efficiency and other initiatives.

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

The 5.4% growth in same-store consolidated EBITDA of Glacier's existing operations was a result of the profitability related to the organic revenue growth, the cost reduction measures, as well as the successful integration of the assets acquired from Rogers Communications at the end of May 2011.

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

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

Financial Position

Glacier's consolidated debt net of cash outstanding before deferred financing charges and other expenses was 2.58x trailing 12 months EBITDA as at March 31, 2012. The Company used its cash flow from operations to repay $5.8 million of debt during the quarter. Glacier's consolidated debt net of cash outstanding before deferred financing charges and other expenses was $127.2 million as at March 31, 2012.

Glacier invested $3.0 million of capital expenditures during the quarter primarily on facility construction and expansion to accommodate new press equipment, additional production equipment, information technology infrastructure and software.

These investments have resulted in attractive direct revenue and cash flow improvements and payback consistent with Glacier's targeted return on investment.

Outlook

Management expects that growth will continue in Glacier's various business segments. Economic conditions continue to strengthen across the majority of Glacier's verticals, although not all markets have recovered to the same extent as others. As mentioned, some advertising softness has been experienced in the first quarter, primarily in the urban media markets where revenue was affected by national advertiser cautiousness. Local advertising confidence and spending has been strong in Saskatchewan and Manitoba, and a variety of B.C. and Alberta markets. The business and trade information operations have shown strong growth and continue to offer many attractive opportunities. Customer demand for Glacier's electronic information and other digital products continues to be strong.

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

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

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

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

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

Jonathon J.L. Kennedy
President and Chief Executive Officer

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

Forward Looking Statements

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

The information in this report is as at May 14, 2012.

Glacier Media Inc.'s first quarter 2012 Interim Report, including this MD&A, contains forward-looking statements that relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates and can generally be identified by the use of statements that include phrases such as "believe", "expect", "anticipate", "intend", "plan", "likely", "will", "may", "could", "should", "would", "suspect", "outlook", "estimate", "forecast", "objective", "continue" (or the negative thereof) or similar words or phrases. These forward-looking statements include, among other things, statements under the heading "Significant Developments in 2012 and Outlook" and the headings "Sales Performance" and "Outlook" in the accompanying President's Message, and statements relating to our expectations regarding our revenues, expenses, cash flows and future profitability, including our expectations that growth will continue in Glacier's business segments, our expectations as to organic revenue and profitability growth, to generate sufficient cash flow from operations to meet anticipated working capital, capital expenditures and debt service requirements, to monetize our information and content, that profitability will continue to improve as the economy recovers, that debt will be maintained at manageable levels, and that cost savings will be realized.

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

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

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

Basis of Discussion and Analysis

The following management discussion and analysis of the financial condition and results of operations of the Company and other information is dated as at May 14, 2012 and should be read in conjunction with the Company's condensed interim consolidated financial statements and notes thereto as at and for the three months ended March 31, 2012. These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These condensed interim consolidated financial statements include only significant events and transactions affecting the Company during the current fiscal period and do not include all disclosures normally provided in the Company's annual financial statements. As a result, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2011. The Company's consolidated financial statements for the year ended December 31, 2011 and related MD&A can be obtained on the Company's web site: www.glaciermedia.ca and on the System for Electronic Document Analysis and Retrieval ("SEDAR"). Interim results are not necessarily indicative of the results expected for the fiscal year.

Non-IFRS Measures

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

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

Overview of the Business

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

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

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

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

Significant Developments in 2012 and Outlook

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

Growth in revenue occurred across the breadth of Glacier's existing operations during the three months ended March 31, 2012. Growth came from both print and digital media sources, and is directly attributable to Glacier's operational, business segment and complementary media platform strategies. New revenues were generated in a wide variety of areas including online, mobile, tablet, electronic product and lead generation developments, special publishing initiatives, special features, supplements, new community magazines, production and promotion of community events, custom publishing, sponsored industry specific research studies, educational offerings, conferences and tradeshows, new directories, and a number of other initiatives. Efforts continue to be successful in leveraging and monetizing content across the variety of Glacier's channels and platforms.

Glacier's community media revenue increased significantly due to the acquisition of the Postmedia assets in November 2011.

Management expects that growth will continue in Glacier's various business segments. Economic conditions have remained strong across the majority of Glacier's verticals including agriculture, energy, mining, business information and local market community newspapers, although revenue was softer in the first quarter in the urban markets of the newly acquired assets from Postmedia. Customer demand for Glacier's electronic information and other digital products continues to be strong.

The combination of revenue growth and a lower cost base are expected to result in continued growth in organic profitability in 2012.

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

Operational Performance

Revenue for the first quarter of 2012 was 25.2% higher than revenue in the same period in 2011. The growth in revenue came from organic growth particularly in the agricultural and business information businesses, the acquisition of newspaper assets from Postmedia in November 2011, the Rogers acquisition in the spring of 2011 and other small acquisitions completed in 2011. In the first quarter of 2012, same-store revenue growth was 1.7% including the newly acquired assets from Postmedia. The increase is attributable to strong sales in our agriculture and energy groups and smaller market community newspapers which showed strong growth in the quarter. Same-store revenue growth was 2.5% for Glacier's existing operations excluding the Postmedia assets acquired.

EBITDA grew 1.4% to $10.9 million for the first quarter of 2012 from $10.7 million for the same period in 2011. The organic revenue growth combined with a continued focus on operational costs in the Company's existing operations resulted in increased EBITDA for the quarter as compared to the prior year. EBITDA growth was reduced by the inclusion of the Postmedia assets in the consolidated results, as they incurred a loss in the first quarter of 2012. These assets have historically lost money in the first quarter, which is their weakest advertising period of the year. While some softness occurred in Glacier's urban market community newspapers, overall operating performance continues to underscore the value of i) Glacier's smaller market local newspapers that are a primary source of information for the communities they serve and a primary marketing channel for advertisers and ii) Glacier's trade and business and professional information operations that provide essential information for business and industry readers who need this information to make informed and prudent decisions.

First Quarter Results and Overview of Operating Performance

Selected Financial Data

thousands of dollars *except share and per share amounts*	Three months ended March 31, 2012	Three months ended March 31, 2011
Revenue	$ 76,421	$ 61,027
Gross profit [3]	$ 24,755	$ 22,140
Gross margin	32.4%	36.3%
EBITDA [1]	$ 10,878	$ 10,732
EBITDA margin [1]	14.2%	17.6%
EBITDA per share [1]	$ 0.12	$ 0.12
Interest expense, net	$ 1,577	$ 1,308
Net income attributable to common shareholders before non-recurring items [1][2]	$ 3,468	$ 3,840
Net income attributable to common shareholders before non-recurring items per share [1][2]	$ 0.04	$ 0.04
Net income attributable to common shareholders	$ 2,914	$ 2,740
Net income attributable to common shareholders per share	$ 0.03	$ 0.03
Cash flow from operations [1][2]	$ 9,431	$ 9,885
Cash flow from operations per share [1][2]	$ 0.11	$ 0.11
Capital expenditures	$ 2,974	$ 1,532
Total assets	$ 588,667	$ 504,189
Debt net of cash outstanding before deferred financing charges and other expenses	$ 127,182	$ 87,360
Equity attributable to common shareholders	$ 343,613	$ 330,249
Weighted average shares outstanding, net	89,358,410	90,633,410

Notes:
(1) Refer to "Non-IFRS Measures" section for calculation of non-IFRS measures used in this table.
(2) 2012 excludes $0.3 million of restructuring expense, $0.1 million of transaction costs and $0.2 million loss on disposal of property, plant and equipment.
(3) Gross profit for these purposes excludes depreciation and amortiztion.
(4) For non-recurring items in the prior period, refer to the prior year financial statements.

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

- Restructuring expenses related to severance payments in the first quarter of 2011 and 2012;
- Stock based compensation of $0.3 million in the first quarter of 2011;
- The acquisitions and dispositions made during the second, third and fourth quarters of 2010 and the acquisitions made in the second and fourth quarters of 2011;
- General market conditions during the reported periods including a general softening in certain urban newspaper markets in the first quarter of 2012; and
- The seasonal nature of some of Glacier's business.

Revenue

Glacier's consolidated revenue for the quarter ended March 31, 2012 was $76.4 million compared to $61.0 million in the same period last year.

Local Newspaper and Trade Information

The local newspaper and trade information group generated $72.8 million of revenue for the quarter ended March 31, 2012, as compared to $57.5 million for the same period last year. The increase in revenue during the period compared to the same period in the prior year was the result of i) organic growth, ii) the Postmedia acquisition late in 2011 which resulted in a significant increase in revenues within the newspaper and trade information segment, iii) the Rogers acquisition in the spring of 2011 and iv) several other small acquisitions completed in 2011.

Agriculture, energy, mining, manufacturing and many of Glacier's other business and trade verticals also continued to experience revenue growth and profitability. Glacier's local newspaper operations generated growth in the majority of the local markets in Western Canada. A wide array of digital media initiatives resulted in growth in online and electronic revenues.

Business and Professional Information

The business and professional group (which includes Specialty Technical Publishers, CD-Pharma, Eco Log and a 50% joint venture interest in Fundata), generated revenues of $3.7 million for the quarter ended March 31, 2012, as compared to $3.5 million for the same period last year. Both the Company's mutual fund information business and Canadian environmental health and safety information business showed strong growth during the three months ended March 31, 2012 in comparison to the same period in the prior year. Specialty Technical Publishers revenues were down for the first quarter of 2012 in comparison to the same period in the prior year due to shifting consumer preferences for electronic or digital format from hardcopy or CD Rom and smaller corporate budgets curtailing larger network sales. STP is aggressively shifting its focus to meet the new electronic or digital format demand from customers. The Company's interactive medical education business had increased revenues for the quarter as compared to the same period in the prior year, primarily as a result of new tablet based medical education products.

Gross Profit

Glacier's consolidated gross profit, being revenues less direct expenses, for the three months ended March 31, 2012 was $24.8 million compared to $22.1 million in the same period last year. The absolute dollar increase in gross profit is largely attributable to revenue increases and related direct contribution from the Postmedia acquisition in late 2011, combined with strong contribution from organic growth in our trade information businesses and smaller market community newspapers, partially offset by annual salary and wage increases.

Gross profit as a percentage of revenues ("gross profit margin") for the quarter ended March 31, 2012 decreased to 32.4% compared to the quarter ended March 31, 2011 primarily as a result of lower gross margin contributed from the Postmedia acquisition due to the fact that historically these assets lose money in the first quarter of the year.

General & Administrative Expenses

Glacier's consolidated general and administrative expenses were $13.9 million for the quarter ended March 31, 2012 as compared to $11.4 million in the same period in the prior year. The increase was due to i) the acquisition of newspaper publications from Postmedia in late 2011, ii) the acquisition of trade publications from Rogers Communications in May 2011, iii) increased expenses associated with the Company's digital operations, and iv) annual salary and wage increases.

EBITDA

EBITDA was $10.9 million for the quarter ended March 31, 2012 as compared to $10.7 million for the same period last year. The increase in EBITDA was due to the reasons stated under **Revenue, Gross Profit** and **General & Administrative Expenses**.

Depreciation and Amortization

Depreciation of property, plant and equipment for the quarter ended March 31, 2012 was in line with the first quarter last year. Amortization of intangible and other assets increased $0.2 million for the quarter ended March 31, 2012 as compared to the same period in the prior year as a result of investments in software and business acquisitions that occurred during the fourth quarter of 2011.

Net Interest Expense

Glacier's consolidated net interest expense for the quarter ended March 31, 2012 was $1.6 million as compared to $1.3 million for the same period in the prior year, an increase of $0.3 million or 20.6%. The increase in net interest expense reflects the increased borrowings in 2011 in connection with the acquisitions previously indicated, offset by debt repayments in the first quarter of 2012.

Other Expenses

Other expenses for the three months ended March 31, 2012 decreased by $0.6 million compared to the same period in the prior year due to the expense from the one time issuance of stock options in the prior year and lower restructuring costs. Restructuring expenses related to employee severance costs.

Earnings from Associates

Earnings from associates decreased $0.4 million as compared to the same period in the prior year. The earnings from associates in 2012 include the acquisitions made in fourth quarter of 2011. The lower earnings contributed from the Postmedia acquisitions are due to the cyclical nature of these assets and the fact that historically these assets lose money in the first quarter of the year.

Net Income Attributable to Common Shareholders

Net income attributable to common shareholders increased by $0.2 million compared to the first quarter of 2011. The increase resulted from i) increased operating results, ii) lower other expenses of $0.6 million, and iii) lower income tax expense of $0.3 million; offset by i) higher interest costs of $0.3 million, ii) higher amortization costs of $0.2 million, iii) lower earnings from associates of $0.4 million, and iv) a $0.1 million increase in earnings attributable to non-controlling interest.

Cash Flow from Operations

Glacier's consolidated cash flow from operations decreased to $9.4 million (before changes in non-cash operating accounts and non-recurring items) for the quarter ended March 31, 2012 from $9.9 million for the same period last year. The decrease in cash flow from operations is primarily a result of higher interest costs related to the Postmedia acquisition completed in November 2011.

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

Capital expenditures were $3.0 million for the three months ended March 31, 2012 compared to $1.5 million for the same period last year. In the first quarter of 2012 capital expenditures included $2.5 million of investment capital expenditures consisting of facility construction, production equipment, computer hardware, and computer software. Sustaining capital expenditures for the quarter were $0.5 million.

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

Summary of Selected Quarterly Results

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

thousands of dollars *except share and per share amounts*		Trailing 12 Months		Q1 2012		Q4 2011		Q3 2011		Q2 2011
Revenue	$	283,107	$	76,421	$	73,019	$	61,955	$	71,712
EBITDA [(1)]	$	49,286	$	10,878	$	12,555	$	10,572	$	15,281
EBITDA margin [(1)]		17.4%		14.2%		17.2%		17.1%		21.3%
EBITDA per share [(1)]	$	0.55	$	0.12	$	0.14	$	0.12	$	0.17
Interest expense, net	$	4,885	$	1,577	$	1,028	$	1,002	$	1,278
Net income attributable to common shareholders before non-recurring items [(1)(2)(3)]	$	22,242	$	3,468	$	6,633	$	4,211	$	7,930
Net income attributable to common shareholders before non-recurring items per share [(1)(2)(3)]	$	0.25	$	0.04	$	0.07	$	0.05	$	0.09
Net income attributable to common shareholders	$	25,904	$	2,914	$	12,221	$	3,721	$	7,048
Net income attributable to common shareholders per share	$	0.29	$	0.03	$	0.14	$	0.04	$	0.08
Cash flow from operations [(1)(2)(3)]	$	44,420	$	9,431	$	11,177	$	9,880	$	13,932
Cash flow from operations per share [(1)(2)(3)]	$	0.50	$	0.11	$	0.13	$	0.11	$	0.15
Capital expenditures	$	16,929	$	2,974	$	7,124	$	4,079	$	2,752
Debt net of cash outstanding before deferred financing charges and other expenses	$	127,182	$	127,182	$	131,413	$	91,971	$	97,868
Equity attributable to common shareholders	$	343,613	$	343,613	$	340,416	$	332,108	$	335,058
Weighted average shares outstanding, net		89,676,306		89,358,410		89,358,410		89,383,682		90,611,432

		Trailing 12 Months		Q1 2011		Q4 2010		Q3 2010		Q2 2010
Revenue	$	245,825	$	61,027	$	63,067	$	54,891	$	66,840
EBITDA [(1)]	$	44,622	$	10,732	$	11,602	$	7,987	$	14,301
EBITDA margin [(1)]		18.2%		17.7%		18.4%		14.6%		21.3%
EBITDA per share [(1)]	$	0.49	$	0.12	$	0.13	$	0.09	$	0.15
Interest expense, net	$	5,720	$	1,308	$	1,302	$	1,537	$	1,573
Net income attributable to common shareholders before non-recurring items [(1)(3)]	$	19,469	$	3,840	$	5,278	$	2,111	$	8,240
Net income attributable to common shareholders before non-recurring items per share [(1)(3)]	$	0.21	$	0.04	$	0.06	$	0.02	$	0.09
Net income attributable to common shareholders	$	12,960	$	2,740	$	790	$	1,061	$	8,369
Net income attributable to common shareholders per share	$	0.14	$	0.03	$	0.01	$	0.01	$	0.09
Cash flow from operations [(1)(3)]	$	40,321	$	9,885	$	10,569	$	6,917	$	12,950
Cash flow from operations per share [(1)(3)]	$	0.44	$	0.11	$	0.11	$	0.08	$	0.14
Capital expenditures	$	8,398	$	1,532	$	4,207	$	1,356	$	1,303
Debt net of cash outstanding before deferred financing charges and other expenses	$	87,360	$	87,360	$	94,732	$	96,458	$	93,106
Equity attributable to common shareholders	$	330,249	$	330,249	$	328,575	$	328,537	$	333,210
Weighted average shares outstanding, net		91,502,850		90,633,410		90,633,410		92,040,406		92,721,210

Notes:

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

(2) 2012 excludes $0.4 million of restructuring expense, $0.1 million of transaction costs, $0.2 million loss on disposal of property, plant and equipment and $0.1 million of foreign exchange gains.

(3) For non-recurring items excluded from prior quarters, refer to previously reported summary of selected quarterly results.

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

- Improvements in operations during 2011 and 2010 due to the recovering economy, new sales efforts and cost reduction initiatives;
- Restructuring expenses related to severance payments in 2010, 2011 and the first quarter of 2012;
- Stock based compensation of $0.3 million in the first quarter of 2011;
- Transaction costs of $1.0 million during each of the second and third quarters of 2010 and $1.1 million in the fourth quarter of 2011;

- A goodwill and intangible assets impairment charge of $4.0 million in the fourth quarter of 2010, $0.7 million in the second quarter and $8.5 million in the fourth quarter of 2011;
- The acquisitions and dispositions made during the second, third and fourth quarters of 2010 and the acquisitions made in the second and fourth quarters of 2011;
- A one-time gain in earnings from associates of $15.1 million in the fourth quarter of 2011;
- General market conditions during the reported periods including a general softening in certain urban newspaper markets in the first quarter of 2012; and
- The seasonal nature of some of Glacier's business.

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

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

thousands of dollars *except share and per share amounts*	**Three months ended March 31, 2012**	Three months ended March 31, 2011
EBITDA [(1)]		
Net income attributable to common shareholders	**$ 2,914**	$ 2,740
Add (deduct):		
Non-controlling interest	**$ 554**	$ 486
Depreciation of property, plant and equipment	**$ 1,569**	1,598
Amortization of intangible and other assets	**$ 2,389**	2,177
Income tax expense	**$ 1,248**	$ 1,586
Interest	**$ 1,577**	$ 1,308
Share of loss (earnings) loss from associate	**$ 138**	$ (259)
Other expenses	**$ 489**	$ 1,096
EBITDA [(1)]	**$ 10,878**	$ 10,732
Cash flow from operations [(1)]		
Net income attributable to common shareholders	**$ 2,914**	$ 2,740
Add (deduct):		
Non-controlling interest	**$ 554**	$ 486
Depreciation and amortization	**$ 3,958**	$ 3,775
Employee future benefits	**$ 305**	$ 302
Deferred income taxes	**$ 1,043**	$ 1,355
Unrealized foreign exchange (gain) loss	**$ -**	$ (66)
Non cash interest	**$ 43**	$ 436
Stock option expense	**$ -**	$ 289
Loss (gain) on disposal of property, plant, and equipment	**$ 198**	$ -
Share of (earnings) loss from associate	**$ 138**	$ (259)
(Gain) loss on change in fair value of derivative financial instruments	**$ (78)**	$ 16
Restucturing costs	**$ 279**	$ 811
Transaction costs	**$ 77**	$ -
Cash flow from operations [(1)]	**$ 9,431**	$ 9,885
Net income attributable to common shareholders before non-recurring items [(1)]		
Net income attributable to common shareholders	**$ 2,914**	$ 2,740
Add (deduct):		
Loss (gain) on disposition of property, plant and equipment	**$ 198**	$ -
Restructuring costs	**$ 279**	$ 811
Stock option expense	**$ -**	$ 289
Transaction costs	**$ 77**	$ -
Net income attributable to common shareholders before non-recurring items [(1)]	**$ 3,468**	$ 3,840
Weighted average shares outstanding, net	**89,358,410**	90,633,410
EBITDA per share [(1)]	**$ 0.12**	$ 0.12
Net income attributable to common shareholders before non-recurring items per share [(1)]	**$ 0.04**	$ 0.04
Net income attributable to common shareholders per share	**$ 0.03**	$ 0.03
Cash flow from operations per share [(1)]	**$ 0.11**	$ 0.11

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

Summary of Financial Position, Financial Requirements and Liquidity

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

As at March 31, 2012, Glacier had consolidated cash and cash equivalents of $8.2 million, current and long-term debt of $135.4 million before adjustment for deferred financing fees attributable directly to the issuance of long-term debt, and working capital of $28.1 million excluding deferred revenue. Glacier's actual cash working capital is greater than reflected by the amounts indicated on the consolidated balance sheet for several reasons: i) deferred revenue relates to quarterly updates, renewals and newspaper subscriptions that have been paid for by subscribers but not yet delivered, and the costs associated with the fulfillment of this liability are less than the amount indicated in current liabilities ii) Glacier receives cash revenue on an ongoing basis that offsets the deferred revenue liability, and iii) certain of the Company's businesses sell on a trial basis and do not record accounts receivable or revenue when orders are shipped, but nonetheless receives revenue from these orders on a regular basis that is not reflected in current assets.

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

Capital expenditures were $3.0 million for the three months ended March 31, 2012 compared to $1.5 million for the same period last year. The first quarter 2012 expenditures included $1.2 for facility construction and expansion to accommodate new press equipment, $0.5 million for production equipment, $0.5 million for computer software including acquisition integration, $0.3 million for computer hardware and IT infrastructure and $0.5 million for sustaining capital expenditures.

Changes in Financial Position

(thousands of dollars)	**Three months ended March 31, 2012**	Three months ended March 31, 2011
Cash generated from (used in)		
Operating activities	**9,501**	10,102
Investing activities	**(2,501)**	(2,018)
Financing activities	**(8,006)**	(5,593)
Increase (Decrease) in cash	**(1,006)**	2,491

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

Operating Activities

Glacier generated cash from operations before non-recurring items and changes in non-cash operating accounts of $9.4 million compared to $9.9 million in the same period in the prior year. The decrease was primarily due to higher costs associated with the increase in borrowings used to finance the acquisitions.

Investing Activities

Cash used in investing activities totalled $2.5 million for the quarter ended March 31, 2012 compared to $2.0 million in the same period of 2011. The change in investing activities was due to higher capital expenditures of $1.4 million offset by lower acquisition costs of $0.2 million and other costs of $0.1 million, dividends received of $0.4 million, and proceeds from the disposal of property plant and equipment of $0.2 million.

Financing Activities

Cash used for financing activities was $8.0 million for the quarter ended March 31, 2012 compared to $5.6 million in the same period in 2011. The change in financing activates were primarily due to the payment of dividends for $2.8 million. The Company made net debt repayments of $5.2 million for the quarter consistent with the same period in the prior year of $5.3 million.

Outstanding Share Data

As of March 31, 2012, there were 89,358,410 common shares, 1,575,000 share purchase options and 1,115,000 share purchase warrants outstanding. The options consist of 1,100,000 at an exercise price of $3.25 per share which expired unexercised on April 3, 2012 and 475,000 with an exercise price of $2.44 per share which expire on March 29, 2014. The warrants outstanding allow the holder to purchase one common share per warrant at $4.48 per share. These warrants expire on June 28, 2014.

As at May 14, 2012 the Company had 89,358,410 common shares outstanding.

Contractual Agreements

As at March 31, 2012, Glacier has agreements with a syndicate of major Canadian banks whereby the lenders provided a single revolving loan facility with no required principal repayments during its term. There were no changes to the Company's banking agreements during the three months ended March 31, 2012.

In April 2009, the Company entered into a foreign exchange contract to sell US$125,000 per month commencing April 2009 at a rate of CAD$1.162, which expired in April 2012.

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

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

(thousands of dollars)	Total	2012	2013	2014	2015	2016	Thereafter
Long term debt	132,996	9,551	4,934	9,613	108,158	70	670
Finance leases	1,807	1,131	676	-	-	-	-
Operating leases	19,057	3,647	3,517	2,792	2,130	1,783	5,188
	153,860	14,329	9,127	12,405	110,288	1,853	5,858

Under various financing arrangements with its banks, the Company is required to meet certain covenants. The Company was fully in compliance with these covenants at March 31, 2012 and 2011.

Financial Instruments

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

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

As indicated, the Company currently hedges a portion of its foreign exchange exposure with financial forward contracts. During the quarter ended March 31, 2012, Glacier had foreign exchange swap contracts to sell U.S.$125,000 per month which commenced April 2009 at a rate of CAD$1.162, and expired in April 2012.

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

The Company's interest rate risk mainly arises from the interest rate impact on cash and floating rate debt. The Company actively manages its interest rate risk through ongoing monitoring of market interest rates and the overall economic situation. In the past, the Company had entered into five year amortizing interest rate swap contracts with fixed interest rates and variable acceptance fees.

The fair value of exchange contracts represents an estimate of the amount that the Company would receive or pay if the contracts were closed out at a market price on the balance sheet date. The Company concluded that those contracts do not qualify for hedge accounting; therefore, changes in fair value of the contracts are recorded in the statement of operations each period.

The Company is exposed to liquidity risk with respect to trade payables, long-term debt, derivatives and contractual obligations. The Company manages liquidity by maintaining adequate cash balances and by having appropriate lines of credit available. In addition, the Company continuously monitors and reviews both actual and forecasted cash flows. Management believes that future cash flows from operations and the availability under existing banking arrangements will be adequate to support its financial liabilities.

The carrying value of certain financial instruments maturing in the short-term approximates their fair value. These financial instruments include cash and cash equivalents, trade receivables, trade payables, dividends payable, other current liabilities, and preferred shares in affiliates. The fair value of the other financial instruments is determined essentially by discounting cash flows or quoted market prices. The fair values calculated approximate the amounts for which the financial instruments could be settled between consenting parties, based on current market data for similar instruments. Consequently, as estimates must be used to determine fair value, they must not be interpreted as being realizable in the event of an immediate settlement of the instruments. For fair value estimates relating to derivatives and available-for-sale securities, the Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements. The fair value of all of the Company's available for sale financial instruments was determined using quoted prices in active markets.

Business Environment and Risks

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

Disclosure Controls and Internal Controls over Financial Reporting

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related financial statements was properly recorded, processed, summarized and reported to the Audit Committee and the Board.

The Company did not make any changes to its internal controls over financial reporting ("ICFR"), during the most recent period ended March 31, 2012 which materially affected, or are reasonably likely to materially affect, the Company's ICFR.

The CEO and the CFO have limited the scope of design of disclosure controls and procedures and ICFR to exclude controls, policies and procedures of Great West, Fundata, Rhode Island Suburban Newspaper Inc. and ANGLP, each a proportionately consolidated entity in which the Company has an interest. These entities have combined net income of $2.4 million for the three months ended March 31, 2012 and net assets of $94.8 million as at March 31, 2012.

Future accounting policies

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

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

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

Critical Accounting Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts recorded in the financial statements. Management regularly reviews these estimates, including those related to useful lives for depreciation and amortization, impairment of long-lived assets, certain trade receivables, pension and other employee future benefit plans based on currently available information. While it is reasonably possible that circumstances may arise which cause actual results to differ from these estimates, management does not believe it is likely that any such differences will materially affect Glacier's financial position.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
Three months ended March 31, 2012 and 2011

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

	Three months ended March 31, 2012	Three months ended March 31, 2011
	$	$
Revenue	**76,421**	61,027
Expenses before depreciation and amortization		
Direct expenses (Note 13)	**51,666**	38,887
General and administrative (Note 13)	**13,877**	11,408
	10,878	10,732
Interest expense, net	**1,577**	1,308
Depreciation of property, plant and equipment	**1,569**	1,598
Amortization of intangible and other assets	**2,389**	2,177
Other expenses	**489**	1,096
Share of losses (earnings) from associates (Note 7)	**138**	(259)
Net income before income taxes	**4,716**	4,812
Income tax expense (Note 12)	**1,248**	1,586
Net income for the period	**3,468**	3,226
Net income attributable to:		
Common shareholders	**2,914**	2,740
Non-controlling interest	**554**	486
Earnings per share attributable to common shareholders		
Basic and diluted	**0.03**	0.03
Weighted average number of common shares		
Basic and diluted	**89,358,410**	90,633,410

See accompanying notes to these interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Three months ended March 31, 2012 and 2011

(Expressed in thousands of Canadian dollars)
(Unaudited)

	Three months ended March 31, 2012	Three months ended March 31, 2011
	$	$
Net income for the period	**3,468**	3,226
Other comprehensive income (loss)		
Actuarial gains on defined benefit pension plans (net of tax expense of $113; 2011: $283)	**340**	848
Currency translation adjustment on joint venture	**(62)**	(76)
Unrealized (loss) on investments classified as available-for-sale (net of tax recovery of $1; 2011: nil)	**(7)**	-
Share of other comprehensive income from associates	**21**	-
Other comprehensive income, net of tax	**292**	772
Total comprehensive income	**3,760**	3,998
Comprehensive income attributable to:		
Common shareholders	**3,197**	3,488
Non-controlling interest	**563**	510

See accompanying notes to these interim consolidated financial statements

GLACIER MEDIA INC.

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

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

	As at March 31, 2012	As at December 31, 2011
	$	$
Assets		
Current assets		
Cash and cash equivalents	**8,200**	9,206
Trade and other receivables	**52,501**	58,746
Inventory	**6,668**	5,431
Prepaid expenses	**5,617**	3,248
	72,986	76,631
Non-current assets		
Investment in associates (Note 7)	**62,017**	62,369
Available for sale investments	**3,963**	3,970
Other assets	**1,597**	1,595
Property, plant and equipment (Note 8)	**74,183**	73,843
Goodwill	**200,682**	202,166
Intangible assets (Note 9)	**173,239**	173,393
Total assets	**588,667**	593,967
Liabilities		
Current liabilities		
Trade and other payables	**31,023**	35,509
Dividends payable	**-**	2,770
Deferred revenue	**23,015**	20,861
Current portion of long-term debt (Note 10)	**11,107**	10,724
Other current liabilities	**2,748**	2,748
	67,893	72,612
Non-current liabilities		
Non-current portion of deferred revenue	**794**	652
Other non-current liabilities	**1,824**	1,860
Post-employment benefit obligation	**10,323**	10,471
Long-term debt (Note 10)	**123,696**	129,272
Deferred income taxes	**25,537**	24,260
Total liabilities	**230,067**	239,127
Equity		
Share capital	**199,216**	199,216
Contributed surplus	**8,792**	8,792
Accumulated other comprehensive (loss) (Note 11)	**(507)**	(441)
Retained earnings	**136,112**	132,849
Total equity attributable to common shareholders	**343,613**	340,416
Non-controlling interest	**14,987**	14,424
Total equity	**358,600**	354,840
Total liabilities and equity	**588,667**	593,967

See accompanying notes to these interim consolidated financial statements

GLACIER MEDIA INC.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Three months ended March 31, 2012 and 2011

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

	Attributable to common shareholders							
	Share capital		Contributed	Accumulated other comprehensive	Retained		Non-controlling	Total
	Shares	Amount	surplus	loss	earnings	Total	interests	equity
		$	$	$	$	$	$	$
Balance, December 31, 2011	89,358,410	199,216	8,792	(441)	132,849	340,416	14,424	354,840
Net income for the period		-	-	-	2,914	2,914	554	3,468
Other comprehensive income (loss) (net of tax):		-	-	(66)	349	283	9	292
Total comprehensive income (loss) for the period		-	-	(66)	3,263	3,197	563	3,760
Balance, March 31, 2012	**89,358,410**	**199,216**	**8,792**	**(507)**	**136,112**	**343,613**	**14,987**	**358,600**
Balance, December 31, 2010	90,633,410	202,059	8,644	(187)	118,059	328,575	13,593	342,168
Net income for the period		-	-	-	2,740	2,740	486	3,226
Other comprehensive income (loss) (net of tax):		-	-	(74)	822	748	24	772
Total comprehensive income (loss) for the period		-	-	(74)	3,562	3,488	510	3,998
Dividends declared on common shares		-	-	-	(2,719)	(2,719)	-	(2,719)
Distributions to non-controlling interests		-	-	-	-	-	(303)	(303)
Stock option expense		-	289	-	-	289	-	289
Balance, March 31, 2011	90,633,410	202,059	8,933	(261)	118,902	329,633	13,800	343,433

See accompanying notes to these interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Three months ended March 31, 2012 and 2011

(Expressed in thousands of Canadian dollars)
(Unaudited)

	Three months ended March 31, 2012	Three months ended March 31, 2011
	$	$
Operating activities		
Net income	**3,468**	3,226
Items not affecting cash		
Depreciation of property, plant and equipment	**1,569**	1,598
Amortization of intangible and other assets	**2,389**	2,177
Stock based compensation	**-**	289
Loss on disposal of property, plant and equipment	**198**	-
Employee future benefit expense in excess of employer contributions	**305**	302
Deferred income taxes	**1,043**	1,355
Non-cash interest expense	**43**	436
Share of losses (earnings) from associates	**138**	(259)
Loss (gain) on change in fair value of derivative financial instruments	**(78)**	16
Unrealized foreign exchange loss on long-term receivable	**18**	(66)
Amortization of leasehold inducements	**(18)**	-
Cash flow from operations before changes in non-cash operating accounts	**9,075**	9,074
Changes in non-cash operating accounts		
Trade and other receivables	**6,297**	654
Inventory	**(1,237)**	(802)
Prepaid expenses	**(2,389)**	(358)
Trade and other payables	**(4,541)**	264
Deferred revenue	**2,296**	1,270
Cash generated from operating activities	**9,501**	10,102
Investing activities		
Acquisitions, inclusive of bank indebtedness assumed and related financing liabilities	**-**	(400)
Investment in associates	**(183)**	-
Other investing activities	**-**	(86)
Proceeds from disposal of assets	**239**	-
Dividends received from associates	**417**	-
Purchase of property, plant, equipment	**(2,346)**	(920)
Purchase of intangible assets	**(628)**	(612)
Cash used in investing activities	**(2,501)**	(2,018)
Financing activities		
Proceeds from long-term debt	**559**	-
Distribution to non-controlling interests	**-**	(303)
Dividends paid	**(2,770)**	-
Repayment of long-term debt	**(5,795)**	(5,290)
Cash generated from (used in) financing activities	**(8,006)**	(5,593)
Net cash inflow (outflow)	**(1,006)**	2,491
Cash and cash equivalents, beginning of period	**9,206**	420
Cash and cash equivalents, end of period	**8,200**	2,911

Supplemental information (Note 15)

See accompanying notes to these interim consolidated financial statements

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

1. General business description

Glacier Media Inc. ("Glacier" or the "Company") is an information communications company providing primary and essential information and related services through print, electronic and online media. Glacier is pursuing this strategy through its core business segments: the local newspaper, trade information, and business and professional information sectors.

The Company is incorporated under the Canada Business Corporations Act, with common shares listed on the Toronto Stock Exchange ("TSX"). The address of its head office is 1970 Alberta Street, Vancouver, British Columbia.

2. Basis of preparation

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

These financial statements have been approved by the board of directors for issue on May 14, 2012.

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

3. Significant accounting policies

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

4. Accounting standards issued but not yet applied

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

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

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

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

5. Critical accounting estimates and judgements

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

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

6. Acquisitions

During the three months ended March 31, 2012, the Company and its affiliates completed the purchase accounting for its acquisition of trade publications from Rogers Publishing Limited in May 2011. The completion of the acquisition accounting resulted in an increase in intangible assets of $1.6 million, a decreased in goodwill of $1.5 million and an increase in deferred tax liabilities of $0.1 million.

7. Investment in associates

Investment in associates includes the following investments.

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

(b) A 50% equity interest in InfoMine Inc. ("InfoMine") which operates online and digital services to the mining industry. The Company does not control InfoMine as it does not have a majority of members on the board of directors.

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

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

The investment in its various associate entities consists of the following:

(thousands of dollars)	**As at and for the period ended March 31, 2012**	As at and for the year ended December 31, 2011
	$	$
Balance, beginning of period	**62,369**	22,890
Investment in associates	**183**	25,036
Share of earnings (loss) for the period	**(138)**	16,257
Share of other comprehensive income (loss) for the period	**20**	(275)
Dividends received and other equity movements	**(417)**	(1,539)
Balance, end of period	**62,017**	62,369

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

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

7. Investment in associates (continued)

(thousands of dollars)	**As at and for the period ended March 31, 2012**	As at and for the year ended December 31, 2011
	$	$
Assets	**174,206**	192,121
Liabilities	**69,748**	71,929
Revenues	**21,721**	41,684
Net income (loss) for ther period	**(262)**	31,326
Other comprehensive income (loss)	**34**	(467)

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

8. Property, plant and equipment

As at March 31, 2012

(thousands of dollars)	**Cost**	**Accumulated depreciation**	**Carrying amount**
	$	**$**	**$**
Land	16,658	-	16,658
Buildings	25,978	(1,907)	24,071
Production equipment	50,318	(24,609)	25,709
Office equipment and leaseholds	25,464	(17,719)	7,745
	118,418	**(44,235)**	**74,183**

As at December 31, 2011

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

During the three months ended March 31, 2012 the Company acquired property, plant and equipment of $2.3 million including the construction and expansion of new facilities for two of the Company's printing operations.

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

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

9. Intangible assets

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

Intangible assets are as follows:

			As at March 31, 2012
(thousands of dollars)	**Cost**	**Accumulated amortization**	**Carrying amount**
	$	**$**	**$**
Indefinite life			
Mastheads and trademarks	96,654	-	96,654
Amortizating			
Copyrights	12,650	(9,112)	3,538
Customer relationships	93,439	(26,390)	67,049
Subscription lists	3,532	(2,717)	815
Software and websites	16,364	(11,181)	5,183
	222,639	**(49,400)**	**173,239**

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

During the three months ended March 31, 2012 the Company acquired intangible assets of $0.6 million.

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

10. Long-term debt

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

Current liabilities (Thousands of dollars)	**As at March 31, 2012**	As at December 31, 2011
	$	$
Proportionate share of non-recourse long-term debt owed by ANGLP	**4,463**	4,463
Finance lease liability	**1,641**	1,638
Mortgages and other loans	**5,003**	4,623
	11,107	10,724

Non-current liabilities (Thousands of dollars)	**As at March 31, 2012**	As at December 31, 2011
	$	$
Revolving bank loan	**108,088**	112,046
Proportionate share of non-recourse long-term debt owed by ANGLP	**14,010**	15,155
Finance lease liability	**323**	756
Mortgages and other loans	**1,275**	1,315
	123,696	129,272

Total Long-term debt (Thousands of dollars)	**As at March 31, 2012**	As at December 31, 2011
	$	$
Current	**11,107**	10,724
Non-current	**123,696**	129,272
	134,803	139,996

Under various financing arrangements with its banks, the Company is required to meet certain covenants. The Company was in compliance with these covenants at March 31, 2012 and December 31, 2011.

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

11. Other comprehensive income (loss)

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

	Accumulated other comprehensive income			Retained earnings			
(thousands of dollars)	Equity Securities classified as available for sale	Cumulative Translation Adjustment	Total	Actuarial gains (losses) on defined benefit plans	Total	Non-controlling interests	Total comprehensive loss
	$	$		$	$	$	$
Balance, December 31, 2011	(315)	(126)	(441)	(8,085)	(8,085)	(273)	(8,799)
Cumulative translation adjustment	-	(60)	(60)	-	-	(2)	(62)
Actuarial gains on defined benefit plans	-	-	-	329	329	11	340
Unrealized loss on available for sale investments	(6)	-	(6)	-	-	(1)	(7)
Share of other comprehensive income from associates	-	-	-	20	20	1	21
Other comprehensive income (loss) for the period			(66)		349	9	292
Balance, March 31, 2012	**(321)**	**(186)**	**(507)**	**(7,736)**	**(7,736)**	**(264)**	**(8,507)**
Balance, December 31, 2010	-	(187)	(187)	(2,501)	(2,501)	(86)	(2,774)
Cumulative translation adjustment	-	(74)	(74)	-	-	(2)	(76)
Actuarial gains on defined benefit plans	-	-	-	822	822	26	848
Other comprehensive income (loss) for the period			(74)		822	24	772
Balance, March 31, 2011	-	(261)	(261)	(1,679)	(1,679)	(62)	(2,002)

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

12. Income taxes

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

(thousands of dollars)	**Three months ended March 31, 2012**	Three months ended March 31, 2011
	$	$
Current tax	**205**	231
Deferred tax	**1,043**	1,355
Income tax expense	**1,248**	1,586

At March 31, 2012, the Company has available non-capital losses and unclaimed tax credits which may be used to reduce future Canadian income taxes otherwise payable.

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

13. Expense by nature

(thousands of dollars)	**Three months ended March 31, 2012**	Three months ended March 31, 2011
	$	$
Wages and benefits	**35,537**	27,983
Newsprint, ink and other printing costs	**10,741**	8,692
Delivery costs	**7,589**	4,517
Rent, utilities and other property costs	**2,946**	2,407
Advertising, marketing and other promotion costs	**2,917**	2,738
Third party production and editorial costs	**3,221**	1,539
Legal, bank, insurance and professional services	**1,526**	1,346
Data services, system maintenance, telecommunications and software licenses	**1,066**	1,073
	65,543	50,295
Direct expenses	**51,666**	38,887
General and administrative expenses	**13,877**	11,408
	65,543	50,295

14. Joint ventures

At March 31, 2012, the Company exercised joint control over the operations of Great West Newspapers Limited Partnership ("Great West"), Fundata Canada Inc. ("Fundata"), Alberta Newspaper Group Limited Partnership ("ANGLP"), and Rhode Island Suburban Newspaper Inc. ("RISN"). The balances below, representing the Company's ownership interests in these operations, have been proportionately consolidated in the Company's consolidated financial statements.

(thousands of dollars)	**Three months ended March 31, 2012**	Three months ended March 31, 2011
	$	$
Statement of operations		
Revenues	**11,562**	11,639
Costs and expenses	**9,168**	9,330
Net income	**2,394**	2,309

(thousands of dollars)	**As at and for the period ended March 31, 2012**	As at and for the year ended December 31, 2011
	$	$
Balance sheet		
Cash and cash equivalents	**6,099**	6,093
Other current assets	**8,445**	10,349
Property, plant and equipment	**16,038**	15,307
Intangible assets	**36,296**	36,274
Goodwill	**67,047**	67,087
Other non-current assets	**-**	-
Trade and other payables	**(2,737)**	(3,814)
Other current liabilities	**(13,538)**	(13,631)
Long-term debt	**(14,410)**	(15,616)
Deferred income taxes	**(8,412)**	(8,410)
Net assets	**94,828**	93,639

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

15. Supplemental cash flow information

(thousands of dollars)	**Three months ended March 31, 2012**	Three months ended March 31, 2011
	$	$
Interest paid	**1,528**	878
Income taxes paid	**235**	198

16. Segment disclosure

The Company and its subsidiaries operate in two distinct operating segments throughout the United States and Canada. These segments are the business and professional market that Specialty Technical Publishers ("STP"), CD-Pharma, Eco Log and Fundata operate in and the newspaper and trade information market in which the rest of Glacier's businesses operate. All of the Company's assets are located in Canada except the assets of a joint venture located in the United States. The following segment information is as at March 31, 2012 and December 31, 2011, and for the periods ended March 31, 2012 and 2011:

(thousands of dollars)	Newspaper and Trade	Business and Professional	Corporate and Other	Consolidated
2012	$	$	$	$
Revenue				
Canada	**70,231**	**2,814**	**-**	**73,045**
United States	**2,520**	**856**	**-**	**3,376**
				76,421
Income (loss) before interest, taxes, depreciation and amortization	**9,747**	**1,139**	**(8)**	**10,878**
Interest	**1,501**	**76**	**-**	**1,577**
Amortization and depreciation	**3,719**	**239**	**-**	**3,958**
Other expenses	**314**	**(55)**	**230**	**489**
Income tax	**1,169**	**79**	**-**	**1,248**
Share of (earnings) loss from associates	**138**	**-**	**-**	**138**
Segment Net income	**2,906**	**800**	**(238)**	**3,468**
Assets	**548,213**	**40,454**	**-**	**588,667**
Capital expenditures	**2,890**	**84**	**-**	**2,974**
Investment in associate	**62,017**	**-**	**-**	**62,017**

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

16. Segment disclosure (continued)

(thousands of dollars)	Newspaper and Trade	Business and Professional	Corporate and Other	Consolidated
2011	$	$	$	$
Revenue				
Canada	55,354	2,601	-	57,955
United States	2,169	903	-	3,072
				61,027
Income (loss) before interest, taxes, depreciation and amortization	9,731	1,009	(8)	10,732
Interest	1,245	63	-	1,308
Amortization and depreciation	3,542	233	-	3,775
Other expenses	1,065	21	10	1,096
Income tax	1,401	185	-	1,586
Share of (earnings) loss from associates	(259)	-	-	(259)
Segment Net income	2,737	507	(18)	3,226
Assets	552,704	41,252	11	593,967
Capital expenditures	1,435	97	-	1,532
Investment in associate	62,369	-	-	62,369

17. Subsequent Event

On April 2, 2012, the Company acquired control of one of its joint venture interests. The results from this entity have been proportionately consolidated in the results for the three months ended March 31, 2012, as disclosed in Note 14.

Board of Directors

Bruce W. Aunger*
John S. Burns, Q.C.*
Sam Grippo
Brian Hayward
S. Christopher Heming
Jonathon J.L. Kennedy
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
Trading symbol: GVC

Investor Relations

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

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