Condensed Consolidated Interim Financial Statements of

GLACIER MEDIA INC.

Three months ended March 31, 2011

President's Message

For the three months ending March 31, 2011, Glacier Media Inc.'s ("Glacier" or the "Company") revenue increased 6.2% to $61.0 million from $57.5 million for the year prior. Cash flow from operations (before changes in non-cash operating accounts and non-recurring items) increased 14.1% to $9.9 million and earnings before interest, taxes, depreciation and amortization (EBITDA) increased 6.5% to $10.7 million compared to the year prior. Net income attributable to common shareholders (before non-recurring items) increased 14.1% to $3.8 million.

Cash flow from operations (before changes in non-cash operating accounts and non-recurring items) per share increased 16.8% to $0.11 per share for the three months ending March 31, 2011 compared to the same period last year, EBITDA per share increased 8.9% to $0.12 from $0.11 for the quarter compared to the same period last year and net income attributable to common shareholders per share was $0.03 for the quarter compared to $0.04 for the same period last year. The growth in cash flow from operations (before changes in non-cash operating accounts and non-recurring items) and EBITDA per share amounts is a result of the growth in operations indicated and the $4.9 million common share buy-back completed last year.

Review of Operations

Revenue grew 6.2% during the first quarter of 2011 compared to the same period last year as a result of both organic growth and several acquisitions and investments. Same-store revenue grew 3.3% for the quarter compared to last year. This was accomplished despite $0.9 million of non-recurring revenue generated in the first quarter of 2010 from the sale of the Official Vancouver 2010 Olympic Souvenir Program and Hockey Guide. Adjusted for the non-recurring revenue, same-store revenue growth was 4.8% in the first quarter of 2011 compared to the year prior.

The growth in revenue occurred across the breadth of 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.

Revenue growth was strong in a wide variety of Glacier's trade information and business and professional information operations. These operations provide essential information for business and industry people who need this content and advertising based information to make prudent decisions. The growth was driven by the general economic recovery, strength in the various sectors Glacier has operations in, as well as effective operational sales efforts and creativity. In particular, a number of successful new business initiatives as well as core digital sales in the trade and business information operations have driven digital revenue growth in these operations, with considerable success generated in agriculture, energy, mining, environmental and financial digital information and media operations, amongst others. These initiatives continue to offer Glacier's customers an increasingly richer value proposition through both the enhancement of information value that digital media provides, the enhancement of customer targeting and marketing effectiveness provided to advertisers, and the breadth of new product opportunities and related monetization available.

Digital revenues now represent approximately 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 & 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.

Glacier's local community newspapers revenue continued to grow during the quarter. The growth resulted from the combination of the economic strength experienced in Western Canada, the nature of media in the small markets in which Glacier operates, and strong operational focus and effort. The growth was realized in both print and digital revenues. The revenue growth that was realized prior to the recession and that resumed in 2010 and 2011 continues to underscore the value of Glacier's small market community newspapers, which offer a unique selling proposition and competitive advantage through the local information that they provide, of which they are a primary source. This is very different to the challenges that exist for large metropolitan daily newspapers. The value of Glacier's local community content can and is now being provided to Glacier's readers in print and online, by tablet and smartphone platforms. Glacier is in the beginning stages of the development of this local market digital media strategy. This timing has been geared to be proactive while aligning operating cost investment with market needs. The timing also means that significant digital revenue opportunities still exist to be realized. 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.

EBITDA grew 6.5% to $10.7 million for the first quarter of 2011. This was achieved despite a 20% increase in newsprint costs (newsprint expense was $0.4 million higher for the quarter vs. last year). Glacier's EBITDA margin increased slightly to 17.6% despite the increase in newsprint costs. Significant cost reductions were made to reduce operating costs during the recession and in 2010. A printing outsourcing initiative was completed during the first quarter of 2011. These initiatives are consistent with management's strategy of maintaining strong product and editorial quality while reducing operating costs where possible through initiatives that do not impact quality, sales capacity or market and competitive positions. Management is being careful to maintain appropriate levels of resources in staff and technology as well as business development in order to facilitate long-term revenue growth.

The EBITDA results were achieved while increased operating investment was made in digital media resources and 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.

Investments are being made both in people as well as software and technology. A variety of new hires has been made in both digital staff and management. In particular, three new senior executives have been hired who had considerable track records of performance in digital media businesses outside of the newspaper and trade magazine industry. All three had success in building successful digital businesses from the early development stage to the mid-size revenue and profitability stage. These individuals are leading Glacier's digital media operations and initiatives in its local community and business and trade information operations. They also bring considerable experience and knowledge with which to target, assess, integrate and grow new digital media and information acquisitions. The combination of their experience and the experience and knowledge of existing management and staff in Glacier's verticals are resulting in strong levels of vision, creativity and revenue traction.

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 1.95x trailing 12 months EBITDA as at March 31, 2011. The Company used its cash flow from operations to repay $5.3 million of debt during the quarter. Glacier's consolidated debt net of cash outstanding before deferred financing charges and other expenses was $87.4 million as at March 31, 2011.

During the quarter the Company amended its senior revolving loan facility on substantially the same terms and conditions. The amended facility includes greater potential borrowing capacity, greater flexibility at lower costs, no required principal repayments during its term and matures on March 30, 2015.

Glacier invested $1.5 million of capital expenditures during the quarter, $0.8 million of which were investment capital expenditures made primarily to complete the consolidation and expansion of several printing facilities and upgrade production technology. These investments have resulted in attractive direct revenue and cash flow improvements and payback consistent with Glacier's targeted return on investment, as well as improved quality and colour capacity.

Acquisitions

Subsequent to quarter end, the Company completed a number of acquisitions for a total cost of $11.1 million. The acquisitions included the purchase of a portfolio of assets from Rogers Communications Inc.'s business and professional group. The assets are comprised of a variety of trade publications and digital brands, together with their associated readership database, events and digital products. Properties acquired include established and leading publications such as *Le Bulletin des agriculteurs*, *Food in Canada*, *Canadian Packaging*, *HPAC* and *Meetings & Incentive Travel* (including *Incentiveworks*, Canada's largest trade show for the meetings, incentive travel and promotions industry). The assets will be integrated into Glacier's Business Media Group, a leading operator of Canadian trade publications and industry-focused web sites, and Glacier's Farm Business Communications.

Outlook and Opportunities for Value Creation

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 from the recession to the same extent as others. Advertiser confidence and spending have shown marked improvement and are resulting in overall revenue growth. 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 is expected to result in continued growth in organic profitability in 2011.

With cash flow growing and debt at 1.95x EBITDA, Glacier is reviewing acquisition opportunities that fit with the Company's business strategy. Given the current juncture of the business cycle, many attractive opportunities are expected to arise.

Subsequent to year-end, Glacier's board of directors declared the payment of a cash dividend of $0.03 per common share payable to shareholders of record as of July 15, 2011. This declaration reflects the initial dividend of a new policy whereby the board of directors expects to declare an annual dividend of $0.06 per common share, payable semi-annually. The dividend is consistent with Glacier's ongoing objective of maximizing shareholder value and related return on investment for shareholders. Glacier has reached a stage where it is generating sufficient cash flow from operations and has available financial capacity to pursue and internally finance acquisition opportunities, invest in operations as required, repurchase its shares as deemed attractive, and introduce the payment of a dividend.

In this regard, management will continue to seek a balance of maintaining debt at manageable levels and delivering growth through operations and acquisitions.

Jonathon J.L. Kennedy
President and Chief Executive Officer

First Quarter 2011 Management's Discussion & Analysis ("MD&A")

Forward Looking Statements

Glacier Media Inc.'s first quarter 2011 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 2011 and Outlook" and the headings "Financial Position" and "Outlook and Opportunities for Value Creation" in the accompanying President's Message, and statements relating to our expectations regarding our revenues, expenses, cash flows and future profitability, including our expectations 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 "Significant Developments in 2011 and Outlook" and the headings "Financial Position" and "Outlook and Opportunities for Value Creation" in the accompanying President's Message, and are subject to risks, uncertainties and other factors which may cause results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, and undue reliance should not be placed on such statements. Important factors that could cause actual results to differ materially from these expectations are listed in our annual MD&A under the heading "Business Environment and Risks" and in our Annual Information Form under the heading "Risk Factors", many of which are out of our control. These factors include, but are not limited to, the ability of the Company to sell advertising and subscriptions related to its publications, foreign exchange rate fluctuations, the seasonal and cyclical nature of the agricultural industry, discontinuation of Department of Canadian Heritage, 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.

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

Basis of Discussion and Analysis

The following management discussion and analysis of the financial condition and results of operations of the Company and other information is dated June 13, 2011 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, 2011. These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which as of January 1, 2011 is the required reporting framework for Canadian publicly accountable enterprises. 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, 2010. The Company's consolidated financial statements for the year ended December 31, 2010 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.

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

Where indicated 2010 prior year comparative information in this report has been restated and is shown in accordance with IFRS. The information in this report is as at June 13, 2011.

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 2011 and Outlook

For a detailed description of Glacier's business outlook see its 2010 Annual MD&A under *"Significant Developments in 2010 and Outlook"*.

Growth in revenue occurred across the breadth of Glacier's operations during the three months ended March 31, 2011. 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.

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 from the recession to the same extent as others. Advertiser confidence and spending have shown marked improvement and are resulting in overall revenue growth. 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 2011.

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 2011 was 6.2% higher than revenue in the same period in 2010. The growth in revenue came from organic growth, several small acquisitions and the purchase of the joint venture partners' interests of one of the Company's operations. In the first quarter of 2011, same-store revenue growth was 3.3%. This was accomplished despite $0.9 million of non-recurring revenue generated in the first quarter of 2010 from the sale of the Official Vancouver 2010 Olympic Souvenir Program and Hockey Guide. Adjusted for the non-recurring revenue, same-store revenue growth was 4.8% in the first quarter of 2011 compared to the year prior.

The increase in revenue occurred across the majority of Glacier's businesses. Growth came from both traditional print sources and digital media sources, and is directly attributable to Glacier's operational, business segment and media platform strategies. Efforts continue to be made to leverage and monetize content across print, online, wireless and other channels and platforms.

EBITDA increased in the first quarter of 2011 from $10.1 million in 2010 to $10.7 million in 2011. The increase in EBITDA was a result of the revenue growth realized albeit at a lower margin due to the 100% inclusion of Printwest, as the Company purchased its joint venture partners' interests, offset by higher direct and general and administrative expenses due to higher newsprint prices compared to prior year, and modest annual salary and wage increases. Printwest Communications Ltd. has lower margins than Glacier's other businesses but it is a strategic fit for the Company.

Operating performance continues to underscore the value of 1) Glacier's local newspapers that are a primary source of information for the communities they serve and a primary marketing channel for advertisers and 2) 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, 2011	Three months ended March 31, 2010
Revenue	$ 61,027	$ 57,488
Gross profit	$ 22,140	$ 20,910
Gross margin	36.3%	36.4%
EBITDA (1)	$ 10,732	$ 10,079
EBITDA margin (1)	17.6%	17.5%
EBITDA per share (1)	$ 0.12	$ 0.11
Interest expense, net	$ 1,308	$ 1,811
Net income attributable to common shareholders before non-recurring items (1)(2)	$ 3,840	$ 3,364
Net income attributable to common shareholders before non-recurring items per share (1)(2)	$ 0.04	$ 0.04
Net income attributable to common shareholders	$ 2,740	$ 3,364
Net income attributable to common shareholders per share	$ 0.03	$ 0.04
Cash flow from operations (1)(2)	$ 9,885	$ 8,662
Cash flow from operations per share (1)(2)	$ 0.11	$ 0.09
Capital expenditures	$ 1,532	$ 1,534
Total assets	$ 504,189	$ 505,629
Debt net of cash outstanding before deferred financing charges and other expenses	$ 87,360	$ 98,394
Equity attributable to common shareholders	$ 330,249	$ 325,197
Weighted average shares outstanding, net	90,633,410	92,721,210

Notes:
(1) Refer to "Non-IFRS Measures" section for calculation of non-IFRS measures used in this table.
(2) 2011 excludes $0.8 million of restructing expense and $0.3 million of stock based compensation.

Revenue

Glacier's consolidated revenue for the quarter ended March 31, 2011 was $61.0 million compared to $57.5 million in the same period last year.

The 6.2% increase in consolidated revenue compared to the same period in last year was a result of 1) same-store revenue increases in the Company's operations, and 2) acquisition of the remaining 50% of Printwest Communications Ltd. not already owned by the Company effective April 30, 2010 as well as revenue generated from the other acquisitions that Glacier made during the twelve months ended December 31, 2010. These revenue increases were partially offset by lost revenues from the local newspaper operations which were divested during 2010.

Local Newspaper and Trade Information

The local newspaper and trade information group generated $57.5 million of revenue for the quarter ended March 31, 2011, as compared to $53.8 million for the same period last year. The increase in revenue during the year compared to last year was a result of increasing sales in most of the Company's operations, additional revenue from 100% consolidation of Printwest Communications Ltd. as a result of the Company's acquisition of its joint venture partners' 50% interest, and acquisition of community newspapers in Western Canada during 2010. These revenue increases were partially offset by decreased revenues resulting from the divestiture of certain of the Company's community newspapers in British Columbia.

Glacier's local newspaper operations generated growth in the majority of the local markets in Western Canada. Agriculture, energy, mining, manufacturing and many of Glacier's other business and trade verticals also continued to experience revenue growth and profitability. 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 $3.5 million for the quarter ended March 31, 2011, as compared to $3.7 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, 2011 in comparison to the same period in the prior year. Specialty Technical Publishers revenues were down for the first quarter of 2011 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, smaller corporate budgets curtailing larger network sales and the adverse impact of the strong Canadian dollar versus the U.S. dollar. STP is aggressively shifting its focus to meet the new electronic or digital format demand from customers. The Company's interactive medical education business continues to be affected by slower new drug releases and industry consolidation, although new product developments and other initiatives such as the use of new mediums for delivery of products continue to be introduced in order to improve revenues.

Gross Margin

Glacier's consolidated gross profit for the three months ended March 31, 2011 was $22.1 million compared to $20.9 million in the same period last year. The absolute dollar increase in gross profit is largely attributable to revenue increases and related direct contribution offset partially by increases in newsprint prices and annual salary and wage increases.

Gross margin percentage for the quarter ended March 31, 2011 remained consistent with the quarter ended March 31, 2010. Stronger margins from acquisitions made during the year versus those divested during the year were offset by full consolidation of Printwest Communications Ltd., which has lower margins than Glacier's other businesses on a consolidated basis. The Company has repatriated a significant amount of Glacier's trade publication printing from outside printers to Printwest in order to capture profit associated with this printing.

General & Administrative Expenses

Glacier's consolidated general and administrative expenses were $11.4 million for the quarter ended March 31, 2011 as compared to $10.8 million in the same period in the prior year. The increase was due to a) consolidation of 100% of Printwest Communications Ltd., b) increased expenses associated with the Company's digital operations, and c) annual salary and wage increases. These administrative expense increases were partially offset by decreased administrative expenses resulting from the divestiture of certain of the Company's community newspapers in British Columbia.

EBITDA

EBITDA was $10.7 million for the quarter ended March 31, 2011 as compared to $10.1 million for the same period last year. The increase in EBITDA was due to the reasons stated under **Revenue, Gross Margin** and **General & Administrative Expenses**.

Depreciation and Amortization

Depreciation of property, plant and equipment increased $0.1 million for the quarter ended March 31, 2011 as compared to the same period last year as a result of additions to property, plant and equipment during the current period and in 2010. The Company continues to make investments in several of the Company's printing facilities to bring in new business and improve cost efficiency, quality and colour capacity. Glacier has also made investments in improved production technology and Internet initiatives. Amortization of intangible and other assets increased $0.5 million for the quarter ended March 31, 2011 as compared to the same period in the prior year as a result of investments in software and business acquisitions that occurred during the third and fourth quarters of 2010.

Non-Operating Items

Glacier's consolidated net interest expense for the quarter ended March 31, 2011 was $1.3 million, down $0.5 million over the three months ended March 2010. The decrease in net interest expense reflected the following items since the first quarter of 2010: the Company's repayment of its revolving debt; maturity of its interest rate swap contracts; repayment of preferred shares; and decreased borrowing costs. These decreases were partially offset by interest costs from new lease financing in 2010. Interest expense for the quarter ended March 31, 2011 included $0.4 million (2010 - $0.4 million) of non-cash interest expense.

Restructuring Expense and Other

Restructuring expense and other in the three months ended March 31, 2011 is comprised of restructuring expenses of $0.8 million and stock based compensation of $0.3 million compared to restructuring expense and other of $nil in the same period in the prior year. Restructuring expenses related to employee severance costs. Beginning at the end of 2008, the Company implemented a restructuring plan to reduce costs across the entire organization in order to offset the impact of the recession and to centralize certain corporate functions in strategic regions within the country, amongst other things. Management closely monitors operational performance and will assess whether further restructuring initiatives will be implemented.

Net Income Attributable to Common Shareholders

Net income attributable to common shareholders decreased by $0.6 million from $3.4 million in the first quarter of 2010 to $2.7 million in the first quarter of 2011. This decrease was caused by a) a $0.1 million increase in depreciation, b) a $0.5 million increase in amortization expense, c) a $0.4 million negative variance from a fair market value adjustment to derivative financial instruments, d) a $0.2 million decrease in share of earnings from associate, and e) a $1.1 million increase in restructuring expense and other, which is comprised of $0.8 million in restructuring expenses and $0.3 million of stock based compensation. This decrease was partially offset by a) an increase in profitability of existing operations due to the increase in revenues, b) a $0.5 million decrease in interest expense, c) a $0.1 million increase in foreign exchange gain, d) a $0.2 million decrease in income tax expense, and e) a $0.1 million decrease in non-controlling interest.

Cash Flow from Operations

Glacier's consolidated cash flow from operations increased to $9.9 million (before changes in non-cash operating accounts and non-recurring items) for the quarter ended March 31, 2011 from $8.7 million for the same period last year. The increase in cash flow from operations is primarily a result of higher net profitability generated through operations.

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

Capital expenditures were $1.5 million for the three months ended March 31, 2011 compared to $1.5 million for the same period last year. The first quarter 2011 expenditures included $0.8 million of investment capital expenditures made to expand the Kodiak press facilities and investments were also made in the Company's Internet platforms, digital products and services and new investments in information systems initiatives.

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	IFRS Q1 2011	Previous Canadian GAAP Q4 2010	Previous Canadian GAAP Q3 2010	Previous Canadian GAAP Q2 2010
Revenue	$ 246,144	$ 61,027	$ 63,067	$ 54,891	$ 67,159
EBITDA [(1)]	$ 44,707	$ 10,732	$ 11,667	$ 8,086	$ 14,222
EBITDA margin [(1)]	18.2%	17.6%	18.5%	14.7%	21.2%
EBITDA per share [(1)]	$ 0.49	$ 0.12	$ 0.13	$ 0.09	$ 0.15
Interest expense, net	$ 5,720	$ 1,308	$ 1,301	$ 1,537	$ 1,574
Net income attributable to common shareholders before non-recurring items [(1)(2)(3)]	$ 24,057	$ 3,840	$ 7,764	$ 2,977	$ 9,476
Net income attributable to common shareholders before non-recurring items per share [(1)(2)(3)]	$ 0.26	$ 0.04	$ 0.09	$ 0.03	$ 0.10
Net income attributable to common shareholders	$ 17,948	$ 2,740	$ 3,139	$ 2,895	$ 9,174
Net income attributable to common shareholders per share	$ 0.19	$ 0.03	$ 0.03	$ 0.03	$ 0.10
Cash flow from operations [(1)(2)(3)]	$ 40,295	$ 9,885	$ 10,582	$ 6,987	$ 12,841
Cash flow from operations per share [(1)(2)(3)]	$ 0.45	$ 0.11	$ 0.12	$ 0.08	$ 0.14
Capital expenditures	$ 8,205	$ 1,532	$ 4,014	$ 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	$ 326,514	$ 323,508	$ 325,726
Weighted average shares outstanding, net	91,508,570	90,633,410	90,633,410	92,040,406	92,721,210

	Trailing 12 Months	IFRS Q1 2010	Previous Canadian GAAP Q4 2009	Previous Canadian GAAP Q3 2009	Previous Canadian GAAP Q2 2009
Revenue	$ 231,821	$ 57,488	$ 59,982	$ 50,838	$ 63,513
EBITDA [(1)]	$ 39,159	$ 10,079	$ 11,122	$ 5,654	$ 12,304
EBITDA margin [(1)]	16.9%	17.5%	18.5%	11.1%	19.4%
EBITDA per share [(1)]	$ 0.42	$ 0.11	$ 0.12	$ 0.06	$ 0.13
Interest expense, net	$ 6,725	$ 1,811	$ 1,723	$ 1,046	$ 2,145
Net income attributable to common shareholders before non-recurring items [(1)(3)]	$ 22,164	$ 3,364	$ 5,131	$ 4,619	$ 9,050
Net income attributable to common shareholders before non-recurring items per share [(1)(3)]	$ 0.24	$ 0.04	$ 0.05	$ 0.05	$ 0.10
Net income attributable to common shareholders	$ 14,922	$ 3,364	$ (1,384)	$ 4,243	$ 8,699
Net income attributable to common shareholders per share	$ 0.16	$ 0.04	$ (0.02)	$ 0.05	$ 0.09
Cash flow from operations [(1)(3)]	$ 33,505	$ 8,662	$ 9,819	$ 4,770	$ 10,254
Cash flow from operations per share [(1)(3)]	$ 0.36	$ 0.09	$ 0.11	$ 0.05	$ 0.11
Capital expenditures	$ 8,435	$ 1,534	$ 2,186	$ 1,891	$ 2,824
Debt net of cash outstanding before deferred financing charges and other expenses	$ 98,394	$ 98,394	$ 99,939	$ 106,097	$ 111,561
Equity attributable to common shareholders	$ 325,197	$ 325,197	$ 311,043	$ 312,437	$ 308,563
Weighted average shares outstanding, net	92,721,210	92,721,210	92,721,210	92,721,210	92,721,210

Notes:

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

(2) First quarter 2011 excludes $0.8 million of restructuring expense and $0.3 million of stock based compensation.

(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:

- Financial information prepared in accordance with IFRS in Q1 2011 and restatement of financial information for Q1 2010 from previous Canadian GAAP to IFRS.
- Financial information prepared in accordance with Canadian GAAP for Q2, Q3 and Q4 2010 and Q2, Q3, and Q4 2009.
- Improvements in operations during the fourth quarter of 2009 and all subsequent quarters due to the recovering economy, new sales efforts and cost reduction initiatives implemented during 2009;
- The impact of the recession during the first, second and third quarters of 2009 that resulted in decreased revenue, profitability and cash flow;

- Restructuring expenses of $0.8 million in the first quarter of 2011, $0.3 million, $0.1 million and $0.6 million in the second, third and fourth quarters of 2010, respectively and, $0.4 million, $0.4 million, and $0.3 million in the second, third, and fourth quarters of 2009, respectively. Restructuring expenses are mainly related to severance payments as part of Glacier's cost reduction programs;
- 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;
- A $0.4 million allowance against refundable liability insurance premiums in the fourth quarter of 2009;
- A goodwill and intangible assets impairment charge of $4.0 million in the fourth quarter of 2010 and $5.8 million in the fourth quarter of 2009; and
- General market conditions during the reported periods.

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, 2011**	Three months ended March 31, 2010
EBITDA [1]		
Net income attributable to common shareholders	**$ 2,740**	$ 3,364
Add (deduct):		
Non-controlling interest	**$ 486**	$ 618
Depreciation and amortization	**$ 3,775**	$ 3,203
Income tax expense	**$ 1,586**	$ 1,776
Foreign exchange loss (gain)	**$ (20)**	$ 91
Interest	**$ 1,308**	$ 1,811
Share of (earnings) from associate	**$ (259)**	$ (413)
(Gain) loss on change in fair value of derivative financial instruments	**$ 16**	$ (371)
Restructuring expense and other	**$ 1,100**	$ -
EBITDA [1]	**$ 10,732**	$ 10,079
Cash flow from operations [1]		
Net income attributable to common shareholders	**$ 2,740**	$ 3,364
Add (deduct):		
Non-controlling interest	**$ 486**	$ 618
Depreciation and amortization	**$ 3,775**	$ 3,203
Employee future benefits	**$ 302**	$ 199
Deferred income taxes	**$ 1,355**	$ 1,569
Unrealized foreign exchange loss	**$ (66)**	$ 69
Non cash interest	**$ 436**	$ 424
Stock option expense	**$ 289**	$ -
Share of (earnings) from associate	**$ (259)**	$ (413)
(Gain) loss on change in fair value of derivative financial instruments	**$ 16**	$ (371)
Restructuring expense	**$ 811**	$ -
Cash flow from operations [1]	**$ 9,885**	$ 8,662
Net income attributable to common shareholders before non-recurring items [1]		
Net income attributable to common shareholders	**$ 2,740**	$ 3,364
Add (deduct):		
Restructuring expense and other	**$ 1,100**	$ -
Net income attributable to common shareholders before non-recurring items [1]	**$ 3,840**	$ 3,364
Weighted average shares outstanding, net	**90,633,410**	92,721,210
EBITDA per share [1]	**$ 0.12**	$ 0.11
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**	$ 0.04
Cash flow from operations per share [1]	**$ 0.11**	$ 0.09

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, 2011, Glacier had consolidated cash and cash equivalents of $2.9 million, current and long-term debt of $90.3 million before adjustment for deferred financing fees attributable directly to the issuance of long-term debt, and working capital of $19.3 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: 1) deferred revenue relates to quarterly updates, renewals and newspaper subscriptions that have been paid for by subscribers but not yet delivered, and the costs associated with the fulfillment of this liability are less than the amount indicated in current liabilities in the case of Specialty Technical Publishers, 2) Glacier receives cash revenue on an ongoing basis that offsets the deferred revenue liability, and 3) as Specialty Technical Publishers sells on a trial basis, it does not record accounts receivable or revenue when orders are shipped, but nonetheless receives revenue from these orders on a regular basis based on the acceptance rate realized, which results in revenue regularly being received that is not reflected in current assets.

Management believes that cash flow from operations before changes in non-cash operating accounts (see Consolidated Statements of Cash Flows) is the most appropriate measure to determine Glacier's profitability and return on equity, as the Company has low ongoing sustaining capital expenditures and 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 $1.5 million for the quarter ended March 31, 2011. The expenditures included $0.8 million of investment capital expenditures primarily made to expand the Kodiak press facilities and expand the Company's Internet Platforms, digital products and services and new investments in information systems initiatives. Capital expenditures made to expand the Kodiak press facility were made to accommodate new printing work and are expected to result in attractive direct cash flow improvements and payback, as well as improved quality and colour capacity.

Changes in Financial Position

	Three months ended	
(thousands of dollars)	**March 31, 2011**	March 31, 2010
Cash generated from (used in)		
Operating activities	**10,102**	4,822
Investing activities	**(2,018)**	(2,390)
Financing activities	**(5,593)**	(2,726)
Increase (Decrease) in cash	**2,491**	(294)

Glacier had $2.9 million of cash and cash equivalents on hand as at March 31, 2011. The changes in the components of cash flows during the first quarter of 2011 and 2010 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 $9.9 million compared to $8.7 million in the same period in the prior year. Cash from operations before non-recurring items and after changes in non-cash operating accounts was $10.9 million compared to $4.8 million in the prior year. This increase was due to higher net cash generated through operations and an increase in changes in non-operating working capital due to significant deposits on press equipment made during the three months ended March 31, 2010.

Investing Activities

Cash used in investing activities totalled $2.0 million for the quarter ended March 31, 2011 compared to $2.4 million in the same period of 2010. The change in investing activities was due to $0.4 million invested in acquisitions inclusive of bank indebtedness assumed and related financing compared to $0.7 million in the first quarter of 2010.

Financing Activities

Cash used for financing activities was $5.6 million for the quarter ended March 31, 2011 compared to $2.7 million in the same period in 2010. During the quarter, cash expended in financing activities included an unscheduled $3.0 million in repayments of its revolving bank loan, and a joint venture's scheduled repayments of term debt. Cash used for financing activities in the first quarter of 2010 included a net reduction of the Company's revolving bank loan as a result of the Company's $1.0 million unscheduled repayments and a joint venture's scheduled repayments of term debt.

Outstanding Share Data

As of March 31, 2011, there were 90,633,410 common shares, 1,575,000 share purchase options and 1,115,000 share purchase warrants outstanding. The options entitle the holder to acquire a common share of the Company at an average exercise price of $3.01, expire on April 3, 2012 and March 29, 2014 and are the only share purchase options outstanding. The warrants outstanding allow the holder to purchase one common share per warrant at $4.48 per share. These warrants expire on June 28, 2014.

As at June 13, 2011 the Company had 90,633,410 common shares outstanding.

Contractual Agreements

As at March 31, 2011, 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. During the three months ended March 31, 2011, the Company amended its revolving loan facility on substantially the same terms and conditions as its previous revolving loan facility. The amended facility includes greater potential borrowing capacity, no required principal repayments during its term and matures on March 30, 2015.

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 expires 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 facility and excluding the U.S. dollar foreign exchange contract, due over the next five calendar years, are as follows:

(thousands of dollars)	Total	2011	2012	2013	2014	2015	Thereafter
Long term debt	89,288	6,851	6,622	3,922	67	71,087	739
Operating Leases	11,578	3,215	2,459	1,639	1,154	932	2,179
	100,866	10,066	9,081	5,561	1,221	72,019	2,918

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, 2011 and 2010.

Financial Instruments

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

A small portion of the Company's products are sold at prices denominated in US dollars or based on prevailing US dollar prices while the majority of its operational costs and expenses are incurred in Canadian dollars. An increase in the value of the Canadian dollar relative to the US dollar reduces the revenue in Canadian dollar terms realized by the Company from sales made in US dollars. The Company also has investments in 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 three months ended March 31, 2011 Glacier had foreign exchange swap contracts to sell US$125,000 per month commencing April 2009 at a rate of CAD$1.162, expiring April 2012.

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

The Company's interest rate risk mainly arises from the interest rate impact on cash and floating rate debt. In prior years, the Company had managed a portion of its interest rate risk through a five year amortizing interest rate swap contract which reached maturity on December 31, 2010. At March 31, 2011, the Company has not entered into a new interest rate swap contract. An assumed 100 basis points increase in interest rates during the quarter ended March 31, 2011 would have a $0.2 million negative impact on pre-tax net income. An assumed 100 basis points decrease would have had an equal but opposite effect on pre-tax net income.

The fair value of the exchange forward contracts represents an estimate of the amount that the Company would receive or pay if the contracts were closed out at a market price on the balance sheet date. At March 31, 2011, the Company's exchange contract was in an unrealized gain position of $0.3 million. The Company concluded that these contracts do not qualify for hedge accounting; therefore changes in fair value of the contracts are recorded in the statement of operations each period.

Business Environment and Risks

A comprehensive discussion of Risks and Uncertainties was included in the 2010 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, 2011 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 $1.0 million for the three months ended March 31, 2011 and net assets of $101.7 million as at March 31, 2011.

Change in Accounting Policies

Conversion to International Financial Reporting Standards

For interim and annual periods in 2011 and beyond, Glacier is required to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS"). The Company's financial statements for the first quarter of 2011 are the first to be prepared in accordance with IFRS.

The principal impacts of the transition to IFRS on the net income for the Company are income taxes, business combinations, non-controlling interest, and depreciation of property, plant and equipment. The impacts of transition to IFRS on net income due to income taxes, non-controlling interest and depreciation of property, plant and equipment are substantially a result from opening balance sheet adjustments recorded to equity at January 1, 2010. The impacts of transition to IFRS on net income due to business combinations are a result of restatement of acquisitions and dispositions that occurred in the twelve months ended December 31, 2010. The impacts of the transition to IFRS are set out in Note 17 to the Interim Consolidated Financial Statements for the first quarter of 2011.

To ensure accurate and efficient reporting under IFRS, the Company developed a conversion plan in 2009, which was designed to identify differences between previous Canadian GAAP and IFRS that affect Glacier and any required changes to accounting processes and controls (including information technology systems). No significant impacts were identified in relation to the Company's information systems or day-to-day accounting processes and controls. Glacier reviewed its disclosure controls and procedures and updated these as required to ensure that they are appropriate for reporting under IFRS. Reporting in accordance with IFRS has now been embedded into the Company's systems and procedures.

First-time Adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS effective at the end of its first annual reporting period. However, IFRS 1 also provides certain option exemptions and mandatory exceptions to this retrospective treatment. The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS balance sheet as at January 1, 2010, the Company's transition date:

- Business combinations

  Under IFRS 1, the Company can elect not to restate historical combination transactions completed in accordance with Canadian GAAP to comply with IFRS 3, *Business Combinations*. The Company elected to not apply IFRS 3 to any combination transaction completed prior to January 1, 2010.

- Share-based payments

  Under IFRS 1, the Company can elect not to apply IFRS 2, *Share-based Payment Transactions,* to certain equity instruments including share purchase options issued and vested prior to transition. The application of IFRS 2 requires the revaluation of these instruments and therefore the Company has elected to maintain the historical accounting under Canadian GAAP.

- Fair value as deemed cost

  IFRS 1 allows the Company to elect to have the fair value of an individual item of property, plant and equipment deemed to be the cost on the date of transition to IFRS. Utilizing the deemed cost allows historical accumulated amortization to be reset to $nil and the cost base adjusted to the fair value of the asset on that date. The Company has elected to use this election and has adjusted the value of certain of its land and building assets to their fair value at January 1, 2010.

- Employee benefits

  IFRS allows the Company to recognize all actuarial gains and losses using either the corridor approach or another method that results in faster recognition in net income than the corridor method after the date of transition. IFRS 1 provides an optional election to allow the Company to recognize all cumulative actuarial gains and losses (previously unrecognized) on transition. This must be applied consistently across all defined benefit pension arrangements. The Company has elected to use the exemption and has recognized all cumulative unrecognized actuarial gains and losses on January 1, 2010.

- Borrowing costs

  IFRS requires that borrowing costs (interest, fees and other costs) be applied to the cost of certain qualifying assets that are created over time. Where direct borrowings are not incurred, an allocation of general borrowing to the asset being created is required. Under Canadian GAAP, the capitalization of borrowing costs was optional as an accounting policy decision. IFRS 1 allows for the Company to only apply the mandatory capitalization of borrowing costs prospectively for qualifying capital projects commencing after the date of transition. The Company has elected to apply this exemption, and not apply borrowing costs to its capital projects prior to the transition date.

- Currency translation adjustment

  IFRS requires that the cumulative effect of converting foreign operations into the Company's functional currency be reported as a separate component of equity within the financial statements. IFRS 1 allows an optional exemption to deem the cumulative translation amount at transition to be $nil on that date. The Company has elected to apply this exemption and has adjusted the cumulative translation amount to $nil at January 1, 2010.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS balance sheet at the transition date are consistent with those made under previous Canadian GAAP.

Impact of Adopting IFRS on the Company's Accounting Policies

The Company has changed certain accounting policies to be consistent with IFRS. The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

a) Property, plant and equipment deemed cost election

The Company applied the deemed cost election allowed under IFRS 1 by which the Company adjusted certain of its land and building assets to their fair value at transition to IFRS. This resulted in an overall increase to the carrying value of these assets by $10.9 million at January 1, 2010, the date of transition to IFRS. The Company incurred increased depreciation expense of $0.1 million for the three months ended March 31, 2010 and $0.2 million for the year ended December 31, 2010 as a result of the transitional increase to the carrying value of its building assets.

b) Property, plant and equipment componentization

For significant components of major items of property, plant and equipment, IAS 16 requires that each significant component be recorded separately and depreciation be calculated based on the useful life of each component. As a result of separating the components of certain large assets the Company recorded an adjustment to increase accumulated depreciation on transition of $0.4 million. The Company incurred additional depreciation expense of $0.1 million for the three months ended March 31, 2010 and $0.4 million for the year ended December 31, 2010, related to componentized depreciation for certain of the Company's property, plant and equipment assets.

c) Business combinations

During 2010, the Company completed two business combination transactions for which IFRS requires different accounting treatment than was required under Canadian GAAP.

(i) The Company incurred transaction costs of $1.9 million related to a business combination completed in 2010. Under Canadian GAAP, these costs were included in the purchase price calculation and were included in Goodwill. Under IFRS 3, *Business Combinations*, transaction costs are required to be expensed as incurred. The Company has expensed these costs in the 2010 statement of operations.

(ii) The Company purchased the remaining 50% of one of its joint venture partners in 2010. Under Canadian GAAP, the Company does not record negative goodwill for the fair value of the assets acquired in excess of the purchase price. Canadian GAAP requires that this amount be recorded net against the value of the asset acquired. Under IFRS 3, the Company records the assets acquired at their fair value and records a gain on the transaction. The Company recorded a $2.0 million increase in property, plant and equipment and an after-tax gain on the statement of comprehensive income for $1.4 million.

d) Non-controlling interest

IAS 27 requires that non-controlling interests be recorded on the balance sheet within equity but separate from the equity of the parent. Under Canadian GAAP, non-controlling interests were recorded as a separate category and not included in equity. The Company has reclassified its non-controlling interest of $12.1 million at January 1, 2010 and $13.3 million at December 31, 2010 within equity on transition to IFRS. The Company recorded an increase to net income by $0.6 million for the three months ended March 31, 2010 and $1.8 million for the year ended December 31, 2010 for the reclassification of non-controlling interests within equity.

e) Deferred acquisition costs

In accordance with Canadian GAAP, at January 1, 2010 the Company had $0.8 million of deferred transaction costs relating to potential acquisition transactions recorded in other assets. IFRS 3 requires that transaction costs related to acquisitions be expensed in the period in which they were incurred. The Company has recorded an adjustment to write off these costs on transition.

f) Impairment of goodwill and intangible assets

The Company has revised its methodology for goodwill and intangible assets to incorporate the guidance in IAS 36. There are differences in the methodology used to determine if goodwill and intangible assets should be impaired under IAS 36 as compared to Canadian GAAP including the following:

Under Canadian GAAP, assets are tested at different units of accounting as follows: indefinite lived intangibles at the individual asset level; amortizable long-lived assets at the individual asset level or the asset group that contains the respective asset; and goodwill at the reporting unit level. Under IAS 36, assets are tested for impairment at different levels: all assets except goodwill or corporate or centralized assets at the individual asset level or cash generating unit ("CGU") that uses the asset or to which the asset can be allocated; corporate or centralized assets which cannot be allocated to individual CGUs at the group of CGUs to which the assets can be allocated; and goodwill at the CGU or group of CGUs to which the goodwill relates. A CGU is the smallest identifiable group of assets that generates cash inflows independently of the cash inflows from other assets or group of assets. Identification of CGUs is based on assets and cash inflows only.

Canadian GAAP rules provided for a two-step test, with no impairment being required if the undiscounted future expected cash flows relating to an asset exceeded the carrying value of that asset. Under IFRS, the undiscounted cash flows are not considered and an impairment is recorded where the recoverable amount (defined as the higher of 'value in use' and 'fair value less costs to sell') is below the asset's carrying value.

As a result of applying the guidance in IAS 36 in the Company's goodwill and intangible asset impairment testing, impairments were required for certain intangible assets and goodwill of certain CGUs that were not recorded under Canadian GAAP. The effect at the date of transition was to decrease the carrying value of goodwill in CGUs reported in the Newspaper and Trade Publication segment by $10.0 million and $2.0 million in CGUs reported in the Business and Professional segment and decrease the carrying amount of intangible assets in CGUs reported in the Newspaper and Trade Publication segment by $0.6 million.

At December 31, 2010, the impact of these opening balance sheet impairments was to reduce goodwill by $12.0 million and intangible assets by $0.6 million.

g) Employee benefits

Under IFRS, the Company's accounting policy is to recognize all actuarial gains and losses related to defined benefit pension arrangements in comprehensive income. Under Canadian GAAP, the Company was utilizing the corridor method which recognizes a portion of the unrecognized gains and losses in net earnings. At transition on January 1, 2010, the Company recognized its cumulative unrecognized gains and losses on that date of $3.8 million in accordance with the IFRS 1 election. For the three months ended March 31, 2010, the Company recognized a comprehensive loss of $0.6 million (net of tax of $0.2 million) and an increase in employee benefit expense. For the year ended December 31, 2010, the Company recognized a comprehensive loss of $2.6 million (net of tax of $0.9 million) and an increase in employee benefit expense of $0.1 million.

h) Deferred income tax credit

Under Canadian GAAP (EIC 110), income tax assets acquired through a business combination or reorganization that exceeded the consideration paid were required to be deferred and amortized to income tax expense as the income tax assets were utilized by the Company. Under IFRS, the excess tax assets above the consideration paid for those assets are considered a gain and recorded in earnings at the date of the transaction. The Company adjusted its EIC 110 deferred tax credit of $14.5 million to retained earnings at January 1, 2010, the date of transition.

i) Income taxes

Under IFRS, deferred tax assets or liabilities cannot be classified as current. The Company has reclassified its deferred tax assets on transition to non-current assets.

The Company has also recorded the net income tax effect of the adjustments in a, b, c.ii, g and h for a total increase to income tax expense for the three months ended March 31, 2010 of $1.8 million and for the twelve months ended December 31, 2010 of $5.2 million. The Company recorded a net increase to deferred income tax liability $3.4 million at January 1, 2010 and of $1.8 million at December 31, 2010.

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 accounts receivable, 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 months ended March 31,

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

	2011	2010
	$	$
Revenue	**61,027**	57,488
Direct expenses	**38,887**	36,578
Gross profit	**22,140**	20,910
Expenses		
General and administrative	**11,408**	10,831
Income before the undernoted	**10,732**	10,079
Interest expense, net	**1,308**	1,811
Depreciation of property, plant and equipment	**1,598**	1,501
Amortization of intangible and other assets	**2,177**	1,702
Foreign exchange (gain) loss	**(20)**	91
Loss (gain) on change in fair value of derivative financial instruments	**16**	(371)
Restructuring expense and other (Note 14)	**1,100**	-
Share of (earnings) from associate	**(259)**	(413)
Net income before income taxes	**4,812**	5,758
Income tax expense (Note 11)	**1,586**	1,776
Net income for the period	**3,226**	3,982
Net income attributable to:		
Common shareholders	**2,740**	3,364
Non-controlling interest	**486**	618
Earnings per share attributable to common shareholders		
Basic and diluted	**0.03**	0.04
Weighted average number of common shares		
Basic and diluted	**90,633,410**	92,721,210

See accompanying condensed notes to these interim consolidated financial statements

GLACIER MEDIA INC.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Three months ended March 31,

(Expressed in thousands of Canadian dollars)
(Unaudited)

	2011	2010
	$	$
Net income for the period	**3,226**	3,982
Other comprehensive income (loss)		
Actuarial gain (losses) on defined benefit pension plans (net of tax of $283; 2010: $228)	**848**	(645)
Currency translation adjustment on joint venture	**(76)**	(123)
Other comprehensinve income (loss), net of tax	**772**	(768)
Total comprehensive income for the period	**3,998**	3,214
Comprehensive income attributable to:		
Common shareholders	**3,488**	2,620
Non-controlling interest	**510**	594

See accompanying condensed notes to these interim consolidated financial statements

GLACIER MEDIA INC.

INTERIM CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of Canadian dollars)
(Unaudited)

	As at March 31, 2011	As at December 31, 2010	As at Janauary 1, 2010
	$	$	$
Assets			
Current assets			
Cash and cash equivalents	**2,911**	420	2,364
Trade and other receivables	**39,353**	40,000	33,511
Inventory	**6,307**	5,505	5,708
Prepaid expenses	**3,114**	2,756	4,336
	51,685	48,681	45,919
Non-current assets			
Investment in associate (Note 7)	**23,117**	22,890	22,055
Other investments	**2,960**	2,939	2,939
Other assets	**2,098**	562	4,842
Deferred income taxes	**1,414**	1,763	736
Property, plant and equipment	**61,138**	61,749	51,602
Goodwill	**199,832**	199,832	212,156
Intangible assets	**161,945**	163,433	161,477
Total assets	**504,189**	501,849	501,726
Liabilities			
Current liabilities			
Trade and other payables	**21,457**	20,808	19,060
Dividends payable (Note 10)	**2,719**	-	-
Deferred revenue	**21,255**	20,006	19,266
Current portion of long-term debt (Note 8)	**8,251**	8,569	7,422
Preferred shares of an affiliated company	**-**	-	5,000
	53,682	49,383	50,748
Non-current liabilities			
Non-current portion of deferred revenue	**820**	798	899
Other non-current liabilities	**3,608**	3,582	3,582
Long-term debt (Note 8)	**81,037**	85,633	93,688
Deferred income taxes	**20,973**	19,649	17,726
Total liabilities	**160,120**	159,045	166,643
Equity			
Share capital (Note 9)	**202,059**	202,059	206,713
Contributed surplus	**8,933**	8,644	8,886
Accumulated other comprehensive (loss)	**(1,940)**	(2,688)	-
Retained earnings	**121,197**	121,176	106,976
Total equity attributable to common shareholders	**330,249**	329,191	322,575
Non-controlling interest	**13,820**	13,613	12,508
Total equity	**344,069**	342,804	335,083
Total liabilities and equity	**504,189**	501,849	501,726

Subsequent event (Note 16)

See accompanying condensed notes to these interim consolidated financial statements

GLACIER MEDIA INC.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
Three months ended March 31,

(Expressed in thousands of Canadian dollars)
(Unaudited)

	2011	2010
	$	$
Operating activities		
Net income	**3,226**	3,982
Items not affecting cash		
Depreciation of property, plant and equipment	**1,598**	1,501
Amortization of intangible and other assets	**2,177**	1,702
Stock based compensation	**289**	-
Employee future benefit expense in excess of employer contributions	**302**	199
Deferred income taxes	**1,355**	1,569
Non-cash interest expense	**436**	424
Share of (earnings) from associate	**(259)**	(413)
Loss (gain) on change in fair value of derivative financial instruments	**16**	(371)
Unrealized foreign exchange loss on long-term receivable	**(66)**	69
Cash flow from operations before changes in non-cash operating accounts	**9,074**	8,662
Changes in non-cash operating accounts		
Trade and other receivables	**654**	(1,607)
Inventory	**(802)**	(425)
Prepaid expenses	**(358)**	(3,379)
Trade and other payables	**264**	(1,076)
Deferred revenue	**1,270**	2,647
Cash generated from operating activites	**10,102**	4,822
Investing activities		
Acquisitions, inclusive of bank indebtedness assumed and related financing liabilities	**(400)**	(735)
Purchase of property, plant and equipment	**(1,532)**	(1,534)
Investments	**(86)**	(121)
Cash used in investing activities	**(2,018)**	(2,390)
Financing activities		
Distribution to non-controlling interests	**(303)**	(353)
Repayment of long-term debt	**(5,290)**	(2,373)
Cash used in financing activities	**(5,593)**	(2,726)
Net cash inflow (outflow)	**2,491**	(294)
Cash and cash equivalents, beginning of period	**420**	2,364
Cash and cash equivalents, end of period	**2,911**	2,070

Supplemental information (Note 13)

See accompanying condensed notes to these interim consolidated financial statements

GLACIER MEDIA INC.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Attributable to common shareholders							
	Share capital							
	Shares	Amount	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total	Non-controlling interests	Total equity
		$	$	$	$	$	$	$
Balance, January 1, 2010	92,721,210	206,713	8,886	-	106,976	322,575	12,508	335,083
Distributions to non-controlling interests	-	-	-	-	-	-	(353)	(353)
Net income	-	-	-	-	3,364	3,364	618	3,982
Other comprehensive income (loss)								
Actuarial gain (loss) on defined benefit pension plan				(625)		(625)	(20)	(645)
Currency translation adjustment on joint venture				(119)		(119)	(4)	(123)
Total comprehensive income						2,620	594	3,214
Balance, March 31, 2010	92,721,210	206,713	8,886	(744)	110,340	325,195	12,749	337,944
Repurchase of common shares	(2,087,800)	(4,654)	(242)	-	-	(4,896)	-	(4,896)
Distributions to non-controlling interests	-	-	-	-	-	-	(275)	(275)
Net income	-	-	-	-	10,836	10,836	1,201	12,037
Other comprehensive income (loss)								
Actuarial gain (loss) on defined benefit pension plan	-		-	(1,876)	-	(1,876)	(60)	(1,936)
Currency translation adjustment on joint venture	-		-	(68)	-	(68)	(2)	(70)
Total comprehensive income						8,892	1,139	10,031
Balance, December 31, 2010	90,633,410	202,059	8,644	(2,688)	121,176	329,191	13,613	342,804
Dividends declared on common shares	-	-	-	-	(2,719)	(2,719)	-	(2,719)
Distributions to non-controlling interests	-	-	-	-	-	-	(303)	(303)
Stock option expense	-	-	289	-	-	289	-	289
Net income	-	-	-	-	2,740	2,740	486	3,226
Other comprehensive income								
Actuarial gain (loss) on defined benefit pension plan	-	-	-	822	-	822	26	848
Currency translation adjustment on joint venture	-	-	-	(74)	-	(74)	(2)	(76)
Total comprehensive income						3,488	510	3,998
Balance, March 31, 2011	**90,633,410**	**202,059**	**8,933**	**(1,940)**	**121,197**	**330,249**	**13,820**	**344,069**

See accompanying condensed 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 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 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 and adoption of IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards and required publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, these interim consolidated financial statements of Glacier and its subsidiaries were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). In the financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

As these condensed interim consolidated financial statements represent the Company's initial presentation of its operations, comprehensive income, financial position, equity and cash flows under IFRS, they were prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* and IFRS 1, *First-time Adoption of IFRS*. Subject to certain transition elections disclosed in Note 17, Glacier has consistently applied the same accounting policies in its opening IFRS balance sheet at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect.

The Company's consolidated financial statements were previously prepared in accordance with Canadian GAAP. Canadian GAAP differs in some areas from IFRS. In preparing these condensed interim consolidated financial statements, management has amended certain accounting, valuation and consolidation methods previously applied in the Canadian GAAP financial statements to comply with IFRS. The comparative figures for 2010 were restated to reflect these adjustments. Certain information and footnote disclosures which are considered material to the understanding of the Company's amended condensed interim financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are provided in Note 17 along with reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on operations, comprehensive income, financial position, equity, and cash flows.

These condensed interim consolidated financial statements have been prepared in accordance with the accounting policies the Company expects to adopt in its December 31, 2011 financial statements. These accounting policies are based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective as of June 13, 2011. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

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

2. Basis of preparation and adoption of IFRS (continued)

These condensed interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended December 31, 2010. Note 17 discloses IFRS information for the year ended December 31, 2010 not provided in the 2010 annual Canadian GAAP financial statements.

3. Significant accounting policies

The principal accounting policies adopted in the preparation of these condensed interim consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments and available-for-sale investments.

(b) Principles of consolidation

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company as at March 31, 2011 and the results of all controlled entities for the three months then ended. Controlled entities are those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. In addition, control may exist without having more than 50% of the voting power through ownership or agreements, or in the circumstances of enhanced minority rights, as a consequence of *de facto* control. *De facto* control is control without the legal right to exercise unilateral control, and involves decision making ability that is not shared with others and the ability to give direction with respect to the operating and financial policies of the entity concerned.

All inter-company balances, transactions and unrealized profits resulting from inter-company transactions have been eliminated. Where control of an entity is acquired during a financial year, its results are included in the statement of operations from the date on which control commences. Where control of a subsidiary ceases during a financial year, its results are included up to the point in the year when control ceases.

Non-controlling interests
Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Changes in the parent Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Associates
Associates are all entities over which the Company has significant influence but not control. Generally, the Company has a shareholding of between 20% and 50% of the voting rights in its associates. Investments in associates are accounted for using the equity method as follows:

3. Significant accounting policies (continued)

(b) Principles of consolidation (continued)

Associates (continued)

- Investments are initially recognized at cost.

- Associates include goodwill identified on acquisition, net of any accumulated impairment loss.

- The Company's share of its associate's post-acquisition profits or losses is recognized in the statement of operations. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

- Gains on transactions between the Company and its equity method investees are eliminated to the extent of the Company's interest in these entities, and losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Joint ventures
Joint ventures are entities over which the Company has joint control with one or more unaffiliated entities. Joint ventures are accounted for using the proportionate consolidation method as follows:

- The balance sheets include the Company's share of the assets that it controls jointly and the liabilities for which it is jointly responsible.
- The statement of operations includes the Company's share of the income and expenses of the jointly controlled entity.
- Gains on transactions between the Company and its joint ventures are eliminated to the extent of the Company's interest in the joint ventures, and losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The accounting policies of subsidiaries, associates and joint ventures were changed where necessary to ensure consistency with the policies adopted by the Company.

(c) Foreign Currency

Functional and presentation currency
The consolidated financial statements are presented in Canadian dollars, which is Glacier's functional currency.

The financial statements of entities that have a functional currency different from that of Glacier ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities at the closing rate at the date of the balance sheet, and income and expenses at the average rate of the period. All resulting changes are recognized in other comprehensive income as currency translation adjustments.

3. Significant accounting policies (continued)

(c) Foreign Currency (continued)

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency balances are translated at the period-end exchange rate. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of operations.

(d) Revenue recognition

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

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

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

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

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

(e) Income taxes

Tax expense comprises current and deferred tax. Tax is recognized in the statement of operations except to the extent it relates to items recognized directly in equity, in which case the related tax is recognized in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date.

Tax on income in interim periods is determined using the tax rate that would be applicable to expected annual earnings.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

3. Significant accounting policies (continued)

(e) Income taxes (continued)

Deferred tax is accounted for using a temporary difference approach and is the tax expected to be payable or recoverable on temporary differences between the carrying amount of assets and liabilities in the balance sheets and the corresponding tax bases used in the computation of taxable profit. Deferred tax is calculated based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply to the year of realization or settlement based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes. Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and investments with an original maturity at the date of purchase of three months or less.

(g) Inventory

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

Costs are assigned to inventory quantities on hand at the balance sheet date using either the average cost or a first-in, first-out basis, based on the nature of the inventory. Cost comprises material, labour and an appropriate proportion of fixed and variable overheads. Net realizable value is the estimated selling price in the ordinary course of the business less the estimated cost of completion and the estimated cost necessary to make the sale.

(h) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment. Costs directly attributable to the acquisition or construction of fixed assets, including internal labour and interest, are also capitalized as part of the cost.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of operations during the financial period in which they are incurred.

3. Significant accounting policies (continued)

(h) Property, plant and equipment (continued)

Depreciation and amortization
Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Building	20 – 40 years
Production machinery and equipment	3 - 25 years
Office equipment and fixtures	3 - 15 years

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant components and depreciates separately each such component.

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

The assets' residual values, method of amortization and useful lives are reviewed and adjusted, if appropriate, at least annually. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of operations.

(i) Identifiable intangible assets

Upon acquisition, identifiable intangible assets are recorded at fair value. The carrying values of all intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Additionally, the carrying values of identifiable intangible assets with indefinite lives are tested annually for impairment because they are not amortized. Impairment is determined by comparing the recoverable amount of such assets with their carrying amounts. The Company evaluates impairment losses for potential reversals when events or changes in circumstances warrant such consideration.

Trademarks and Mastheads
Trademarks and newspaper mastheads are initially recorded at fair value. The trademarks and mastheads have been assessed to have indefinite useful lives. Accordingly, they are not amortized and are tested for impairment annually or when there is a change in circumstances that indicates that the carrying value may not be recoverable, and are carried at cost less accumulated impairment losses. For purposes of impairment testing, the fair value of trademarks and mastheads is determined using an income approach, specifically the relief from the royalty's method.

The Company's trademarks and mastheads operate in established markets with limited restrictions and are expected to continue to complement the Company's media initiatives. On this basis, the Company has determined that trademarks and Mastheads have indefinite lives as there is no foreseeable limit to the period over which the assets are expected to generate cash flows for the Company.

3. Significant accounting policies (continued)

(i) Identifiable intangible assets (continued)

Other identifiable intangible assets
Other identifiable intangible assets consist of copyrights, subscription lists, customer relationships and other intangible assets and are recorded at cost. Copyrights are amortized on a straight-line basis over 30 years and subscription lists are amortized over the period of the subscription contract. Customer relationships are amortized on a straight-line basis over their expected life of 3 to 15 years. Other identifiable intangible assets with finite lives are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Computer software
Acquired computer software licenses are capitalized as an intangible asset as are internal and external costs directly incurred in the purchase or development of computer software, including subsequent upgrades and enhancements when it is probable that they will generate future economic benefits attributable to the consolidated entity. These costs are amortized using the straight-line method over their expected useful lives of 3 to 5 years.

(j) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortized. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(k) Impairment of non-financial assets

Non-financial assets are tested for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. An impairment charge is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use.

Goodwill is reviewed for impairment annually or at any time if an indicator of impairment exists. For the purposes of impairment testing, goodwill acquired through a business combination is allocated to each cash generating unit ("CGU") or group of CGUs that are expected to benefit from the related business combination. A group of CGUs represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment.

Non-financial assets other than goodwill that suffer impairment are evaluated for possible reversal of the impairment when events or circumstances warrant such consideration.

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

3. Significant accounting policies (continued)

(l) Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Assets acquired under finance leases are included as property, plant and equipment in the balance sheet. Finance leases are capitalized at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. A corresponding liability is also established and each lease payment is allocated between the liability and finance charges. The interest element is charged to the statement of operations over the period of the lease.

Leased assets are depreciated in the same manner as property, plant and equipment that are owned, on a straight-line basis, net of their residual values, over their estimated useful lives. Where there is not reasonable certainty that the consolidated entity will obtain ownership of the leased assets by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Other leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments, excluding contingent payments, are charged to expense on a straight-line basis over the period of the lease term unless another systematic basis is more representative of the time pattern of the Company's benefit.

(m) Provisions

Provisions for restructuring costs and legal claims, where applicable, are recognized in trade and other payables when the Company has a legal, equitable or constructive obligation to make a future outflow of economic benefits to others as a result of past transactions or past events, it is probable that a future outflow of economic benefits will be required, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. Provisions are not recognized for future operating losses.

(n) Employee pension and other post-employment benefits

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

A liability or asset in respect of defined benefit pension plans and certain other post-employment benefit plans is recognized in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the pension fund's assets. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

3. Significant accounting policies (continued)

(n) Employee pension and other post-employment benefits (continued)

Actuarial gains and losses are recognized in full in the period in which they occur, in other comprehensive income and retained earnings without recycling to the statement of operations in subsequent periods. Current service cost, the recognized element of any past service cost, the expected return on plan assets and the interest on the pension liability are included in the same line items in the statement of operations as the related compensation expense.

(o) Stock-based compensation

The fair value of options granted under the Stock Option Plan is recognized as a compensation expense with a corresponding increase in contributed surplus within the Company's equity. The fair value is measured at the grant date and recognized over the period during which the options vest. Each tranche in an award is considered as a separate award with its own vesting period and grant date fair value.

The fair value at the grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the share price at the grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

(p) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

(q) Dividends

Dividends on common shares are recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Board of Directors of the Company.

(r) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing profit attributable to equity holders of the Company, excluding any costs to service equity other than common shares, by the weighted average number of common shares outstanding during the period.

Diluted earnings per share
Diluted earnings per share is calculated by adjusting the weighted average shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method.

3. Significant accounting policies (continued)

(s) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the statement of operations in the period in which they are incurred.

(t) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Derivatives are also included in this category unless they are designated as hedges. The only instruments held by the Company classified in this category are interest rate swaps and foreign exchange forward contracts.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of operations. Gains and losses arising from changes in fair value are presented in the statement of operations within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

(ii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company's available-for-sale assets comprise marketable securities and investments in other equity instruments.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are subsequently measured at cost. Gains or losses arising from changes in fair value are recognized in other comprehensive income. Available-for-sale investments are classified as non current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months.

3. Significant accounting policies (continued)

(t) Financial instruments (continued)

Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statement of operations as part of interest income. Dividends on available-for-sale equity instruments are recognized in the statement of operations as part of other gains and losses when the Company's right to receive payment is established. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of operations and are included in other gains and losses.

(iii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise cash and cash equivalents and trade and other receivables, and are included in current assets due to their short-term nature.

Loans and trade and other receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(iv) Financial liabilities at amortized cost: Financial liabilities at amortized cost include trade and other payables, dividends payable, bank debt, long and short-term debt, and preferred shares in an affiliated Company. Trade and other payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade and other payables are measured at amortized cost using the effective interest method. Short and long-term debt and preferred shares in an affiliated Company are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(v) Derivative financial instruments: The Company uses derivatives in the form of interest rate swaps and foreign exchange forward contracts to manage risks related to its variable rate debt and fluctuations in the value of the US dollar. All derivatives have been classified as held-for-trading and are included on the balance sheet at their fair value. Interest rate swaps are included within long-term debt and foreign exchange forward contracts are included within trade and other receivables, and are classified as current or non-current based on the contractual terms specific to the instrument. Gains and losses on re-measurement of the interest rate swap are included in interest income (expense) and on foreign exchange forward contracts are included in unrealized gains and losses on derivative financial instruments.

The Company does not designate any of its derivative instruments as accounting hedges in accordance with IAS 39 and does not apply hedge accounting.

3. Significant accounting policies (continued)

(u) Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

(i) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

(ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of operations. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to net income.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

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, 2013.

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 following is a brief summary of the new standards:

(a) IFRS 9 – Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income.

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

(b) IFRS 10 – Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces Standing Interpretations Committee ("SIC") 12, *Consolidation-Special Purpose Entities*, and parts of IAS 27, *Consolidated and Separate Financial Statements*.

(c) IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities-Non-monetary Contributions by Venturers*.

(d) IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

(e) IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

(f) Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, *Separate Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to 13.

The Company has not yet assessed the impact of these new standards or determined if it will adopt the standards early.

5. Critical accounting estimates and assumptions

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill and assets with indefinite lives

In accordance with the accounting policy stated in Note 3(k), the Company annually tests whether goodwill and intangible assets with indefinite lives have suffered any impairment. The tests incorporate assumptions regarding future events which may or may not occur, resulting in the need for future revisions of estimates. There are also judgements involved in determination of CGUs.

(b) Share-based payments

The Company provides incentives via share-based payment entitlements (Note 9). The fair value of entitlements is determined in accordance with the accounting policy in note 3(o). If certain assumptions used in the fair value calculation were to change, there would be an impact on the statement of operations in future financial periods.

(c) Retirement benefit assets/obligations

The asset/liability in respect of the defined benefit pension plan is calculated as the defined benefit obligation less plan assets and other adjustments. The methodology utilized by the Company to determine the benefit obligation is consistent with the prior year.

(d) Income taxes

The Company is subject to income taxes in Canada and in certain of its foreign operations. Management has estimated the income tax provision and deferred income tax balances in accordance with its interpretation of the various income tax laws and

regulations. It is possible, due to complexity inherent in estimating income taxes, that the tax provision and deferred income tax balances could change.

(e) Derivative financial instruments

The fair values of over-the-counter derivatives are determined using valuation techniques adopted by the directors with assumptions that are based on market conditions existing at each balance sheet date. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows.

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

5. Critical accounting estimates and assumptions (continued)

(f) Allocation of purchase price on business combinations

On the acquisition of a business, the Company is required to identify and measure the various assets and liabilities acquired. This is based on the estimated fair value of each item acquired with the remainder of the purchase price being recognized as goodwill.

(g) *Estimated useful lives*

Management estimates the useful lives of property, plant and equipment and amortizing intangible assets based on the period during which the assets are available for use. The amounts and timing of depreciation and amortization for these amounts are affected by the useful lives. The estimates are reviewed annually and are updated for changes in the expected useful life.

6. Acquisitions

During the three months ended March 31, 2011, Glacier and its subsidiaries completed minor acquisitions at a cost of $0.4 million (2010 - $1.0 million including $0.3 million of related financing liabilities).

7. Investment in associate

Investment in associates includes an equity interest in Continental Newspapers Ltd., which owns and operates newspapers in British Columbia and Ontario.

8. Long-term debt

The Company has the following long-term debt outstanding at March 31, 2011, December 31 2010 and January 1, 2010:

	March 31, 2011	December 31, 2010	January 1, 2010
	$	$	$
Revolving bank loan	**72,000**	75,000	82,000
Proportionate share of non-recourse long-term debt owed by ANGLP	**11,161**	12,382	17,098
Fair value of derivative instruments	**-**	-	1,030
Capital lease	**3,338**	3,922	-
Financing charges	**(983)**	(950)	(2,223)
Mortgages and other loans	**3,772**	3,848	3,205
	89,288	94,202	101,110
Less: Current portion	**8,251**	8,569	7,422
	81,037	85,633	93,688

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

8. Long-term debt (continued)

During the three months ended March 31, 2011, Glacier amended its revolving loan facility with a syndicate of major Canadian banks. The amended facility includes potential increased borrowing capacity, has no required principal repayments during its term, and matures on March 30, 2015. The maximum that can be drawn on the amended facility is dependent on the Company's debt to earnings ratio.

The amended facility bears interest at varying rates based on the prevailing bankers' acceptance rate plus an acceptance fee which ranges from 1.50% to 2.75% or the bank prime rate plus 0.50% to 1.75%, depending on Glacier's debt to earnings ratio.

This amended facility is secured by a general security agreement including fixed and floating charges over all of Glacier's and its subsidiaries' assets.

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, 2011, December 31, 2010 and January 1, 2010.

9. Share capital

At March 31, 2011, the Company has an authorized unlimited number of common shares without par value and an unlimited number of preferred shares. There were no changes to the Company's issued and outstanding share capital or warrants during the three months ended March 31, 2011.

The Company has a stock option plan for officers, directors and certain employees. The maximum number of options available for issuance is 2,238,348. On March 29, 2011, the Company granted 475,000 share purchase options to certain directors and senior management. The options entitle the holder to acquire a common share of the Company at an exercise price equal to the closing price of the common shares on the TSX on March 29, 2011, being $2.44, and expire on March 29, 2014. At March 31, 2011, there are 1,575,000 share purchase options outstanding at an average exercise price of $3.01 and that expire on dates between April 3, 2012 and March 29, 2014.

The Company recognizes compensation expense for all stock options awarded based on the fair value of the option on the date of grant. The fair value of the stock options granted on March 30, 2011 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: expected volatility of 40.44%; risk-free interest rate of 2.0%; expected life of three years; and annual dividend yield of 2.5%. Stock-based compensation cost of $0.3 million has been recorded for the period ended March 31, 2011 (2010 - $nil).

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

9. Share capital (continued)

The following transactions occurred within the stock option plan:

	2011		**2010**	
	Common shares	**Weighted average exercise price**	Common shares	Weighted average exercise price
		$		$
Options outstanding at beginning of period	**1,100,000**	**3.25**	1,100,000	3.25
Granted	**475,000**	**2.44**	-	-
Exercised	**-**	**-**	-	-
Outstanding at end of period	**1,575,000**	**3.01**	1,100,000	3.25
Exercisable at end of period	**1,575,000**	**3.01**	1,100,000	3.25

At March 31, 2011, the Company has 1,115,000 warrants outstanding allowing the holder to purchase one common share per warrant at $4.48 per share. The warrants will expire on June 28, 2014.

10. Dividends

On March 30, 2011, the Company declared the payment of a cash dividend of $0.03 per common share payable to shareholders of record on July 15, 2011. The dividend will be paid on or about August 1, 2011.

11. 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 year ended December 31, 2010 and the three months ended March 31, 2011 was 26.5%. The components of income tax expense are shown in the following table:

	March 31, 2011	March 31, 2010
	$	$
Current	**231**	207
Deferred	**1,355**	1,569
Income tax expense	**1,586**	1,776

At March 31, 2011, 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, except share and per share amounts)
(Unaudited)

12. Joint ventures

At March 31, 2011, the Company exercised joint control over the operations of Great West, Fundata, Alberta Newspaper Group Limited Partnership ("ANGLP"), and Rhode Island Suburban Newspaper Inc. The balances below at March 31, 2011, and for the three months ended March 31, 2011, representing the Company's ownership interests in these operations, have been proportionately consolidated in the Company's consolidated financial statements.

The balances following at December 31, 2010 do not include the Company's ownership interest in Printwest Communications Ltd. ("Printwest") as the Company acquired its joint venture partner's 50% interest in Printwest during the Company's second quarter of 2010. However, the balances below for the three months ended March 31, 2010 and at January 1, 2010, reflect the Company's ownership interests in Printwest during this period, which was 50%.

	March 31, 2011	March 31, 2010
	$	$
Statement of operations		
Sales	**10,715**	12,644
Costs and expenses	**9,729**	11,289
Net income	**986**	1,355

	March 31, 2011	December 31, 2010	January 1, 2010
Balance sheet			
Cash and cash equivalents	**4,945**	3,287	1,900
Other current assets	**6,828**	8,953	10,381
Property, plant and equipment	**11,257**	11,361	15,227
Intangible assets	**38,038**	38,533	38,572
Goodwill	**67,200**	67,113	66,798
Other non-current assets	**521**	521	239
Accounts payable and accrued liabilities	**(2,621)**	(3,021)	(3,696)
Other current liabilities	**(9,271)**	(10,047)	(9,758)
Long-term debt	**(6,835)**	(8,005)	(13,924)
Future income tax liabilities	**(8,337)**	(8,331)	(8,222)
Net assets	**101,725**	100,364	97,517

13. Supplemental cash flow information

	March 31, 2011	March 31, 2010
	$	$
Interest paid	**878**	1,444
Income taxes paid	**198**	208

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

14. Restructuring expense and other

	March 31, 2011	March 31, 2010
	$	$
Restructuring expense (a)	**811**	-
Stock-based compensation (b)	**289**	-
	1,100	-

(a) Restructuring expense

During the three months ended March 31, 2011, restructuring expenses of $0.8 million were recognized (2010 - $nil), of which $0.6 million was included in accrued liabilities as at March 31, 2011 ($nil as at December 31, 2010 and $nil as at January 1, 2010). Restructuring expenses were recognized with respect to severance costs incurred as the Company reduced its workforce. The Company's cost reduction plan included staff layoffs, reduction in hours for part-time employees, reduction in newsprint consumption, and a wide variety of other measures.

(b) Stock based compensation

As disclosed in Note 9, on March 29, 2011, the Company granted 475,000 share purchase options to certain directors and senior management. The options entitle the holder to acquire a common share of the Company at an exercise price equal to the closing price of the common shares on the Toronto Stock Exchange (TSX) on March 29, 2011 being $2.44 and expire on March 29, 2014.

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

15. Segment disclosure

The Company and its subsidiaries operate in two distinct operating segments throughout the United States and Canada. These segments are the business and professional market that Specialty Technical Publishers, CD-Pharma, Eco Log and Fundata operate in and the newspaper and trade information market in which the rest of Glacier's businesses operate. All of the Company's assets are located in Canada except the assets of a joint venture located in the United States. The following segment information is for the three months ended March 31, 2011 and 2010:

(thousands of dollars)	Newspaper and Trade	Business and Professional	Corporate and Other	Consolidated
	$	$	$	$
Three months ended March 31, 2011				
Revenue	**57,523**	**3,504**	**-**	**61,027**
Income (loss) before interest, taxes and amortization	**9,731**	**1,009**	**(8)**	**10,732**
Net income	**2,737**	**507**	**(18)**	**3,226**
Amortization and depreciation	**3,542**	**233**	**-**	**3,775**
Assets	**468,205**	**35,945**	**39**	**504,189**
Capital expenditures	**1,435**	**97**	**-**	**1,532**
Investment in associate	**23,117**	**-**	**-**	**23,117**
Three months ended March 31, 2010				
Revenue	53,829	3,659	-	57,488
Income (loss) before interest, taxes and amortization	9,050	1,037	(8)	10,079
Net income	3,212	476	294	3,982
Amortization and depreciation	2,979	224	-	3,203
Assets	463,817	41,773	39	505,629
Capital expenditures	1,502	32	-	1,534
Investment in associate	22,404	-	-	22,404

16. Subsequent event

Subsequent to March 31, 2011, the Company completed a number of acquisitions for a total cost of $11.1 million including the acquisition of certain business and professional publishing assets including trade publications and digital brands, together with their associated readership database, events and web presence and an investment in a global print and digital media company specializing in business to business information services.

17. Transition to International Financial Reporting Standards

(a) Application of IFRS 1

These financial statements are the first interim consolidated financial statements prepared by the Company under IFRS. The Company has complied with IAS 34, *Interim Financial Reporting* and IFRS 1, *First-time Adoption of IFRS,* in preparing these condensed interim consolidated financial statements.

The Company's transition date to IFRS is January 1, 2010. The Company prepared its opening IFRS balance sheet at that date. In preparing its opening IFRS balance sheet and comparative information for the quarter ended March 31, 2010, the Company has adjusted the amounts previously reported in the financial statements under Canadian GAAP.

An explanation of how the transition from Canadian GAAP to IFRS has affected the operations, comprehensive income, balance sheets, cash flows and equity is set out in the following schedules and notes.

In preparing these condensed interim consolidated financial statements in accordance with IFRS 1, the Company has applied the mandatory exemptions and certain of the optional exemptions for full retrospective application of IFRS, as described below.

(b) Exceptions from full retrospective application followed by the Company

The following exception is mandatory under IFRS 1 and is applicable to the Company as follows:

(i) Estimates

Estimates under IFRS 1 as at January 1, 2010 should be consistent with estimates made for the same date under Canadian GAAP, unless there is evidence that those estimates were an error. The Company's estimates under IFRS at January 1, 2010 were consistent with those made under Canadian GAAP in accordance with IFRS 1.

All other mandatory exceptions required under IFRS 1 were not applicable to the Company.

The following optional exemptions from full retrospective application allowed under IFRS 1 were applied by the Company on transition to IFRS at January 1, 2010:

(i) Business combinations

Under IFRS 1, the Company can elect not to restate historical combination transactions completed in accordance with Canadian GAAP to comply with IFRS 3, *Business Combinations*. The Company elected to not apply IFRS 3 to any combination transaction completed prior to January 1, 2010.

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

17. Transition to International Financial Reporting Standards (continued)

(b) Exceptions from full retrospective application followed by the Company (continued)

(ii) Share-based payments

Under IFRS 1, the Company can elect not to apply IFRS 2, *Share-based Payment Transactions,* to certain equity instruments including share purchase options issued and vested prior to transition. The application of IFRS 2 requires the revaluation of these instruments and therefore the Company has elected to maintain the historical accounting under Canadian GAAP.

(iii) Fair value as deemed cost

IFRS 1 allows the Company to elect to have the fair value of an individual item of property, plant and equipment deemed to be the cost on the date of transition to IFRS. Utilizing the deemed cost allows historical accumulated amortization to be reset to $nil and the cost base adjusted to the fair value of the asset on that date. The Company has elected to use this election and has adjusted the value of certain of its land and building assets to their fair value at January 1, 2010.

(iv) Employee benefits

IFRS allows the Company to recognize all actuarial gains and losses using either the corridor approach or another method that results in faster recognition in net income than the corridor method after the date of transition. IFRS 1 provides an optional election to allow the Company to recognize all cumulative actuarial gains and losses (previously unrecognized) on transition. This must be applied consistently across all defined benefit pension arrangements. The Company has elected to use the exemption and has recognized all cumulative unrecognized actuarial gains and losses on January 1, 2010.

(v) Borrowing costs

IFRS requires that borrowing costs (interest, fees and other costs) be applied to the cost of certain qualifying assets that are created over time. Where direct borrowings are not incurred, an allocation of general borrowing to the asset being created is required. Under Canadian GAAP, the capitalization of borrowing costs was optional as an accounting policy decision. IFRS 1 allows for the Company to only apply the mandatory capitalization of borrowing costs prospectively for qualifying capital projects commencing after the date of transition. The Company has elected to apply this exemption, and not apply borrowing costs to its capital projects prior to the transition date.

(vi) Currency translation adjustment

IFRS requires that the cumulative effect of converting foreign operations into the Company’s functional currency be reported as a separate component of equity within the financial statements. IFRS 1 allows an optional exemption to deem the cumulative translation amount at transition to be $nil on that date. The Company has elected to apply this exemption and has adjusted the cumulative translation amount to $nil at January 1, 2010.

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

17. Transition to International Financial Reporting Standards (continued)

(c) Reconciliations between IFRS and GAAP

(i) The following reconciliations provide quantification of the effect of transition to IFRS on the balance sheets and equity of the Company at January 1, 2010 and December 31, 2010:

	Note	January 1, 2010		
		Canadian GAAP	Effect of Transition to IFRS	**IFRS**
		$	$	**$**
Assets				
Current assets				
Cash and cash equivalents		2,364	-	**2,364**
Trade and other receivables		33,511	-	**33,511**
Inventory		5,708	-	**5,708**
Prepaid expenses		4,336	-	**4,336**
Deferred income taxes	j	2,521	(2,521)	**-**
		48,440	(2,521)	**45,919**
Non-current assets				
Investment in associates		22,055	-	**22,055**
Other investments		2,939	-	**2,939**
Other assets	h, f	2,975	1,867	**4,842**
Property, plant and equipment	a, b	41,063	10,539	**51,602**
Deferred income taxes	j	-	736	**736**
Intangible assets	g	162,092	(615)	**161,477**
Goodwill	g	224,183	(12,027)	**212,156**
Total assets		503,747	(2,021)	**501,726**
Liabilities				
Current liabilities				
Trade and other payables		19,060	-	**19,060**
Deferred revenue		19,266	-	**19,266**
Current portion of long-term debt		7,422	-	**7,422**
Preferred shares of an affiliated company		5,000	-	**5,000**
		50,748	-	**50,748**
Non-current liabilities				
Non-current portion of deferred revenue		899	-	**899**
Deferred credit	i	14,489	(14,489)	**-**
Other non-current liabilities	h	4,665	(1,083)	**3,582**
Long-term debt		93,688	-	**93,688**
Deferred income taxes	j	16,093	1,633	**17,726**
Total liabilities		180,582	(13,939)	**166,643**
Non-controlling interest	e	12,122	(12,122)	**-**
Equity				
Share capital		206,713	-	**206,713**
Contributed surplus		8,886	-	**8,886**
Accumulated other comprehensive (loss)	d, h	(262)	262	**-**
Retained earnings	a, b, d, e, f, g, h, i	95,706	11,270	**106,976**
Total equity attributable to common shareholders		311,043	11,532	**322,575**
Non-controlling interest	e	-	12,508	**12,508**
Total equity		311,043	24,040	**335,083**
Total liabilities and equity		503,747	(2,021)	**501,726**

See accompanying notes to these reconciliations

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

17. Transition to International Financial Reporting Standards (continued)

(c) Reconciliations between IFRS and GAAP (continued)

	Note	Canadian GAAP	Effect of Transition to IFRS	IFRS
		December 31, 2010		
		$	$	**$**
Assets				
Current assets				
Cash and cash equivalents		420	-	**420**
Trade and other receivables		40,000	-	**40,000**
Inventory		5,505	-	**5,505**
Prepaid expenses		2,756	-	**2,756**
Deferred income taxes	j	3,216	(3,216)	**-**
		51,897	(3,216)	**48,681**
Non-current liabilites				
Investment in associates		22,890	-	**22,890**
Other investments		2,939	-	**2,939**
Other assets	h, f	2,517	(1,955)	**562**
Property, plant and equipment	a, b, c.ii	49,762	11,987	**61,749**
Deferred income taxes	j	-	1,763	**1,763**
Intangible assets	g	164,048	(615)	**163,433**
Goodwill	c.i, g	213,794	(13,962)	**199,832**
Total assets		507,847	(5,998)	**501,849**
Liabilities				
Current liabilities				
Trade and other payables		20,808	-	**20,808**
Deferred revenue		20,006	-	**20,006**
Current portion of long-term debt		8,569	-	**8,569**
Preferred shares of an affiliated company		-	-	**-**
		49,383	-	**49,383**
Non-current liabilites				
Non-current portion of deferred revenue		798	-	**798**
Deferred credit	i	8,044	(8,044)	**-**
Other non-current liabilities	h	4,878	(1,296)	**3,582**
Long-term debt		85,633	-	**85,633**
Deferred income taxes	c.ii, j	19,270	379	**19,649**
Total liabilities		168,006	(8,961)	**159,045**
Non-controlling interest	e	13,327	(13,327)	**-**
Equity				
Share capital		202,059	-	**202,059**
Contributed surplus		8,644	-	**8,644**
Accumulated other comprehensive (loss)	d, h	(455)	(2,233)	**(2,688)**
Retained earnings	a, b, c.i, c.ii, d, e, f, g, h, i	116,266	4,910	**121,176**
Total equity attributable to common shareholders		326,514	2,677	**329,191**
Non-controlling interest	e	-	13,613	**13,613**
Total equity		326,514	16,290	**342,804**
Total liabilites and equity		507,847	(5,998)	**501,849**

See accompanying notes to these reconciliations

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

17. Transition to International Financial Reporting Standards (continued)

(c) Reconciliations between IFRS and GAAP (continued)

(ii) The following reconciliation provides a quantification of the effect of transition to IFRS on equity of the Company at March 31, 2010:

	Notes	As at March 31, 2010
Total equity Canadian GAAP		316,272
Property, plant & equipment	a, b	10,403
Reclassification of non controlling interest	e	12,389
Deferred balances	f, i	11,809
Impairment	g	(12,642)
Employee benefits	h	2,868
Deferred income tax	J	(3,626)
Total Equity IFRS		337,473

See accompanying notes to these reconciliations

(iii) The following reconciliation provides quantification of the effect of transition to IFRS on comprehensive income of the Company for the three months ended March 31, 2010 and the year ended December 31, 2010.

	Notes	Three months ended March 31, 2010	Year ended December 31, 2010
Comprehensive income under Canadian GAAP		5,229	20,367
Amortization of property, plant and equipment	a, b	(136)	(553)
Employee benefit expense	h	(675)	(2,695)
Income tax expense	i, j	(1,824)	(5,173)
Business combinations	c.i, c.ii	-	(536)
Non-controlling interest	e	620	1,835
Comprehensive income under IFRS		3,214	13,245

See accompanying notes to these reconciliations

17. Transition to International Financial Reporting Standards (continued)

(c) Reconciliations between IFRS and GAAP (continued)

(iv) Statement of Cash Flows

The transition from Canadian GAAP to IFRS had no overall impact on the cash flows of the Company. The Company made the following changes and reclassifications to cash flows resulting from the transition to IFRS:

- Transaction costs were adjusted from investing activities to net income within operating cash flows in accordance with (v) c.i,
- Depreciation expense and net income within operating cash flows were adjusted for the change in amortization expense related to the revaluation of certain property, plant and equipment assets, in accordance with (v) a and (v) b.
- Deferred income taxes were adjusted for the impact of IFRS implementation on income taxes in accordance with (v) i.
- Non-controlling interest expense is no longer included in the statement of cash flows in accordance with (v) e.

(v) Notes to the reconciliations

a. Property, plant and equipment deemed cost election

The Company applied the deemed cost election allowed under IFRS 1 by which the Company adjusted certain of its land and building assets to their fair value at transition to IFRS. This resulted in an overall increase to the carrying value of these assets by $10.9 million at January 1, 2010, the date of transition to IFRS. The Company incurred increased depreciation expense of $0.1 million for the three months ended March 31, 2010 and $0.2 million for the year ended December 31, 2010 as a result of the transitional increase to the carrying value of its building assets.

b. Property, plant and equipment componentization

For significant components of major items of property, plant and equipment, IAS 16 requires that each significant component be recorded separately and depreciation be calculated based on the useful life of each component. As a result of separating the components of certain large assets the Company recorded an adjustment to increase accumulated depreciation on transition of $0.4 million. The Company incurred additional depreciation expense of $0.1 million for the three months ended March 31, 2010 and $0.4 million for the year ended December 31, 2010, related to componentized depreciation for certain of the Company’s property, plant and equipment assets.

17. Transition to International Financial Reporting Standards (continued)

(c) Reconciliations between IFRS and GAAP (continued)

(v) Notes to the reconciliations (continued)

c. Business combinations

During 2010, the Company completed two business combination transactions for which IFRS requires different accounting treatment than was required under Canadian GAAP.

i. The Company incurred transaction costs of $1.9 million related to a business combination completed in 2010. Under Canadian GAAP, these costs were included in the purchase price calculation and were included in Goodwill. Under IFRS 3, *Business Combinations*, transaction costs are required to be expensed as incurred. The Company has expensed these costs in the 2010 statement of operations.

ii. The Company purchased the remaining 50% of one of its joint venture partners in 2010. Under Canadian GAAP, the Company does not record negative goodwill for the fair value of the assets acquired in excess of the purchase price. Canadian GAAP requires that this amount be recorded net against the value of the asset acquired. Under IFRS 3, the Company records the assets acquired at their fair value and records a gain on the transaction. The Company recorded a $2.0 million increase in property, plant and equipment and an after-tax gain on the statement of comprehensive income for $1.4 million.

d. Cumulative translation adjustment

IFRS requires that the cumulative effect of converting foreign operations into the Company’s functional currently be reported as accumulated other comprehensive income within equity on the financial statements. The Company has utilized the IFRS 1 election to deem the cumulative balance at transition to be $nil. This resulted in an adjustment of $0.3 million being reclassified to retained earnings at January 1, 2010 from accumulated other comprehensive income on transition to IFRS.

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

17. Transition to International Financial Reporting Standards (continued)

(c) Reconciliations between IFRS and GAAP (continued)

(v) Notes to the reconciliations (continued)

e. Non-controlling interest

IAS 27 requires that non-controlling interests be recorded on the balance sheet within equity but separate from the equity of the parent. Under Canadian GAAP, non-controlling interests were recorded as a separate category and not included in equity. The Company has reclassified its non-controlling interest of $12.1 million at January 1, 2010 and $13.3 million at December 31, 2010 within equity on transition to IFRS. The Company recorded an increase to net income by $0.6 million for the three months ended March 31, 2010 and $1.8 million for the year ended December 31, 2010 for the reclassification of non-controlling interests within equity.

f. Deferred acquisition costs

In accordance with Canadian GAAP, at January 1, 2010 the Company had $0.8 million of deferred transaction costs relating to potential acquisition transactions recorded in other assets. IFRS 3 requires that transaction costs related to acquisitions be expensed in the period in which they were incurred. The Company has recorded an adjustment to write off these costs on transition.

g. Impairment of goodwill and intangible assets

The Company has revised its methodology for goodwill and intangible assets to incorporate the guidance in IAS 36. There are differences in the methodology used to determine if goodwill and intangible assets should be impaired under IAS 36 as compared to Canadian GAAP including the following:

Under Canadian GAAP, assets are tested at different units of accounting as follows: indefinite lived intangibles at the individual asset level; amortizable long-lived assets at the individual asset level or the asset group that contains the respective asset; and goodwill at the reporting unit level. Under IAS 36, assets are tested for impairment at different levels: all assets except goodwill or corporate or centralized assets at the individual asset level or CGU that uses the asset or to which the asset can be allocated; corporate or centralized assets which cannot be allocated to individual CGUs at the group of CGUs to which the assets can be allocated; and goodwill at the CGU or group of CGUs to which the goodwill relates. A CGU is the smallest identifiable group of assets that generates cash inflows independently of the cash inflows from other assets or group of assets. Identification of CGUs is based on assets and cash inflows only.

17. Transition to International Financial Reporting Standards (continued)

(c) Reconciliations between IFRS and GAAP (continued)

(v) Notes to the reconciliations (continued)

g. Impairment of goodwill and intangible assets (continued)

Canadian GAAP rules provided for a two-step test, with no impairment being required if the undiscounted future expected cash flows relating to an asset exceeded the carrying value of that asset. Under IFRS, the undiscounted cash flows are not considered and an impairment is recorded where the recoverable amount (defined as the higher of 'value in use' and 'fair value less costs to sell') is below the asset's carrying value.

As a result of applying the guidance in IAS 36 in the Company's goodwill and intangible asset impairment testing, impairments were required for certain intangible assets and goodwill of certain CGUs that were not recorded under Canadian GAAP. The effect at the date of transition was to decrease the carrying value of goodwill in CGUs reported in the Newspaper and Trade Publication segment by $10.0 million and $2.0 million in CGUs reported in the Business and Professional segment and decrease the carrying amount of intangible assets in CGUs reported in the Newspaper and Trade Publication segment by $0.6 million.

At December 31, 2010, the impact of these opening balance sheet impairments was to reduce goodwill by $12.0 million and intangible assets by $0.6 million.

h. Employee benefits

Under IFRS, the Company's accounting policy is to recognize all actuarial gains and losses related to defined benefit pension arrangements in comprehensive income. Under Canadian GAAP, the Company was utilizing the corridor method which recognizes a portion of the unrecognized gains and losses in net earnings. At transition on January 1, 2010, the Company recognized its cumulative unrecognized gains and losses on that date of $3.8 million in accordance with the IFRS 1 election. For the three months ended March 31, 2010, the Company recognized a comprehensive loss of $0.6 million (net of tax of $0.2 million) and an increase in employee benefit expense. For the year ended December 31, 2010, the Company recognized a comprehensive loss of $2.6 million (net of tax of $0.9 million) and an increase in employee benefit expense of $0.1 million.

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

17. Transition to International Financial Reporting Standards (continued)

(c) Reconciliations between IFRS and GAAP (continued)

(v) Notes to the reconciliations (continued)

i. Deferred income tax credit

Under Canadian GAAP (EIC 110), income tax assets acquired through a business combination or reorganization that exceeded the consideration paid were required to be deferred and amortized to income tax expense as the income tax assets were utilized by the Company. Under IFRS, the excess tax assets above the consideration paid for those assets are considered a gain and recorded in earnings at the date of the transaction. The Company adjusted its EIC 110 deferred tax credit of $14.5 million and $8.0 million to retained earnings at January 1, 2010, the date of transition and December 31, 2010, respectively.

j. Income taxes

Under IFRS, deferred tax assets or liabilities cannot be classified as current. The Company has reclassified its deferred tax assets on transition to non-current assets.

The Company has also recorded the net income tax effect of the adjustments in a, b, c.ii, h and i for a total increase to income tax expense for the three months ended March 31, 2010 of $1.8 million and for the twelve months ended December 31, 2010 of $5.2 million. The Company recorded a net increase to deferred income tax liability $3.4 million at January 1, 2010 and a net decrease of $1.8 million at December 31, 2010.

Under IFRS, if the Company's intention is to recover the intangible assets through use, the tax basis of an intangible asset is the amount that will be deductible for tax purposes against any taxable economic benefits. The Company has intangible assets being treated as Eligible Capital Expenditures ("ECE"), and under Canadian GAAP, the tax basis of these ECEs were calculated as, the ECE tax pool balance with a 25% gross up of the book basis; it is the Company's intention to recover its intangible assets through use, as such, the Company has recorded a decrease in deferred tax asset related to intangible assets of $0.5 million at January 1, 2010 to remove the 25% gross up amount to ensure the tax basis equals the ECE tax pool balance.

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