Consolidated Financial Statements of

GLACIER MEDIA INC.

Year ended December 31, 2012

President's Message

Summary

Glacier Media Inc. ("Glacier" or the "Company") continued to generate strong revenue, profit and cash flow from operations through its diversified base of information communications businesses – and continues to outperform many of its peers. The Company's business and trade information operations continue to grow and provide attractive opportunities for future growth in both existing and new verticals through multi-platform offerings, including rich information products and solutions. Community media operations continue to offer a strong value proposition through local information they provide to readers and key marketing channels they provide in the small community markets they serve across complementary multi-media platforms. In 2012 weaker economic conditions adversely affected national advertising revenues – a trend which appears to be largely cyclical, as national revenues were up significantly in 2011. Digital competition exacerbated the weaker economic conditions in the larger urban markets, but has been less of a factor in the smaller regional markets.

Given the significant growth opportunities available, the Company's strategy is to invest cash flow generated from the community media operations and the business and trade information operations in both operational opportunities and acquisitions. In particular, the Company intends to increase capital allocated to business and trade information acquisitions and growth opportunities. The Company also intends to provide returns to shareholders through increasing dividends as well as share buy-backs.

Key Financial Highlights

For the year ended December 31, 2012, Glacier's consolidated revenue increased 23.4% to $330.0 million from $267.4 million in the prior year. This increase was the result of organic growth in a variety of operations, the November 2011 acquisition of the Postmedia British Columbia community media assets, and the acquisition of control of one of Glacier's community media partnerships in April 2012.

- Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) grew 2.5% to $50.4 million – an increase of $1.3 million;
- Cash flow from operations (before changes in non-cash operating accounts and non-recurring items) decreased 1.4% to $44.3 million;
- Net income attributable to common shareholders before non-recurring items was $18.5 million compared to $22.6 million;
- EBITDA per share increased 3.3% to $0.56 from $0.55 for the year compared to the prior year and net income attributable to common shareholders before non-recurring items per share decreased to $0.21 from $0.25 for last year;
- Cash flow from operations (before changes in non-cash operating accounts and non-recurring items) per share remained consistent at $0.50 per share for the year ended December 31, 2012; and
- On a same-store basis, business and trade information revenue continued to show strong growth, while community media revenue was softer for the year compared to last year. Revenues and EBITDA in the community media operations were affected by weaker economic conditions and related national advertising softness. Consolidated EBITDA was also affected by operating resource expense investments made to strengthen some community media assets acquired from Postmedia, as well as operating expense investments made in a new digital real estate information business.

Business and Trade Information Sales Performance & Review

Glacier's business and trade information operations continued to deliver strong growth, with revenue increases generated across a wide variety of verticals – driven by a diverse variety of product and information innovations.

While some revenues have been adversely affected by economic conditions, a number of growth initiatives are being pursued and are generating strong sales results, especially those associated with sectors of the Canadian economy which are experiencing relatively stable conditions.

In particular, Glacier's business and trade information operations enjoyed growth in the energy, agricultural, environmental risk, environmental compliance networks, medical and financial information sectors as a result of targeted initiatives designed to align with growth areas within those sectors. Glacier's business and trade information portfolio contains many brands that have decades of service in their respective sectors. The intrinsic equity associated with these brands is a key competitive advantage as the products evolve and extend.

In addition to core business and trade information print and digital sales, management is focused on strategies designed to offer customers increasingly richer value propositions. These include multi-platform solutions – with a key focus on mobile offerings – designed to integrate more seamlessly with customer decision-making processes, thus ensuring heightened levels of decision dependency on specific information tools. Such dependence is enhanced through a focus on effective pricing and targeted timing. Consequently, these information tools are increasingly integrated in customer decision-making and as a result sales efficiency, renewal and retention improves.

Key efforts are under way to distinguish different types of digital content, advertising and subscriptions based on research designed to highlight individual industry sector needs. Premium subscription and related products are being enhanced and developed with a particular focus on essential content, data, search, interpretation, contextualization and analytics. A consistent focus on various ways of enriching content results in improved rates for advertising positioned alongside rich information.

In 2012, several initiatives highlighted how sharper focus on sector and customer needs facilitates efficient product development, ranging from tools for lead generation and data visualization to transaction facilitation and price discovery. This includes developing new insights into opportunities related to various sectoral supply chains, particularly those related to natural resources industries.

These initiatives include:

- The Canadian Oilsands Navigator displays key upstream industry data on a web-based interface that permits users to geospatially reference and model important information such as capital spending and bitumen production.

- The Canadian Oilfield Service and Supply Database integrates new filtered search and navigation technology to further heighten user utility and as a result, improves transactional functionality between buyers and sellers of oilfield products and services.

- EcoLog ERIS: Environmental Risk Information Service provides users with critical insights regarding potential hazardous risks related to commercial property development – and users can now map their findings in highly accurate GIS interfaces.

- Commodity News Service is a specialized agricultural commodity news and analysis service, based in Winnipeg, serving Canadian farmers and agribusinesses. It provides insight and analysis on important commodity prices such as grains, oilseed and pulse crops.

- Fundata offers a new series of risk indices which provide its customers with powerful tools for comparing performance and volatility between mutual funds with similar risk profiles.

- The Canadian Mining Journal now provides innovative and highly targeted lead generation product newsletters that provide advertisers with granular information regarding potential clients. Similar newsletters in other sectors are planned in 2013.

- National Buyer Seller Forum is an important oilsands supply chain conference, based in Edmonton and Calgary, that links critical supply chain opportunities for Canadian and global companies. This forum is an important extension of the Company's growing oilsands practice.

Management is paying close attention to key provincial and federal policy initiatives. Important developments in areas of energy and climate change, as well as international trade with Pacific Rim and European markets offer opportunity for new information products. As well, these markets offer new advertising frontiers for Canadian customers seeking to expand internationally. Such enhanced distribution highlights the quality and integrity of Canadian goods and services, particularly when aligned with content that contextualizes Canada's increasingly important role in a global economy. In 2012, key alignments were further developed with provincial and federal trade staffers in various embassies and consulates. Through these relationships various Glacier business and trade information products are available to trade and commercial officials whose responsibility it is to develop Canada's business interests globally. For advertisers, framing their products and services in an economic development framework offers enhanced access to their marketing messages.

Senior business and trade information personnel are also "embedded" within key sectors in terms of representation on industry association boards and advisory groups. These roles permit senior management closer alignment with significant industry trends and developments.

Many of Glacier's business and trade information units are located in key Western Canadian business centres. New organizational alignments between the units are resulting in innovative cross-sector marketing initiatives that help create new opportunities for brand exposure, as well as new revenue streams in the west. Similar initiatives with the Company's Toronto-based business units are resulting in new national opportunities.

Digital revenues now represent more than a quarter of Glacier's business and trade information revenues and are growing steadily. Significant focus and related investment will continue to be made to enhance Glacier's digital business and trade information verticals, through both organic development and new business acquisition. These acquisitions will be targeted to expand the markets that Glacier covers, extend the breadth of information products and marketing solutions provided, and to enrich Glacier's digital media staff, technology and other relevant resources – all focused on consistently enhancing "decision dependence".

Overall, the business and trade information operations and various markets offer attractive opportunities for growth with high levels of profitability – particularly when aligned with Glacier's dominance in key sectors.

Community Media Sales Performance & Review

Glacier's community media operations experienced weaker revenue performance in a number of markets, primarily the result of softer national advertising. The B.C. markets were affected by weaker economic conditions in Victoria, the Lower Mainland and a variety of Vancouver Island and Northern Interior markets. National advertising revenues were weaker in most markets, which appear to be the result of cautiousness due to prevailing economic conditions, as financial and government revenues have been significantly lower. Digital competition also affected national print spending levels, although this trend primarily affected larger urban markets. Local advertising revenues were resilient in both the existing markets where Glacier has operated, and some of the Lower Mainland and Vancouver Island markets acquired from Postmedia – although the Victoria market continues to struggle.

Operating expense investments are being made to improve the strength and resources of the community media assets acquired from Postmedia in order to increase competitiveness and sales effectiveness. The operations had been weakened by significant cost cutting – including sales capacity – incurred over many years under previous ownership due to high debt levels. Operating investments have been partially offset by savings in overhead costs as a result of operational alignments with Glacier's existing infrastructure. While it will take time to strengthen and revitalize operations, it is encouraging that direct revenue increases are being realized as investments are made. Digital investments are also being made to exploit revenue opportunities of the larger markets, with a specific focus on content delivery and advertising effectiveness.

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

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

Indeed, Glacier's view aligns with that of Warren Buffet, whose Berkshire Hathaway now counts nearly 270 community media properties in its portfolio. Buffet focuses on the strong bond community media has with the markets served – and believes that bond provides the framework for a successful online future. In a note to his editors in 2012, Buffet outlined why community media of a certain size remains viable – as long as it remains tied to, and focused on, its community.

"Berkshire will probably purchase more papers in the next few years. We will favor towns and cities with a strong sense of community, comparable to the 26 in which we will soon operate. If a citizenry cares little about its community, it will eventually care little about its newspaper. In a very general way, strong interest in community affairs varies inversely with population size and directly with the number of years a community's population has been in residence. Therefore, we will focus on small and mid-sized papers in long-established communities."

Media commentator Jack Schafer notes Buffet "buys when he sees value others don't."

Operational Performance

As stated, consolidated EBITDA increased $1.3 million or 2.5% to $50.4 million compared to $49.1 million in the prior year. While revenues showed a significant increase on an overall dollar basis due to acquisitions, the economic environment and related softness resulted in a lower EBITDA margin from these newly acquired operations and the community media operations in general. Despite the softness in the community media operations, consolidated EBITDA was ahead of last year due to the strength of the performance of the business and trade information operations.

Glacier's consolidated EBITDA margin decreased to 15.3% for the year from 18.4% for last year as a result of softness in overall community media revenues and the lower margins of the Postmedia assets. Management will seek to improve these margins and profit performance through improved print and digital sales effectiveness, cost efficiency and other initiatives.

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

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

The complementary media platform and product strategy addresses 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's premise is that customer utility and value should drive platform utilization and product design and functionality. Online, mobile, tablet and other information delivery devices will be fully utilized, while print content and design quality will also be fully maintained. While digital platforms offer many attractive new opportunities, print platforms continue 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 complementary platform and product strategy. Management expects that customer utility will vary over time and will be affected by what Glacier and other media providers can creatively provide. Management believes the complementary platform and product strategy will be prudent for the foreseeable future, and will maximize revenue and profit generation.

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

Financial Position

Glacier's consolidated debt net of cash outstanding before deferred financing charges and other expenses was 2.47x trailing 12 months EBITDA (normalized for the acquisition of control of one of Glacier's community media partnerships) as at December 31, 2012. The Company repaid $25.2 million of debt during the year and incurred $17.0 million of additional borrowings consisting of $12.6 million from the acquisition of control of ANGLP and $4.4 million of borrowing related to its 50% interest in Great West Newspapers Limited Partnership ("GWNLP") for the construction of its new printing facilities. Glacier's consolidated debt net of cash outstanding before deferred financing charges was $127.1 million as at December 31, 2012.

Glacier invested $16.9 million of capital expenditures during the year primarily on press facility construction and expansion to accommodate new press equipment, additional production equipment, information technology infrastructure and software. $14.5 million of these capital expenditures were investment capital expenditures, the majority of which relate to the building and installation of a new press facility that is expected to be completed in 2013. The investment will result in lower operating costs, better quality, and new long-term contract-based revenues (specifically, Glacier's joint venture operation, GWNLP, which has secured a contract to print the Edmonton Journal commencing in the third quarter of 2013). The investment capital expenditures are being made to generate direct revenue and cash flow improvements and payback consistent with Glacier's targeted return on investment, as well as quality improvements and other benefits.

In March 2013, an affiliate of the Company received correspondence from Canada Revenue Agency ("CRA") proposing to issue a notice of reassessment with respect to the utilization of non-capital losses by the affiliate, pertaining to taxation years 2008 to 2011. The Company believes that it has reported its tax position appropriately and believes the Company's affiliate has substantial defences to the matters raised by the CRA; however, should the proposed reassessment by CRA ultimately be upheld against the Company's affiliate, the resulting payment would materially affect the Company's financial statements and cash flows. Notwithstanding, the Company's affiliate has the financial capacity to pay such amounts, if any. The likely timing to resolve this matter may take years.

Outlook and Summary

While economic conditions have impacted some community media operations and business and trade information verticals, and digital competition is stronger in the larger community media markets, management expects that growth will continue in Glacier's business and trade information operations, as well as a variety of community media markets where local market conditions are stronger. In this regard, management will continue to closely monitor economic conditions in various markets and verticals to ensure appropriate decisions are made in a timely fashion.

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

Given strong cash flows resulting from operations and acquisitions as indicated, an increasing portion of cash generated can also be returned to shareholders through increased dividends. In January 2013, the Board of Directors reviewed the Company's dividend policy and announced a 33% increase in the annual dividend to $0.08 from $0.06 per share – to be paid quarterly instead of semi-annually.

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

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

As always, thanks are due to the entire management and staff at Glacier and our partnerships for the effort and performance they delivered during the year, for the long hours worked and the creativity engendered to generate the results achieved.

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

Jonathon J.L. Kennedy
President and Chief Executive Officer

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

Forward Looking Statements

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

The information in this report is as at March 27, 2013.

Glacier Media Inc.'s 2012 Annual Report, including this MD&A, contains forward-looking statements that relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates and can generally be identified by the use of statements that include phrases such as "believe", "expect", "anticipate", "intend", "plan", "likely", "will", "may", "could", "should", "would", "suspect", "outlook", "estimate", "forecast", "objective", "continue" (or the negative thereof) or similar words or phrases. These forward-looking statements include, among other things, statements under the headings "Significant Developments in 2012 and Outlook" and "Annual Results and Overview of Operating Performance" and the headings "Business and Trade Information Sales Performance & Review", "Community Media Sales Performance & Review", "Operational Performance", "Financial Position" and "Outlook and Summary" 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 a number of 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 be impacted by general softness in community media and advertising, that debt will be maintained at manageable levels, that cost savings will be realized, that annual dividends are expected to be declared, and that the Company expects to repurchase shares.

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 headings "Significant Developments in 2012 and Outlook" and "Annual Results and Overview of Operating Performance" and the headings "Business and Trade Information Sales Performance & Review", "Community Media Sales Performance & Review", "Operational Performance", "Financial Position" and "Outlook and Summary" in the accompanying President's Message, and are subject to risks, uncertainties and other factors which may cause results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, and undue reliance should not be placed on such statements. Important factors that could cause actual results to differ materially from these expectations are listed in our annual MD&A under the heading "Business Environment and Risks" and in our Annual Information Form under the heading "Risk Factors", many of which are out of our control. These factors include, but are not limited to, the ability of the Company to sell advertising and subscriptions related to its publications, foreign exchange rate fluctuations, the seasonal and cyclical nature of the agricultural industry, discontinuation of the Department of Canadian Heritage's Canada Periodical Fund, general market conditions in both Canada and the United States, changes in the prices of purchased supplies including newsprint, the effects of competition in the Company's markets, dependence on key personnel, integration of newly acquired businesses, technological changes, tax risk, and financing and debt service risk.

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

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

Basis of Discussion and Analysis

The following management discussion and analysis of the financial condition and results of operations of the Company and other information is dated as at March 27, 2013 and should be read in conjunction with the Company's annual consolidated financial statements and notes thereto as at and for the year ended December 31, 2012. These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Non-IFRS Measures

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

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

Overview of the Business

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

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

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

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

Significant Developments in 2012 and Outlook

Growth in revenues in the year ended December 31, 2012 was the result of organic growth in a number of Glacier's trade information and business and professional operations, the November 2011 acquisition of the Postmedia British Columbia community media assets, and the acquisition of control of Alta Newspaper Group Limited Partnership ("ANGLP") in April 2012. Revenue growth came from both print and digital media sources, and is directly attributable to Glacier's operational, business segment and complementary media platform and product strategies. New revenues were generated in a wide variety of areas including online, mobile, tablet, electronic product and lead generation developments, special publishing initiatives, special features, supplements, new community magazines, production and promotion of community events, custom publishing, sponsored industry specific research studies, educational offerings, conferences and tradeshows, new directories, and a number of other initiatives. Efforts continue to be made to leverage and monetize content across channels and platforms, particularly mobile applications. Efforts are also being made to improve inter-divisional marketing and branding collaboration to create new organic growth and market opportunities.

Management expects that growth will continue in a number of Glacier's various business segments. While economic conditions have remained strong across many of Glacier's verticals including energy, agriculture, environmental risk, environmental compliance networks, medical and financial information, revenue continues to be softer in the urban markets of the newly acquired assets from Postmedia and community media in general. In 2012, weaker economic conditions adversely affected national revenues – a trend which appears to be largely cyclical, as national revenues were up significantly in 2011. Digital competition exacerbated the weaker economic conditions in the larger urban markets, but has been less of a factor in the smaller regional markets. Customer demand for Glacier's electronic information and other digital products continues to grow.

The softness in community media revenues combined with operating investments in the Company's recently acquired community media assets has resulted in lower operating results for the year. Cost reduction measures continue to be implemented consistent with management's strategy of maintaining strong product and editorial quality while reducing operating costs where possible through initiatives that do not impact quality, sales capacity or market and competitive positions. Management is being careful to maintain appropriate levels of resources in staff and technology as well as business development in order to facilitate long-term revenue growth.

Despite the current community media softness, significant growth opportunities are available to Glacier in a variety of business segments. Consequently, the Company's strategy is to invest cash flow generated from the community media operations and the business information operations in both operational opportunities and acquisitions. In particular, the Company intends to increase capital allocated to business information acquisitions and growth opportunities. The Company also intends to provide returns to shareholders through increasing dividends as well as share buy-backs.

Operational Performance

Revenue for 2012 was 23.4% higher than revenue in 2011. The growth in revenue came from i) organic growth in our business and professional and trade information operations, ii) the acquisition of community media assets from Postmedia in November 2011, iii) the acquisition of control of Alta Newspaper Group Limited Partnership in April 2012, iv) the acquisition of Canada's Outdoor Farm Show in November 2011, and v) other small acquisitions completed in 2011 and 2012.

EBITDA increased 2.5% to $50.4 million for 2012 from $49.1 million in 2011. The organic revenue growth in trade information and business and professional information operations, a continued focus on operational costs in the Company's existing operations, and the ANGLP acquisition of control on April 1, 2012 contributed to incremental EBITDA growth for the year. These gains were offset by softness in Glacier's community media operations and the newly acquired Postmedia community publications in particular. The Company made operating resource expense investments to strengthen the community media assets acquired from Postmedia, as well as operating expense investments made in a new digital real estate information business, which impacted operating results for the year.

Annual Results and Overview of Operating Performance

Selected Annual Information

The following outlines selected financial statistics and performance measures for Glacier for the years ended December 31, 2012, 2011 and 2010:

thousands of dollars except share and per share amounts		2012		2011		2010
Revenue	$	330,016	$	267,394	$	242,605
Gross profit (3)	$	109,674	$	99,376	$	89,344
Gross margin		33.2%		37.2%		36.8%
EBITDA (1)	$	50,393	$	49,140	$	43,969
EBITDA margin (1)		15.3%		18.4%		18.1%
EBITDA per share (1)	$	0.56	$	0.55	$	0.48
Interest expense, net	$	6,074	$	4,616	$	6,223
Net income attributable to common shareholders before non-recurring items (1)(2)(4)	$	18,481	$	22,615	$	18,993
Net income attributable to common shareholder before non-recurring items per share (1)(2)(4)	$	0.21	$	0.25	$	0.21
Net income attributable to common shareholders (6)	$	10,630	$	25,731	$	13,584
Net income attributable to common shareholders per share (6)	$	0.12	$	0.29	$	0.15
Cash flow from operations (1)(2)(4)	$	44,261	$	44,874	$	39,074
Cash flow from operations per share (1)(2)(4)	$	0.50	$	0.50	$	0.42
Investment capital expenditures	$	14,504	$	10,703	$	4,492
Sustaining capital expenditures	$	2,368	$	4,783	$	3,908
Total assets	$	624,037	$	591,756	$	500,086
Total non-current financial liabilities	$	119,599	$	131,132	$	85,949
Debt net of cash outstanding before deferred financing charges and other expenses	$	127,107	$	131,413	$	94,732
Equity attributable to common shareholders	$	348,015	$	340,416	$	328,575
Dividends paid (5)	$	5,362	$	2,681	$	-
Dividends paid per share (5)	$	0.06	$	0.03	$	-
Weighted average shares outstanding, net		89,357,465		89,991,561		92,023,970

Notes:
(1) Refer to "Non-IFRS Measures" section for calculation of non-IFRS measures used in this table.
(2) 2012 excludes $1.4 million of restructuring expense, $2.1 million of transaction and transition costs, $3.1 million of other income, $1.1 million gain on acquisition, $8.5 million impairment and $0.2 million loss on disposal of assets.
(3) Gross profit for these purposes excludes depreciation and amortization.
(4) For non-recurring items excluded in the prior period, refer to previously reported financial statements.
(5) Glacier commenced paying semi-annual dividends in 2011. The year ended December 31, 2011 represents only one dividend payment.
(6) 2011 includes a $15.1 million one-time gain within an associate entity.

The main factors affecting the comparability of the results over the last two years are:

- Operating performance of the Company's various business units and general market conditions during the reported periods;
- The acquisitions made during 2012 and 2011, including the acquisition of community media assets from Postmedia late in 2011;
- The additional revenues and expenses, and a one-time gain included in the Company's results in 2012 due to the acquisition of control of ANGLP;
- A one-time gain in earnings from associates of $15.1 million in 2011;
- Restructuring expenses including severance payments and transition costs for new acquisitions;
- A one-time other income amount in 2012 of $3.1 million; and
- The seasonal nature of certain of Glacier's businesses.

Revenue

Glacier's consolidated revenue for the year ended December 31, 2012 was $330.0 million compared to $267.4 million in the prior year.

Community Media and Trade Information

The community media and trade information group generated $314.3 million of revenue for the year ended December 31, 2012, as compared to $253.1 million last year. The increase in revenue during the year compared to the prior year was the result of i) organic growth in trade information operations, ii) the Postmedia acquisition late in 2011 which resulted in a significant increase in revenues within the community media and trade information segment, iii) the acquisition of control of ANGLP in the spring of 2012 which results in incremental revenues, iv) the Canada's Outdoor Farm Show acquisition in the fall of 2011, and v) several other small acquisitions completed in 2011 and 2012.

Energy, agriculture, and many of Glacier's other business and trade verticals also continued to experience revenue growth and profitability. Glacier's community media operations experienced a general softness in revenues throughout its various markets, particularly in national advertising, resulting in a same store revenue decrease in Glacier's existing community media markets as well as those acquired from Postmedia in late 2011. A wide array of digital media initiatives resulted in growth in online and digital 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 $15.7 million for the year ended December 31, 2012, as compared to $14.3 million last year. Both the Company's mutual fund information business and Canadian environmental health and safety information business showed strong growth during the year ended December 31, 2012 in comparison to the prior year. Specialty Technical Publishers revenues were down in 2012 compared to the prior year due to shifting consumer preferences for online or digital format of their products from hardcopy or disk. STP is aggressively shifting its focus to meet the new online or digital format demand from customers and is generating growth in digital network sales. Glacier's interactive medical education business generated increased revenues for the year as compared to the prior year, primarily as a result of new tablet based medical education products.

Gross Profit

Glacier's consolidated gross profit, being revenues less direct expenses, for the year ended December 31, 2012 was $109.7 million compared to $99.4 million last year. The increase in gross profit is largely attributable to revenue increases and strong contribution from organic growth in the Company's trade information businesses and business and professional operations, the acquisition of control of ANGLP, the acquisition of Canada's Outdoor Farm Show, partially offset by annual salary and wage increases and revenue softness in our community media operations.

Gross profit as a percentage of revenues ("gross profit margin") for the year ended December 31, 2012 decreased to 33.2% compared to 37.2% in 2011 primarily as a result of lower gross margin contributed from the Postmedia acquisition and the softness in community media revenues in general. The Company also incurred operating resource expense investments made to strengthen the Postmedia community media assets acquired as well as operating expense investments made in a new digital real estate information business, which contributed to the lower margin for the year. The Company is in the process of implementing significant sales effectiveness and cost efficiency initiatives related to the newly acquired assets and community media operations in general that are intended to improve the operating margin going forward.

General & Administrative Expenses

Glacier's consolidated general and administrative expenses were $59.3 million for the year ended December 31, 2012 as compared to $50.2 million in the prior year. The increase was due to i) the acquisition of newspaper publications from Postmedia in late 2011, ii) the acquisition of control of ANGLP, iii) acquisition of Canada's Outdoor Farm Show, iv) increased expenses associated with the Company's digital operations and v) annual salary and wage increases.

EBITDA

EBITDA was $50.4 million for the year ended December 31, 2012 as compared to $49.1 million in the prior year. The increase in EBITDA was due to the reasons stated under **Revenue, Gross Profit** and **General & Administrative Expenses**.

Net Interest Expense

Glacier's consolidated net interest expense for the year ended December 31, 2012 was $6.1 million as compared to $4.6 million in the prior year, an increase of $1.5 million. The increase in net interest expense reflects the increased borrowings in connection with the Postmedia acquisition on November 30, 2011, additional borrowing related to construction of new facilities at our joint venture operation Great West Newspapers Limited Partnership ("GWNLP") and the ANGLP acquisition of control on April 1, 2012. These increases were offset by debt repayments in 2012.

Depreciation and Amortization

Depreciation of property, plant and equipment for the year ended December 31, 2012 increased $0.9 million as compared to the prior year primarily as a result of the additional assets from the Postmedia acquisition in 2011 and the ANGLP acquisition of control in April 2012. Amortization of intangible and other assets increased $0.9 million for the year ended December 31, 2012 as compared to the prior year as a result of investments in software and business acquisitions that occurred during the fourth quarter of 2011 and second quarter of 2012.

Other Income

The Company recognized $3.7 million of other income during the year ended December 31, 2012, of which $3.1 million related to the redemption of miscellaneous asset-backed paper investments received in connection with an affiliated entity's participation in the $6.3 million 2008 settlement between Sun Times Media Group and CanWest Global Communications Inc. The Company's participation in the settlement was previously reported in our December 31, 2008 financial statements. The carrying value of these investments was $ nil. The Company does not have any other such investments.

Gain on Acquisition

On April 1, 2012, the Company acquired control of its joint venture partner Alta Newspaper Group Limited Partnership ("ANGLP"). The consideration paid is equal to the net carrying value of the Company's interest in ANGLP immediately prior to the acquisition of control including net working capital, property plant and equipment, intangible assets, goodwill, and long term debt. Non-controlling interest was valued at the minority shareholders percentage of the net assets of ANGLP on April 1, 2012. As a result, the Company recognized a gain on the acquisition of $1.1 million.

Impairment Expense

For the year ended December 31, 2012, the Company recorded an $8.5 million impairment of goodwill and intangible assets compared to $9.2 million in the prior year. The amount represents $6.8 million in total goodwill impairments primarily within the BC Newspaper group and the Business and Professional group of cash generating units ("CGU") and $1.7 million of intangible asset impairments primarily within the BC Newspaper group of CGUs. The 2011 amount represents $0.9 million of total goodwill impairments primarily in the BC Newspaper group of CGUs, and $7.9 million of intangible assets impairments primarily within the Business and Professional group of CGUs. Impairment expense also included $0.4 million impairment on certain press equipment scheduled for replacement.

Other Expenses

Other expenses for the year ended December 31, 2012 increased by $0.5 million compared to the prior year. Other expenses includes restructuring costs, transaction and transition costs, stock based compensation costs, foreign exchange, gains or losses on disposal of assets and gains or losses on the change in fair value of derivative financial instruments.

Earnings from Associates

Earnings from associates which include the Company's share of Continental Newspapers Ltd. ("Continental"), certain assets acquired from Postmedia in November 2011 and Infomine Inc. ("Infomine"), decreased $16.0 million as compared to the prior year. Included in the prior year is the Company's $15.1 million share of a one-time gain of $25.7 million relating to recognition of tax assets within one of the Company's associates. Earnings from associates were also impacted by softer community media operations.

Net Income Attributable to Common Shareholders

Net income attributable to common shareholders decreased by $15.1 million compared to 2011. The change resulted from i) increased operating results, ii) other income of $3.7 million, iii) a gain on acquisition of $1.1 million related to the acquisition of control of ANGLP, iv) lower impairment expense of $0.6 million and v) decreased tax expense of $0.3 million. These increases were offset by i) higher interest costs of $1.5 million, ii) higher amortization and depreciation of $1.8 million, iii) higher non-controlling interests of $2.3 million, iv) lower earnings from associates of $16.0 million due to a one-time gain of $15.1 million in the prior year and v) increased other expenses of $0.5 million.

Cash Flow from Operations

Glacier's consolidated cash flow from operations decreased to $44.3 million (before changes in non-cash operating accounts and non-recurring items) for the year ended December 31, 2012 from $44.9 million last year. The decrease in cash flow from operations is primarily due to increased operating results for the year as stated under **Revenue, Gross Profit, General & Administrative Expenses** and **EBITDA**, offset by higher interest expense from acquisitions.

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 $16.9 million for the year ended December 31, 2012 compared to $15.5 million in the prior year. $14.5 million of these capital expenditures were investment capital expenditures, the majority of which relate to the building and installation of a new press facility that is expected to be completed in 2013. These investment capital expenditures are expected to result in attractive direct revenues and cash flow improvements and payback consistent with Glacier's targeted return on investment. Sustaining capital expenditures for the year were $2.4 million.

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

Related party transactions

During the year ended December 31, 2012, the Company and its affiliates recorded administration, consulting, and interest expenses of $2.5 million (2011: $1.7 million) from Madison Venture Corporation ("Madison") and its subsidiaries. Madison is a minority shareholder of the Company and certain of its officers and directors are officers and directors of the Company. Madison provides strategic, financial, transactional advisory services and administrative services to Glacier on an ongoing basis. This has been done with the intention of maintaining an efficient and cost effective corporate overhead structure, instead of i) hiring more full-time corporate and administrative staff and thereby increasing fixed overhead costs and ii) retaining outside professional advisory firms on a more extensive basis. These services were provided in the normal course of operations and were measured at the exchange amount, which represented the amount of consideration established and agreed to by the related parties. Included in trade payables at December 31, 2012 was $ nil due to Madison (2011: $0.4 million).

At December 31, 2012, the Company had amounts due to InfoMine of $1.6 million (2011: $3.2 million) from deferred payments related to the acquisition of the Company's 50% interest in InfoMine. These amounts have no interest and are due on demand except for $0.5 million which is due November 10, 2013.

At December 31, 2012, the Company had amounts due from an associated private holding company of $2.7 million (2011: $0.6 million) for non-operating amounts related to the initial acquisition and integration of the related company. These amounts are non-interest bearing and have no fixed terms of repayment.

Subsequent event

In March 2013, an affiliate of the Company received correspondence from Canada Revenue Agency ("CRA") proposing to issue a notice of reassessment with respect to the utilization of non-capital losses by the affiliate, pertaining to taxation years 2008, 2009, 2010 and 2011. The Company believes that it has reported its tax position appropriately. No provision has been made in these financial statements for additional income taxes, if any, which may be determined to be payable on ultimate resolution of this matter. Should CRA issue the notice of reassessment, the Company's affiliate would be obligated to pay an initial payment of fifty percent of the reassessed tax amount plus penalties and interest, in conjunction with appealing the reassessment. The Company believes its affiliate has substantial defences in response to the matters raised by CRA and would vigorously appeal any reassessment. Nevertheless, the initial payment upon appeal, as well as, the proposed reassessment by CRA, if upheld, would have a material impact on the Company's financial statements and cash flows. Notwithstanding, the Company's affiliate has the financial capacity to pay such amounts, if any. The likely timing to resolve this matter may take years.

Fourth Quarter Results and Overview of Operating Performance

Revenue

Glacier's consolidated revenue for the quarter ended December 31, 2012 was $84.0 million compared to $73.0 million in the same period last year.

The 15.0% increase in consolidated revenue during the fourth quarter compared to last year was primarily the result of the acquisition of control of ANGLP in April 2012 and a full quarter of revenue from the Postmedia acquisition on November 30, 2011.

In a number of the Company's markets fourth quarter results showed improvements over the same period in the prior year and are reflective of overall operating improvements that took place during 2012. In particular, the environmental, financial, agriculture, medical, mining and other business and trade information areas continued to deliver growth.

Community media continued softness in the fourth quarter of 2012 in some of Glacier's markets due primarily to softer national advertising. It appears that the global economic uncertainty has resulted in cautiousness amongst some national and other advertisers, although local advertising has generally held up well.

Gross Profit

Glacier's consolidated gross profit for the three months ended December 31, 2012 was $27.2 million compared to $26.3 million in the same period last year. The absolute dollar increase in gross profit is largely attributable to revenue increases and related direct contribution.

General & Administrative Expenses

Glacier's consolidated general and administrative expenses were $14.7 million for the three months ended December 31, 2012 as compared to $13.8 million in the same period in the prior year. The increase was due to increases in costs for the Company's digital operations, annual salary and wage increases, the acquisition of control of ANGLP in April 2012 and additional costs for a full quarter of operations for the Postmedia assets acquired in November 2011.

EBITDA

Consolidated EBITDA remained consistent at $12.6 million for the fourth quarter of 2012 and 2011. The consistency in EBITDA was due to the reasons stated under **Revenue, Gross Profit** and **General & Administrative Expenses**.

Net Income attributable to common shareholders

Net income attributable to common shareholders decreased $17.2 million in the fourth quarter of 2012 to a loss of $5.0 million compared to income of $12.2 million in the fourth quarter of 2011. This decrease was caused by i) increased interest expense of $0.5 million, ii) increased depreciation and amortization of $1.1 million, iii) increased impairment expense of $0.1 million, iv) decreased earnings from associates of $15.2 million due to a one-time gain of $15.1 million in the prior year, v) increased non-controlling interests of $0.9 million, and vi) other expense of $0.6 million,. These decreases were partially offset by i) an increase to other income of $0.6 and ii) decreased income tax expense of $0.6 million.

Cash Flow from operations

Glacier's consolidated cash flow from operations was $11.5 million (before changes in non-cash working capital and non-recurring items) for the three month period ended December 31, 2012 compared to $11.2 million for the same period last year. The increase in cash flow from operations was primarily a result of the reasons described under **Revenue, Gross Profit** and **General & Administrative Expenses**.

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

Summary of Selected Quarterly Results

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

thousands of dollars *except share and per share amounts*	Trailing 12 Months	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Revenue	$ 330,016	$ 83,962	$ 78,245	$ 91,388	$ 76,421
EBITDA [(1)]	$ 50,393	$ 12,570	$ 9,815	$ 17,130	$ 10,878
EBITDA margin [(1)]	15.3%	15.0%	12.5%	18.7%	14.2%
EBITDA per share [(1)]	$ 0.56	$ 0.14	$ 0.11	$ 0.19	$ 0.12
Interest expense, net	$ 6,074	$ 1,586	$ 1,304	$ 1,607	$ 1,577
Net income attributable to common shareholders before non-recurring items [(1)(2)(3)]	$ 18,481	$ 5,058	$ 3,302	$ 6,444	$ 3,677
Net income attributable to common shareholders before non-recurring items per share [(1)(2)(3)]	$ 0.21	$ 0.06	$ 0.04	$ 0.07	$ 0.04
Net income attributable to common shareholders	$ 10,630	$ (5,015)	$ 5,630	$ 6,892	$ 3,123
Net income attributable to common shareholders per share	$ 0.12	$ (0.06)	$ 0.06	$ 0.08	$ 0.03
Cash flow from operations [(1)(2)(3)]	$ 44,261	$ 11,536	$ 7,934	$ 15,360	$ 9,431
Cash flow from operations per share [(1)(2)(3)]	$ 0.50	$ 0.13	$ 0.09	$ 0.17	$ 0.11
Capital expenditures	$ 16,872	$ 4,341	$ 2,667	$ 6,890	$ 2,974
Debt net of cash outstanding before deferred financing charges and other expenses	$ 127,107	$ 127,107	$ 131,482	$ 137,003	$ 127,182
Equity attributable to common shareholders	$ 348,015	$ 348,015	$ 351,219	$ 347,229	$ 343,822
Weighted average shares outstanding, net	89,357,465	89,354,650	89,358,410	89,358,410	89,358,410

	Trailing 12 Months	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Revenue	$ 267,394	$ 73,019	$ 61,955	$ 71,712	$ 60,708
EBITDA [(1)]	$ 49,140	$ 12,555	$ 10,572	$ 15,281	$ 10,732
EBITDA margin [(1)]	18.4%	17.2%	17.1%	21.3%	17.7%
EBITDA per share [(1)]	$ 0.55	$ 0.14	$ 0.12	$ 0.17	$ 0.12
Interest expense, net	$ 4,616	$ 1,028	$ 1,002	$ 1,278	$ 1,308
Net income attributable to common shareholders before non-recurring items [(1)(3)]	$ 22,615	$ 6,633	$ 4,211	$ 7,930	$ 3,840
Net income attributable to common shareholders before non-recurring items per share [(1)(3)]	$ 0.25	$ 0.07	$ 0.05	$ 0.09	$ 0.04
Net income attributable to common shareholders [(4)]	$ 25,731	$ 12,221	$ 3,721	$ 7,048	$ 2,740
Net income attributable to common shareholders per share [(4)]	$ 0.29	$ 0.14	$ 0.04	$ 0.08	$ 0.03
Cash flow from operations [(1)(3)]	$ 44,874	$ 11,177	$ 9,880	$ 13,932	$ 9,885
Cash flow from operations per share [(1)(3)]	$ 0.50	$ 0.13	$ 0.11	$ 0.15	$ 0.11
Capital expenditures	$ 15,486	$ 7,124	$ 4,079	$ 2,752	$ 1,532
Debt net of cash outstanding before deferred financing charges and other expenses	$ 131,413	$ 131,413	$ 91,971	$ 97,868	$ 87,360
Equity attributable to common shareholders	$ 340,416	$ 340,416	$ 332,108	$ 335,058	$ 330,249
Weighted average shares outstanding, net	89,991,561	89,358,410	89,383,682	90,611,432	90,633,410

Notes:
[(1)] Refer to "**Non-IFRS Measures**" section for calculation of non-IFRS measures used in this table.
[(2)] 2012 excludes $1.4 million of restructuring expense, $2.1 million of transaction and transition costs, $3.1 million of other income, $1.1 million gain on acquisition, $8.5 million impairment and $0.2 million loss on disposal of assets.
[(3)] For non-recurring items in the prior quarters, refer to the prior quarter management discussion & analysis.
[(4)] 2011 includes a $15.1 million one-time gain within an associate entity.

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

- Operating performance of the Company's various business units and general market conditions during the reported periods;
- The acquisitions and dispositions made during the second and fourth quarters of 2011, and the second quarter of 2012;
- Restructuring expenses in 2011 and 2012;
- Stock based compensation of $0.3 million in the first quarter of 2011;
- Transaction and transition costs of $1.1 million in the fourth quarter of 2011, and $0.1 million, $0.3 million, $0.6 million and $1.1 million in the first, second, third and fourth quarters of 2012, respectively;

- A goodwill and intangible assets impairment charge of $0.7 million in the second quarter of 2011, $8.5 million in the fourth quarter of 2011 and $8.5 million in the fourth quarter of 2012;
- A one-time gain in earnings from associates of $15.1 million in the fourth quarter of 2011;
- Other income of $3.1 million in the third quarter of 2012 related to the redemption of miscellaneous investments received in connection with the 2008 Sun Times settlement;
- Gain on acquisition of $1.1 million in the second quarter of 2012 related to the acquisition of control of ANGLP; and
- The seasonal nature of some of Glacier's businesses.

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		**2012**		2011		2010
EBITDA [1]						
Net income attributable to common shareholders	**$**	**10,630**	$	25,731	$	13,584
Add (deduct):						
Non-controlling interest	**$**	**4,311**	$	1,988	$	1,799
Depreciation of property, plant and equipment	**$**	**6,621**	$	5,708	$	5,774
Amortization of intangible and other assets	**$**	**9,280**	$	8,357	$	8,292
Impairment expense	**$**	**8,503**	$	9,151	$	4,016
Income tax expense	**$**	**6,263**	$	6,580	$	5,093
Interest	**$**	**6,074**	$	4,616	$	6,223
Other income	**$**	**(3,703)**	$	-	$	-
Share of losses (earnings) from associates	**$**	**(269)**	$	(16,257)	$	(1,102)
Gain on acquisition	**$**	**(1,102)**	$	-	$	(1,399)
Other expenses	**$**	**3,785**	$	3,266	$	1,689
EBITDA [1]	**$**	**50,393**	$	49,140	$	43,969
Cash flow from operations [1]						
Net income attributable to common shareholders	**$**	**10,630**	$	25,731	$	13,584
Add (deduct):						
Non-controlling interest	**$**	**4,311**	$	1,988	$	1,799
Depreciation and amortization	**$**	**15,901**	$	14,065	$	14,066
Impairment expense	**$**	**8,503**	$	9,151	$	4,016
Employee future benefits	**$**	**419**	$	69	$	717
Deferred income taxes	**$**	**5,437**	$	5,761	$	4,260
Non cash interest	**$**	**157**	$	1,042	$	1,491
Stock option expense	**$**	**-**	$	289	$	-
Gain on acquisition	**$**	**(1,102)**	$	-	$	(1,399)
Share of losses (earnings) from associates	**$**	**(269)**	$	(16,257)	$	(1,102)
(Gain) loss on disposal of assets	**$**	**158**	$	-	$	(246)
(Gain) loss on change in fair value of derivative financial instruments	**$**	**(72)**	$	389	$	(1,103)
Other non-cash expenses	**$**	**(104)**	$	14	$	63
Other income	**$**	**(3,136)**	$	-	$	-
Restucturing costs	**$**	**1,351**	$	1,555	$	993
Transaction and transition costs	**$**	**2,077**	$	1,077	$	1,935
Cash flow from operations [1]	**$**	**44,261**	$	44,874	$	39,074
Net income attributable to common shareholders before non-recurring items [1]						
Net income attributable to common shareholders	**$**	**10,630**	$	25,731	$	13,584
Add (deduct):						
(Gain) loss on disposition of assets	**$**	**158**	$	-	$	(246)
Restructuring costs	**$**	**1,351**	$	1,555	$	993
Other income	**$**	**(3,136)**	$	-	$	-
One-time gain included in associate earnings	**$**	**-**	$	(15,144)	$	-
Gain on acquisition	**$**	**(1,102)**	$	-	$	(1,399)
Stock option expense	**$**	**-**	$	289	$	-
Impairment expense	**$**	**8,503**	$	9,151	$	4,016
Transaction and transition costs	**$**	**2,077**	$	1,077	$	1,935
Other expenses	**$**	**-**	$	(44)	$	110
Net income attributable to common shareholders before non-recurring items [1]	**$**	**18,481**	$	22,615	$	18,993
Weighted average shares outstanding, net		**89,357,465**		89,991,561		92,023,970
EBITDA per share [1]	**$**	**0.56**	$	0.55	$	0.48
Net income attributable to common shareholders before non-recurring items per share [1]	**$**	**0.21**	$	0.25	$	0.21
Net income attributable to common shareholders per share	**$**	**0.12**	$	0.29	$	0.15
Cash flow from operations per share [1]	**$**	**0.50**	$	0.50	$	0.42

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 December 31, 2012, Glacier had consolidated cash and cash equivalents of $5.2 million, current and long-term debt of $132.3 million before adjustment for deferred financing fees attributable directly to the issuance of long-term debt, and working capital of $29.0 million excluding deferred revenue. Glacier's long-term debt increased an additional $12.6 million on April 1, 2012 as a result of the acquisition of control of ANGLP. Glacier's actual cash working capital is greater than reflected by the amounts indicated on the consolidated balance sheet due to deferred revenue relating 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 and Glacier receives cash revenue on an ongoing basis that offsets the deferred revenue liability.

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 $16.9 million for the year ended December 31, 2012 compared to $15.5 million last year. $14.5 million of these capital expenditures were investment capital expenditures, the majority of which relate to the building and installation of a new press facility that is expected to be completed in 2013. Sustaining capital expenditures for the year were $2.4 million.

Changes in Financial Position

	For the years ended December 31,		
(thousands of dollars)	**2012**	2011	2010
Cash generated from (used in)			
Operating activities	**39,843**	49,407	35,311
Investing activities	**(15,666)**	(79,461)	(11,926)
Financing activities	**(28,167)**	38,840	(25,329)
Increase (Decrease) in cash	**(3,990)**	8,786	(1,944)

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

Operating Activities

Glacier generated cash from operations before non-recurring items and changes in non-cash operating accounts of $44.3 million in 2012 compared to $44.9 million in the prior year. The decrease was primarily due to higher interest expense from acquisitions, and other cash expenses. Cash from operations before non-recurring items and after change in non-cash working capital was $40.1 million compared to $52.0 million in the same period in the prior year.

Investing Activities

Cash used in investing activities totalled $15.7 million for the year ended December 31, 2012 compared to $79.5 million in 2011, which included the acquisition of the Postmedia assets in November 2011. Investing activities included $14.5 million of investment capital expenditures, $2.4 million of sustaining capital expenditures, dividends received and other investing activities.

Financing Activities

Cash used for financing activities was $28.2 million for the year ended December 31, 2012 compared to $38.8 million generated in 2011. The Company made net debt repayments of $20.9 million for the year compared to net borrowings of $44.8 million in the prior year. In 2012, the Company repurchased shares of $0.2 million, compared to $3.0 million in the prior year.

Outstanding Share Data

As at December 31, 2012 and March 27, 2013, there were 89,243,102 common shares, 475,000 share purchase options and 1,115,000 share purchase warrants outstanding. The options have an exercise price of $2.44 per share and expire on March 29, 2014. The warrants outstanding allow the holder to purchase one common share per warrant at $4.48 per share. These warrants expire on June 28, 2014, unless extended.

Contractual Agreements

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

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

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

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

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

(thousands of dollars)	Total	2013	2014	2015	2016	2017	Thereafter
Long term debt	131,197	13,088	6,868	103,317	5,676	179	2,069
Finance leases	660	660	-	-	-	-	-
Operating leases	22,480	5,184	4,052	3,141	2,672	2,442	4,989
	154,337	18,932	10,920	106,458	8,348	2,621	7,058

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

Financial Instruments

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

A small portion of the Company's products are sold at prices denominated in U.S. dollars or based on prevailing U.S. dollar prices while the majority of its operational costs and expenses are incurred in Canadian dollars. An increase in the value of the Canadian dollar relative to the U.S. dollar reduces the revenue in Canadian dollar terms realized by the Company from sales made in U.S. dollars. The

Company also has investments in self-sustaining operations in the United States, whose net assets are exposed to foreign currency translation risk.

As indicated, the Company currently hedges a portion of its foreign exchange exposure with financial forward contracts. During the year ended December 31, 2012, Glacier had foreign exchange forward contracts to sell U.S.$125,000 per month at a rate of CAD$1.162, which expired in April 2012 and entered into foreign exchange forward contracts to sell U.S.$100,000 per month which commenced June 2012 at rates between CAD$1.030 and CAD$1.036, and expires in May 2013. An assumed $0.01 increase in the USD/CAD foreign exchange rate during the year ended December 31, 2012 would have a $0.2 million impact on pre-tax net income. An assumed $0.01 decrease would have an equal but opposite effect on pre-tax net income.

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

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

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

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

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

Business Environment and Risks

Foreign Exchange

A portion of Glacier's revenue is generated in U.S. dollars and as such is subject to exchange rate fluctuations. In order to partially hedge this risk, the Company currently hedges a portion of its foreign exchange exposure with financial forward contracts. As at December 31, 2012 Glacier has foreign exchange forward contracts to sell U.S.$100,000 per month which commenced in June 2012 at rates between CAD$1.030 and CAD$1.036, and expires in May 2013. During the year ended December 31, 2012 Glacier had foreign exchange forward contracts to sell U.S.$125,000 per month which commenced in April 2009 at a rate of CAD$1.162, and expired in April 2012. Despite this hedge, a strengthening in the Canadian dollar could have an impact on Glacier's revenue given that the amount of Glacier's revenue received in U.S. dollars exceeds the amount of the hedge contracts. Glacier monitors foreign exchange markets on an ongoing basis to determine appropriate levels of hedging.

Government Programs

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

General Market Conditions

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

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

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

- The community media group publishes newspapers in a variety of communities in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec, Rhode Island and is diversified as a result;
- The trade information group (Western Producer Publications, Farm Business Communications, June Warren-Nickle's Energy Group, Business Information Group and the Business In Vancouver Media Group) publishes a wide variety of trade publications distributed across Canada;
- Fundata competes with other companies in the financial information market in Canada;
- EcoLog ERIS provides comprehensive information from a variety of databases regarding potential environmental liability; and
- Glacier disseminates its information in print, online and digital format.

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

Additional information on the Company's business environment and risks is included in the Company's Annual Information Form ("AIF") filed 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's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have evaluated the effectiveness of these disclosure controls and procedures for the year ending December 31, 2012, and have concluded that they are effective.

The CEO and CFO, while acknowledging responsibility for the design of internal controls over financial reporting ("ICFR"), and confirming that there were no changes in these controls that occurred during the most recent year ended December 31, 2012 which materially affected, or are reasonably likely to materially affect, the Company's ICFR and based upon their evaluation of these controls for the year ended December 31, 2012, the CEO and CFO have concluded that these controls are effective. The CEO and CFO have certified such findings and reported to the Audit Committee, who in turn, has included such certification and report in the Audit Committee's recommendation to the Board of Directors. The Board of Directors in passing its resolutions acknowledges that it is basing and relying on such certification and report.

The CEO and the CFO have limited the scope of design of disclosure controls and procedures and ICFR to exclude controls, policies and procedures of Great West, Fundata and Rhode Island Suburban Newspaper Inc., each a proportionately consolidated entity in which the Company has an interest. These entities have combined net income of $7.9 million for the year ended December 31, 2012 and net assets of $53.9 million as at December 31, 2012.

Future accounting policies

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

In May 2011, the IASB issued the following standards: IFRS 10, Consolidated Financial Statements (IFRS 10), IFRS 11, Joint Arrangements (IFRS 11), IFRS 12, Disclosure of Interests in Other Entities (IFRS 12), IAS 27, Separate Financial Statements (IAS 27), IFRS 13, Fair Value Measurement (IFRS 13) and amended IAS 28, Investments in Associates and Joint Ventures (IAS 28). The adoption of these standards requires retrospective adoption with a transition date of January 1, 2012. These new standards will be effective for the Company on January 1, 2013 and will not be early adopted.

The Company is in the process of assessing the impact of these new standards. The Company has performed a preliminary assessment of the new standards with respect to its joint arrangements. The Company currently accounts for these entities using proportionate consolidation (refer to Note 26 to the financial statements). Under IFRS 11, Joint Arrangements, the Company expects that it will be required to equity account for these investments. This will result in material adjustments to the Company's statement of operations, balance sheets and classification of cash flows commencing on January 1, 2013. The Company also expects that IFRS 12, Disclosure of Interests in Other Entities, may impact the required financial statement disclosures for its subsidiaries, joint arrangements and associates.

In 2011, IAS 19, Employee benefits, was amended to include new guidance with respect to pension plans. A number of these changes were previously optional under IFRS 19, Employee Benefits, and were implemented by the Company on initial adoption of IFRS on January 1, 2011. Additional changes will be required to be adopted on January 1, 2013 including the methodology for determining the Company's annual pension expense for defined benefit pension arrangement, recognition of past service cost, income statement presentation and note disclosures.

Critical Accounting Estimates

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

Income Taxes

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

Retirement benefit assets/obligations

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

Glacier uses independent actuarial firms to perform actuarial valuations of the fair value of pension and other retirement benefit plan obligations. The application of these recommendations requires judgments regarding certain assumptions that affect the accrued benefit provisions and related expenses, including the discount rate used to calculate the present value of the obligations, the expected rate of return on plan assets, the rate of compensation increase and the assumed health care cost trend rates. Management and the Board of Director's Pension Committee evaluate these assumptions annually based on experience and the recommendations of its actuarial firms. Changes in these assumptions result in actuarial gains or losses, which are recorded in comprehensive income for the year.

Share-based payments

The Company provides incentives via share-based payment entitlements. The fair value of entitlements 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. 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.

Impairment of intangible assets and goodwill

Intangible assets with a finite life, which consist of copyrights, subscription lists, customer relationships, other intangible assets and software are reviewed for impairment when the occurrence of events or changes in circumstances indicates that the carrying value of the assets may not be recoverable. The Company employed two different methods to test the recoverability of the carrying value of the amortizing intangible assets based on the type of amortizing intangible asset.

The recoverable amount of certain amortizing intangible assets, including customer relationships, has been determined using the value in use calculation which uses five year cash flows based on budgets approved by management that made maximum use of observable market inputs and outputs. For periods beyond the budget period, cash flows were extrapolated using growth rates consistent with the historical average group rates in the respective cash-generating-unit ("CGU") or group of CGUs and taking into account expected future operating results, cost savings achieved through cost savings initiatives, economic conditions and outlook for the industry within which the assets are employed/used.

The recoverable amount of certain other amortizing intangible assets, including copyrights, has been determined using the value in use calculation which uses five year budgeted revenues to determine the relief from royalties that the intangible assets provide. For periods beyond the budget period, revenues were extrapolated using growth rates consistent with the historical average rate for the specific CGU or group of CGUs in which these assets are employed.

Based upon the analysis performed, the Company concluded that there was an impairment of amortizing intangibles in 2012 and 2011 in the Business and Professional group of CGUs.

Non-amortizable intangible assets consisting mainly of mastheads which have an indefinite useful life and are not amortized, but tested annually for impairment or more frequently if impairment indicators arise. The Company used the aggregate recoverable amount of the non-amortizing intangible assets included in each CGU or group of CGUs and compared it to their respective carrying amounts. The recoverable amount is determined using the value in use calculation which uses five year budgeted revenues to determine the relief from royalties that the mastheads provide. For periods beyond the budget period, revenues were extrapolated using growth rates consistent with the historical average rate for the CGU or group of CGUs where each of these assets were employed.

Based upon the analysis performed in 2012, the Company concluded that there was an impairment of indefinite life intangible assets in the BC Community Media group of CGUs. In 2011, there was no impairment of non-amortizing intangible assets identified.

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

In order to assess the goodwill for impairment, an analysis of the future expected discounted cash flows of the assets to which the goodwill relates is prepared as and when required. In conducting its annual impairment test of goodwill, the Company used the aggregate recoverable amount of the assets included in each CGU or group of CGUs and compared it to their respective carrying amounts. The recoverable amounts for each CGU or group of CGUs were determined using the value in use calculation which uses five year cash flow budgets approved by management that made maximum use of observable market inputs and outputs. For periods beyond the budgeted period, cash flows were extrapolated using growth rates consistent with the historical average group rates in the respective business segments and taking into account expected future operating results, cost savings achieved through various initiatives, economic conditions and outlook for the industry within which the CGU or group of CGUs operates. Also included in this assessment are assumptions relating to forecast prices, sales volumes and exchange rates. Given the inherent uncertainty regarding longer term sales volumes and exchange rates, management considers various possible scenarios and assigns probabilities to the likelihood of occurrence of each of these.

Based upon the analysis performed in 2012, the Company concluded that there was an impairment of goodwill at December 31, 2012 within the Business and Professional, BC Community Media and Other Trade Information groups of CGUs. Accordingly, the Company has recorded an estimated impairment of goodwill in the year ended December 31, 2012. In 2011, the Company concluded that there was an impairment of goodwill within the Business and Professional, Prairie Community Media and Other Trade Information groups of CGUs.

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

Fair value of 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.

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 assets are affected by useful lives. The estimates are reviewed annually and are updated for changes in the assets' expected useful life.

March 27, 2013

Independent Auditor's Report

To the Shareholders of Glacier Media Inc.

We have audited the accompanying consolidated financial statements of Glacier Media Inc. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2012 and December 31, 2011 and the consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Glacier Media Inc. as at December 31, 2012 and December 31, 2011 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants

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CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended December 31, 2012 and 2011

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

	2012	2011
	$	$
Revenue	**330,016**	267,394
Expenses before depreciation and amortization		
Direct expenses (Note 23)	**220,342**	168,018
General and administrative (Note 23)	**59,281**	50,236
	50,393	49,140
Interest expense, net (Note 21)	**6,074**	4,616
Depreciation of property, plant and equipment (Note 9)	**6,621**	5,708
Amortization of intangible and other assets (Note 11)	**9,280**	8,357
Other income (Note 19)	**(3,703)**	-
Gain on acquisition (Note 6)	**(1,102)**	-
Impairment expense (Notes 9, 10 and 11)	**8,503**	9,151
Other expenses (Note 22)	**3,785**	3,266
Share of earnings from associates (Note 7)	**(269)**	(16,257)
Net income before income taxes	**21,204**	34,299
Income tax expense (Note 20)	**6,263**	6,580
Net income for the year	**14,941**	27,719
Net income attributable to:		
Common shareholders	**10,630**	25,731
Non-controlling interest	**4,311**	1,988
Earnings per share attributable to common shareholders (Note 17)		
Basic and diluted	**0.12**	0.29
Weighted average number of common shares		
Basic and diluted	**89,357,465**	89,991,561

See accompanying notes to these consolidated financial statements

GLACIER MEDIA INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended December 31, 2012 and 2011

(Expressed in thousands of Canadian dollars)

	2012	2011
	$	$
Net income for the period	**14,941**	27,719
Other comprehensive income (loss) (net of tax) (Note 18)		
Actuarial (losses) on defined benefit pension plans	**(991)**	(5,488)
Currency translation adjustment on joint venture	**(28)**	63
Unrealized (loss) on investments classified as available-for-sale	**(84)**	(325)
Share of other comprehensive income (loss) from associates (Note 7)	**942**	(275)
Other comprehensive loss, net of tax	**(161)**	(6,025)
Total comprehensive income (loss)	**14,780**	21,694
Total comprehensive income attributable to:		
Common shareholders	**10,482**	19,893
Non-controlling interest	**4,298**	1,801

See accompanying notes to these consolidated financial statements

GLACIER MEDIA INC.

CONSOLIDATED BALANCE SHEETS
As at December 31, 2012 and 2011

(Expressed in thousands of Canadian dollars)

	2012	2011
	$	$
Assets		
Current assets		
Cash and cash equivalents	**5,216**	9,206
Trade and other receivables	**62,284**	58,746
Inventory	**5,722**	5,431
Prepaid expenses	**3,376**	3,248
	76,598	76,631
Non-current assets		
Investment in associates (Note 7)	**61,937**	62,369
Other investments (Note 8)	**3,953**	3,970
Other assets	**1,376**	1,595
Property, plant and equipment (Note 9)	**84,380**	73,843
Goodwill (Note 10)	**228,061**	207,139
Intangible assets (Note 11)	**167,732**	166,209
Total assets	**624,037**	591,756
Liabilities		
Current liabilities		
Trade and other payables (Note 12)	**32,159**	34,080
Dividends payable	**-**	2,770
Deferred revenue	**21,656**	20,861
Current portion of long-term debt (Note 13)	**13,749**	10,724
Other current liabilities	**1,700**	2,748
	69,264	71,183
Non-current liabilities		
Non-current portion of deferred revenue	**736**	652
Other non-current liabilities	**1,491**	1,860
Post-employment benefit obligation (Note 14)	**12,484**	10,471
Long-term debt (Note 13)	**118,108**	129,272
Deferred income taxes (Note 20)	**25,607**	23,478
Total liabilities	**227,690**	236,916
Equity		
Share capital (Note 16)	**198,962**	199,216
Contributed surplus	**8,844**	8,792
Accumulated other comprehensive loss (Note 18)	**(549)**	(441)
Retained earnings	**140,758**	132,849
Total equity attributable to common shareholders	**348,015**	340,416
Non-controlling interest	**48,332**	14,424
Total equity	**396,347**	354,840
Total liabilities and equity	**624,037**	591,756

See accompanying notes to these consolidated financial statements

Approved by the Directors

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

GLACIER MEDIA INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years ended December 31, 2012 and 2011

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

	Attributable to common shareholders							
	Share capital		Contributed	Accumulated other comprehensive	Retained		Non-controlling	Total
	Shares	Amount	surplus	loss	earnings	Total	interests	equity
		$	$	$	$	$	$	$
Balance, December 31, 2011	89,358,410	199,216	8,792	(441)	132,849	340,416	14,424	354,840
Net income for the period	-	-	-	-	10,630	10,630	4,311	14,941
Other comprehensive income (loss) (net of tax):	-	-	-	(108)	(40)	(148)	(13)	(161)
Total comprehensive income (loss) for the period	-	-	-	(108)	10,590	10,482	4,298	14,780
Dividends declared and paid on common shares	-	-	-	-	(2,681)	(2,681)	(85)	(2,766)
Acquisition of control of ANGLP	-	-	-	-	-	-	31,474	31,474
Sale of minority shareholdings	-	-	-	-	-	-	16	16
Repurchase of non-controlling interest	-	-	-	-	-	-	(231)	(231)
Distributions to non-controlling interests	-	-	-	-	-	-	(1,564)	(1,564)
Repurchase of common shares	(115,308)	(254)	52	-	-	(202)	-	(202)
Balance, December 31, 2012	**89,243,102**	**198,962**	**8,844**	**(549)**	**140,758**	**348,015**	**48,332**	**396,347**
Balance, December 31, 2010	90,633,410	202,059	8,644	(187)	118,059	328,575	13,593	342,168
Net income for the period	-	-	-	-	25,731	25,731	1,988	27,719
Other comprehensive income (loss) (net of tax):	-	-	-	(254)	(5,584)	(5,838)	(187)	(6,025)
Total comprehensive income (loss) for the period	-	-	-	(254)	20,147	19,893	1,801	21,694
Dividends declared on common shares	-	-	-	-	(5,357)	(5,357)	-	(5,357)
Distributions to non-controlling interests	-	-	-	-	-	-	(340)	(340)
Repurchase of non-controlling interest	-	-	-	-	-	-	(648)	(648)
Stock option expense	-	-	289	-	-	289	-	289
Repurchase of common shares	(1,275,000)	(2,843)	(141)	-	-	(2,984)	-	(2,984)
Non-controlling interest on acquired businesses	-	-	-	-	-	-	18	18
Balance, December 31, 2011	89,358,410	199,216	8,792	(441)	132,849	340,416	14,424	354,840

See accompanying notes to these consolidated financial statements

GLACIER MEDIA INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2012 and 2011

(Expressed in thousands of Canadian dollars)

	2012	2011
	$	$
Operating activities		
Net income	**14,941**	27,719
Items not affecting cash		
Depreciation of property, plant and equipment	**6,621**	5,708
Amortization of intangible and other assets	**9,280**	8,357
Stock based compensation	**-**	289
Loss on disposal of assets	**158**	-
Gain on acquisition	**(1,102)**	-
Impairment expense	**8,503**	9,151
Employee future benefit expense in excess of employer contributions	**419**	69
Deferred income taxes	**5,437**	5,761
Non-cash interest expense	**157**	1,042
Share of losses (earnings) from associates	**(269)**	(16,257)
(Gain)/loss on change in fair value of derivative financial instruments	**(72)**	389
Other non-cash expenses	**(104)**	14
Cash flow from operations before changes in non-cash operating accounts	**43,969**	42,242
Changes in non-cash operating accounts		
Trade and other receivables	**(1,689)**	(5,092)
Inventory	**(265)**	269
Prepaid expenses	**8**	(501)
Trade and other payables	**(2,471)**	13,862
Deferred revenue	**291**	(1,373)
Cash generated from operating activities	**39,843**	49,407
Investing activities		
Acquisitions, inclusive of bank indebtedness assumed and related financing liabilities	**(381)**	(41,476)
Net cash acquired on acquisitions	**872**	-
Investment in associates	**(228)**	(21,791)
Other investing activities	**(1,365)**	(2,056)
Proceeds from disposal of assets	**437**	21
Dividends received from associates	**1,871**	1,327
Purchase of property, plant, equipment	**(13,806)**	(11,535)
Purchase of intangible assets	**(3,066)**	(3,951)
Cash used in investing activities	**(15,666)**	(79,461)
Financing activities		
Proceeds from long-term debt	**4,383**	55,465
Purchase of common shares	**(202)**	(2,984)
Distribution to non-controlling interests	**(1,564)**	(342)
Dividends paid	**(5,536)**	(2,587)
Repayment of long-term debt	**(25,248)**	(10,712)
Cash (used in) generated from financing activities	**(28,167)**	38,840
Net cash inflow (outflow)	**(3,990)**	8,786
Cash and cash equivalents, beginning of period	**9,206**	420
Cash and cash equivalents, end of period	**5,216**	9,206

Supplemental information (Note 27)

See accompanying notes to these consolidated financial statements

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

1. General business description

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

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

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of consolidated financial statements.

These financial statements have been approved by the Board of Directors for issue on March 27, 2013.

In accordance with IFRS, the comparative information has been restated for the finalization of the purchase accounting related to acquisitions on November 30, 2011. Refer to Note 6 (d).

3. Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years 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 December 31, 2012 and the results of all controlled entities for the year 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 for these purposes 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.

3. Significant accounting policies (continued)

(b) Principles of consolidation (continued)

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 entities over which the Company has significant influence but not control. Generally, the Company has a voting 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:

- Investments are initially recognized at cost.
- Associates include goodwill and intangibles 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.

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

3. Significant accounting policies (continued)

(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. All resulting changes are recognized in other comprehensive income as currency translation adjustments.

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 year-end exchange rate. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-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 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 year 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.

3. Significant accounting policies (continued)

(e) Income taxes (continued)

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.

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. 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 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. 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 year in which they are incurred.

3. Significant accounting policies (continued)

(h) Property, plant and equipment (continued)

Depreciation
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 equipment	3 – 25 years
Office equipment and fixtures	3 – 15 years
Leased equipment	3 – 15 years
Leasehold improvements	5 – 20 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. 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 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 their expected useful life of 10 to 30 years. Subscription lists and 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 consideration 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.

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 year in which they occur, in other comprehensive income and retained earnings without recycling to the statement of operations in subsequent years. 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) Government grants

Income based government grants provided to offset an expense are recorded as a decrease in the expense in the year in which the expense is incurred. Any amounts due from the Government for qualifying expenses are recorded in trade receivables. Any amounts received in advance are recorded in current liabilities until the related expense is incurred.

(q) Share capital

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

(r) Dividends

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

(s) 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 year.

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)

(t) 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 year in which they are incurred.

(u) 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 year 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)

(u) 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, other current liabilities and long and short-term debt. 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 is 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 U.S. 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)

(v) 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 years 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, 2015.

In May 2011, the IASB issued the following standards: IFRS 10, *Consolidated Financial Statements* (IFRS 10), IFRS 11, *Joint Arrangements* (IFRS 11), IFRS 12, *Disclosure of Interests in Other Entities* (IFRS 12), IAS 27, *Separate Financial Statements* (IAS 27), IFRS 13, *Fair Value Measurement* (IFRS 13) and amended IAS 28, *Investments in Associates and Joint Ventures* (IAS 28). The adoption of these standards requires retrospective adoption with a transition date of January 1, 2012. These new standards are effective for the Company on January 1, 2013 and will not be early adopted.

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.

Requirements for financial liabilities were added in October 2010 and they substantially carried forward existing requirements under IAS 39, except that fair value changes due to credit risk for liabilities designated as fair value through profit and loss would generally be recorded in 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.

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

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

The Company is in the process of assessing the impact of these new standards. The Company has performed a preliminary assessment of the new standards with respect to its joint arrangements. The Company currently accounts for these entities using proportionate consolidation (refer to Note 26 to these financial statements). Under IFRS 11, *Joint Arrangements,* the Company expects that it will be required to equity account for these investments. This will result in material adjustments to the classification and presentation of the Company's statement of operations, balance sheets and statement of cash flows commencing on January 1, 2013. The Company also expects that IFRS 12, *Disclosure of Interests in Other Entities,* will impact the required financial statement disclosures for its subsidiaries, joint arrangements and associates.

In 2011, IAS 19, *Employee Benefits*, was amended to include new guidance with respect to pension plans. A number of these changes were previously optional under IFRS 19, *Employee Benefits,* and were implemented by the Company on initial adoption of IFRS on January 1, 2011. Additional changes will be required to be adopted on January 1, 2013 including the methodology for determining the Company's annual pension expense for defined benefit pension arrangement, recognition of past service cost, presentation of statements of operations and note disclosures.

5. Critical accounting estimates and judgements

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 incurred any impairment. The tests incorporate assumptions regarding future events, specifically growth rates and discount rates, which may or may not occur, resulting in the need for future revisions of estimates. There are also judgements involved in determination of CGUs and groups of CGUs.

(b) *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.

5. Critical accounting estimates and judgements (continued)

(c) *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.

(d) *Derivative financial instruments*

The fair values of over-the-counter derivatives are determined using valuation techniques adopted by management 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.

(e) *Fair value assessment 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.

(f) *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.

(g) *Utilization of tax losses*

The recognition of income tax assets (Note 20), including those in associates, related to the utilization of non-capital losses requires significant judgement and is subject to uncertainty as to the timing and ability to utilize the losses in the future.

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

6. Acquisitions

(a) On April 1, 2012, the Company acquired control of its joint venture partner Alta Newspaper Group Limited Partnership ("ANGLP"). In accordance with IFRS 3, this acquisition was treated as a step acquisition by the Company, whereby its existing investment was disposed of at April 1, 2012 and a new investment reacquired resulting in a gain of $1.1 million. Effective April 1, 2012, the Company accounts for its investment in ANGLP as a subsidiary and consolidates the financial position and results of the Company. Prior to April 1, 2012, the Company accounted for its investment in ANGLP using proportionate consolidation in accordance with IAS 31.

The consideration paid is equal to the net carrying value of the Company's interest in ANGLP immediately prior to the acquisition of control including net working capital, property plant and equipment, intangible assets, goodwill, and long term debt. The non-controlling interest was valued at the minority shareholders percentage of the net assets of the ANGLP on April 1, 2012. The Company recognized a gain on the step acquisition of $1.1 million. The acquired assets and liabilities have been allocated as follows:

(thousands of dollars)	
	$
Assets acquired	
Cash	2,154
Trade receivables	4,421
Inventory	295
Prepaid assets	337
Property, plant and equipment	8,469
Intangible assets	25,680
Goodwill	69,472
	110,828
Liabilities assumed	
Trade payables and accrued liabilities	1,311
Deferred revenues	1,453
Deferred income taxes	1,866
Long term debt	31,042
Post employment benefits	668
	36,340
Non-controlling interest	31,474
Consideration	41,912
Gain on acquisition	1,102

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

6. Acquisitions (continued)

(b) During the year ended December 31, 2012, the Company and its affiliates completed a number of smaller acquisitions including the assets of the National Buyer Seller Forum trade show, Commodity News Service, Weather Farm and a 50% interest in a number of small Alberta community media publications. The total purchase price for these acquisitions was $1.1 million.

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

(d) During the year ended December 31, 2012, the Company and its affiliates completed the purchase accounting for its acquisition of community media assets from Postmedia Networks Inc. on November 30, 2011. The acquired assets and liabilities have been allocated as follows upon finalization:

(thousands of dollars)	
	$
Assets acquired	
Trade receivables	10,248
Prepaid assets	183
Other assets	804
Property, plant and equipment	7,706
Intangible assets	8,840
Goodwill	6,309
	34,090
Liabilities assumed	
Trade payables and accrued liabilities	2,288
Deferred revenues	227
Deferred income taxes	553
	3,068
Consideration	31,022

In accordance with IFRS, as a result of finalizing the purchase accounting, the December 31, 2011 financial statements have been restated for these amounts. The restatement consisted of adjustments to the consolidated balance sheet but did not impact net income for the year ended December 31, 2011.

(e) During the year ended, December 31, 2011, the Company completed a number of other acquisitions including an event management company, additional community media newspapers and a number of trade shows. The total purchase price for these acquisitions was $2.8 million.

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

7. Investment in associates

Investment in associates includes the following investments:

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

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

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

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

The investment in its various associates consists of the following:

(thousands of dollars)	**2012**	2011
	$	$
Balance, beginning of year	**62,369**	22,890
Investment in associates	**228**	25,036
Share of earnings for the period (a)	**269**	16,257
Share of other comprehensive income (loss) income for the period	**942**	(275)
Dividends received and other equity movements	**(1,871)**	(1,539)
Balance, end of year	**61,937**	62,369

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

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

(thousands of dollars)	**2012**	2011
	$	$
Assets	**175,816**	189,440
Liabilities	**60,722**	71,929
Revenues	**92,963**	41,684
Net income (loss) for the year	**448**	31,326
Other comprehensive income (loss)	**1,601**	(467)

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

8. Other investments

Other investments include interests in both publicly traded and private print and digital media companies.

9. Property, plant and equipment

(thousands of dollars)	Land	Buildings	Production equipment	Office equipment and leaseholds	Total
	$	$	$	$	$
Cost					
Balance at December 31, 2010	11,790	19,909	48,052	21,738	101,489
Additions (a)	298	3,998	3,144	4,095	11,535
Acquisitions on business combinations	5,106	1,771	280	1,501	8,658
Disposals	(330)	(674)	(1,443)	(2,361)	(4,808)
Exchange differences	-	-	-	(13)	(13)
Impairment	-	-	(352)	-	(352)
Balance at December 31, 2011	16,864	25,004	49,681	24,960	116,509
Additions (a)	-	3,192	7,583	3,031	13,806
Acquisitions on business combinations	1,569	3,774	3,236	200	8,779
Adjustment (b)	(540)	(2,895)	(3,037)	(1,231)	(7,703)
Disposals	(206)	(255)	(305)	(163)	(929)
Balance at December 31, 2012	17,687	28,820	57,158	26,797	130,462
Accumulated depreciation					
Balance at December 31, 2010	-	736	22,151	16,853	39,740
Additions	-	1,172	3,128	1,408	5,708
Disposals	-	(250)	(1,337)	(1,195)	(2,782)
Balance at December 31, 2011	-	1,658	23,942	17,066	42,666
Additions	-	1,051	3,132	2,438	6,621
Adjustment (b)		(256)	(1,306)	(1,330)	(2,892)
Disposals	-	(35)	(250)	(28)	(313)
Balance at December 31, 2012	-	2,418	25,518	18,146	46,082
Carrying amounts					
At December 31, 2011	16,864	23,346	25,739	7,894	73,843
At December 31, 2012	17,687	26,402	31,640	8,651	84,380

(a) At December 31, 2012, there is $5.2 million (2011: $ nil) in production equipment under construction that has not been placed in use for which no depreciation has been recorded for the year. Also included in production equipment are assets held under a finance lease (Note 13 (c)).

(b) On April 1, 2012, the Company recorded a deemed disposal of property, plant and equipment related to the step acquisition of control of ANGLP (Note 6 (a)).

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

10. Goodwill

The Company has goodwill related to various business combinations as follows:

(thousands of dollars)	**2012**	2011
	$	$
Balance, beginning of period	**207,139**	199,832
Acquisition on business combinations	**27,925**	8,244
Disposition	**(179)**	-
Impairment (a)	**(6,824)**	(937)
Balance, end of year	**228,061**	207,139

(a) In each of fiscal 2012 and 2011, the Company conducted its annual impairment test of goodwill. The Company used the aggregate recoverable amount of the assets included in each CGU or group of CGUs and compared it to their respective carrying amounts. Recoverable amount has been determined based on the value in use of the CGUs or groups of CGUs using five year cash flow budgets approved by management that made maximum use of observable market inputs and outputs. For periods beyond the budget period, cash flows were extrapolated using growth rates consistent with the historical average group rates in the respective CGU or groups of CGUs and taking into account expected future operating results, cost savings achieved through cost savings initiatives, economic conditions and outlook for the industry within which the reporting unit operates. Key assumptions for all CGUs or groups of CGUs included in the 2012 testing are: annual growth rates of 1.0% - 5.0% (2011: 1.0% - 3.5%) and pre-tax discount rates of 8.0% (2011: 6.9% - 9.6%).

In fiscal 2012, the Company recorded impairments of $6.8 million to its goodwill of which $4.3 million was included in the Business and Professional group of CGUs, $2.4 million was included in the BC Community Media group of CGUs and $0.1 million was included in the Other Trade Information group of CGUs. In fiscal 2011, the Company recorded impairments of $0.9 million to its goodwill of which $0.2 million was included in the Business and Professional group of CGUs and $0.7 was included in the Other Trade Information group of CGUs.

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

11. Intangible assets

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

Intangible assets are as follows:

	Indefinite life	Amortizing				
(thousands of dollars)	Mastheads and Trademarks	Copyrights	Customer relationships	Subscription lists	Software and websites	Total
	$	$	$	$	$	$
Cost						
Balance at December 31, 2010	94,071	20,274	72,768	3,017	11,957	202,087
Additions	-	-	155	-	3,797	3,952
Acquisitions on business combinations	7,200	-	7,683	160	-	15,043
Impairment	(237)	(7,625)	-	-	-	(7,862)
Balance at December 31, 2011	101,034	12,649	80,606	3,177	15,754	213,220
Additions	-	-	276	30	2,760	3,066
Acquisitions on business combinations	10,699		16,733	356	-	27,788
Adjustment (a)	(8,449)	-	(14,238)	-	-	(22,687)
Impairment	(643)	(168)	(111)	-	(756)	(1,678)
Balance at December 31, 2012	**102,641**	**12,481**	**83,266**	**3,563**	**17,758**	**219,709**
Accumulated amortization						
Balance at December 31, 2010	-	8,008	19,380	2,702	8,564	38,654
Amortization	-	883	5,215	5	2,254	8,357
Balance at December 31, 2011	-	8,891	24,595	2,707	10,818	47,011
Amortization	-	884	6,314	45	2,037	9,280
Adjustment (a)		-	(4,314)	-	-	(4,314)
Balance at December 31, 2012	-	**9,775**	**26,595**	**2,752**	**12,855**	**51,977**
Carrying amounts						
At December 31, 2011	101,034	3,758	56,011	470	4,936	166,209
At December 31, 2012	**102,641**	**2,706**	**56,671**	**811**	**4,903**	**167,732**

(a) On April 1, 2012, the Company recorded a deemed disposal of property, plant and equipment related to the step acquisition of control of ANGLP (Note 6 (a)).

Non-amortizing Intangible assets

In each of fiscal 2012 and 2011, the Company conducted its annual impairment test of non-amortizing indefinite life intangible assets. The Company used the aggregate recoverable amount of the non-amortizing intangible assets included in each CGU or group of CGUs, and compared it to their respective carrying amounts. The recoverable amount is based on the value in use using five year budgeted revenues to determine the relief from royalties that the mastheads and trademarks provide. For periods beyond the budget period, revenues were extrapolated using growth rates consistent with the historical average rates. Key assumptions for all CGUs or groups of CGUs included in the 2012 testing are: royalty rates of 3.5% - 5.0% (2011: 3.5% - 4.5%), annual revenue growth rates of 4.0% - 7.5% (2011: 6.75% - 12.0%) and pre-tax discount rates of 8.0% (2011: 6.9% - 9.6%).

Amortizing intangible assets

The Company also reviewed indicators of impairment on its amortizing intangible assets in both 2012 and 2011. In 2012, the Company identified certain copyright assets that required additional testing. In 2011, the Company identified certain copyright and customer relationship assets that required additional testing.

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

11. Intangible assets (continued)

Copyrights

The Company used the aggregate recoverable amount of the copyright assets and compared it to the carrying amount. The recoverable amount is based on the value in use using five year budgeted revenues to determine the relief from royalties that the copyrights provide. For periods beyond the budget period, revenues were extrapolated using growth rates consistent with the historical average rates. Key assumptions included in the 2012 testing are: royalty rates of 5.0% - 8.0% (2011: 5.0% - 8.0%), annual growth rates of 1.0% - 3.5% (2011: 1.0% - 3.5%), and pre-tax discount rates of 8.0% (2011: 6.9% - 9.6%).

Customer relationships

The Company used the aggregate recoverable amount of its customer relationship assets and compared it to the carrying amount. Recoverable amount has been determined based on the value in use of the CGUs using a five year cash flow budgets approved by management that made maximum use of observable market inputs and outputs. For periods beyond the budget period, cash flows were extrapolated using growth rates consistent with the historical average group rates in the respective business segments and taking into account expected future operating results, cost savings achieved through cost savings initiatives, economic conditions and outlook for the industry within which the reporting unit operates. Key assumptions included in the 2011 testing are: budgeted margin of 15.0% - 20.0%, annual growth rates of 1.0% - 3.7%, and pre-tax discount rates of 6.9% - 9.6%. Testing of customer relationships was not required in 2012.

In fiscal 2012, the Company recorded an impairment of $0.6 million on its non-amortizing intangible assets in the BC Community Media group of CGUs. In addition, the Company recorded impairment of $1.1 million on certain amortizing intangible assets, of which $0.8 million were related to website hosting assets that are no longer in use in the BC Community Media group of CGUs and $0.3 million were related to certain assets in the Business and Professional group of CGUs.

In fiscal 2011, the Company recorded an impairment of $0.3 million on its non-amortizing intangible assets and $7.6 million on certain amortizing intangibles, of which $7.6 million was in the Business and Professional group of CGUs and $0.3 million was in the Prairie Newspaper group of CGUs.

12. Trade and other payables

(thousands of dollars)	**2012**	2011
	$	$
Trade payables	**12,278**	12,353
Accrued liabilities	**19,874**	21,318
	32,152	33,671
Trade payables due to related parties (Note 25)	**7**	409
	32,159	34,080

All trade payables are due within three months of year end.

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

13. Long-term debt

The Company has the following long-term debt outstanding:

(thousands of dollars)	**2012**	2011
	$	$
Current		
ANGLP non-recourse debt (b)	**6,736**	4,463
Finance lease liability (c)	**660**	1,638
Mortgages and other loans	**6,353**	4,623
	13,749	10,724
Non-current		
Revolving bank loan (a)	**97,000**	112,669
ANGLP non-recourse debt (b)	**18,727**	15,155
Finance lease liability (c)	**-**	756
Mortgages and other loans	**2,381**	692
	118,108	129,272
	131,857	139,996

Changes to the Company's debt obligation for the years ended December 31, 2012 and 2011 were as follows:

(thousands of dollars)	**2012**	2011
	$	$
Balance, beginning of year	**139,996**	94,202
Proceeds from additional borrowings	**16,858**	56,179
Financing charges	**251**	327
Principal portion of finance lease payments	**(1,556)**	(1,527)
Repayment of debt	**(23,692)**	(9,185)
Balance, end of year	**131,857**	139,996

(a) Revolving bank loan

Glacier has a revolving bank loan facility with a syndicate of major Canadian banks which requires no 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 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. The 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 December 31, 2012 and 2011.

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

13. Long-term debt (continued)

(b) Alberta Newspaper Group Limited Partnership

Alberta Newspaper Group Limited Partnership ("ANGLP") has entered into separate senior term loan facilities with a company that is related, due to common ownership, to Glacier. The facilities bear interest at varying rates based on the prevailing bankers acceptance rate plus an acceptance fee which ranges from 2.00% to 3.50% or the bank prime rate plus 0.50% to 2.125%, depending on ANGLP's debt to earnings ratio. The facilities are secured by a charge over the property of ANGLP.

At December 31, 2012, ANGLP has $25.5 million outstanding on its senior loan facilities which matures on November 1, 2016. The facility requires annual payments of $5.6 million plus interest until September 1, 2013 and $6.7 million plus interest thereafter.

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

(c) Finance lease obligation

The Company has certain lease arrangements which are considered finance lease arrangements. They are secured by the related equipment which is included in property plant and equipment. The total carrying value of these leased assets at December 31, 2012 is $5.3 million. The finance lease liabilities at December 31, 2012 consists of the future minimum lease payments of $0.7 million less interest of $ nil.

The total repayment of principal on interest bearing debt obligations and finance lease obligations is as follows:

(thousands of dollars)	**Long Term Debt**	**Finance Lease Obligations**	**Total**
	$	$	**$**
2013	13,088	660	**13,748**
2014	6,868	-	**6,868**
2015	103,317	-	**103,317**
2016	5,676	-	**5,676**
2017	179	-	**179**
Thereafter	2,069	-	**2,069**
	131,197	660	**131,857**

14. Post employment benefit obligations

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

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

14. Post employment benefit obligations (continued)

The amounts recognized in the balance sheets are as follows:

(thousands of dollars)	2012		2011	
	Pension benefit plans	**Other benefit plans**	Pension benefit plans	Other benefit plans
	$	**$**	$	$
Present value of benefit obligations	**(42,146)**	**(3,968)**	(35,911)	(3,716)
Fair value of plan assets	**33,630**	**-**	29,156	-
Funded status of plans (deficit) surplus	**(8,516)**	**(3,968)**	(6,755)	(3,716)

The movement in the defined benefit obligation is as follows:

	Pension Benefit Plans		Other Benefit Plans	
(thousands of dollars)	**2012**	2011	**2012**	2011
	$	$	**$**	$
Balance, beginning of year	**35,911**	28,980	**3,716**	3,266
Current service cost	**2,348**	1,836	**204**	180
Actuarial losses (gains)	**1,526**	4,616	**(60)**	144
Interest cost	**1,654**	1,576	**164**	181
Benefits paid	**(1,062)**	(1,116)	**(56)**	(55)
Acquisition (Note 6)	**1,769**	-	**-**	-
Other	**-**	19	**-**	-
Balance, end of year	**42,146**	35,911	**3,968**	3,716

The movement in the fair value of the plan assets for the year is as follows:

	Pension Benefit Plans		Other Benefit Plans	
(thousands of dollars)	**2012**	2011	**2012**	2011
	$	$	**$**	$
Balance, beginning of year	**29,156**	29,274	**-**	-
Return on plan assets	**2,151**	(727)	**-**	-
Employer contributions	**1,323**	1,043	**56**	55
Employee contributions	**538**	587	**-**	
Benefits paid	**(1,062)**	(1,116)	**(56)**	(55)
Acquisition (Note 6)	**1,544**	-	**-**	-
Other	**(20)**	95	**-**	-
Balance, end of year	**33,630**	29,156	**-**	-

The total expense recognized in the statement of operations is as follows:

	Pension Benefit Plans		Other Benefit Plans	
(thousands of dollars)	**2012**	2011	**2012**	2011
	$	$	**$**	$
Current service cost	**1,803**	1,370	**204**	181
Interest cost	**1,654**	1,576	**164**	180
Expected return on plan assets	**(2,006)**	(2,024)	**-**	-
Other	**44**	-	**-**	-
	1,495	922	**368**	361

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

14. Post employment benefit obligations (continued)

The principal actuarial assumptions were as follows:

		2012		2011
	Pension benefit plans	**Other benefit plans**	Pension benefit plans	Other benefit plans
	%	**%**	%	%
Benefit obligations				
Discount rate	**4.00 - 6.00**	**4.00**	4.25 - 6.00	4.25
Rate of compensation increases	**3.00 - 3.50**	**3.00**	3.00 - 3.50	3.00
Net benefit expense				
Discount rate	**4.25 - 6.00**	**4.25**	5.25 - 6.00	5.25
Expected return on plan assets	**6.00 - 6.75**	**-**	6.00 - 7.00	-
Rate of compensation increases	**3.00 - 3.50**	**3.00**	3.00 - 3.50	3.00

The assumed trend in health care costs was as follows:

		2012		2011
	Pension benefit plans	**Other benefit plans**	Pension benefit plans	Other benefit plans
	%	**%**	%	%
Initial health care cost trend rate	**-**	**8.00**	-	8.00
Annual rebate of decline in trend rate	**-**	**1.00**	-	1.00
Ultimate health care trend rate	**-**	**5.00**	-	5.00
Year ultimate rate is reached	**-**	**2016**	-	2016

The discount rate utilized has a significant effect on the amounts reported for the other benefit plans. A one-percentage-point change in the discount rate would have the following effects:

		2012		2011
	1% increase	**1% decrease**	1% increase	1% decrease
	$	**$**	$	$
Change in deferred benefit obliagation as at December 31	**(435)**	**487**	(425)	479
Change in service cost	**(33)**	**39**	(32)	38

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

		2012		2011
	1% increase	**1% decrease**	1% increase	1% decrease
	$	**$**	$	$
Total service and interest cost components during the year	**8**	**(9)**	7	(8)
Post-retirement accrued benefit obligation at December 31	**126**	**(139)**	126	(139)

The plan assets are comprised of:

	2012	2011
	%	%
Equity instruments	**73**	75
Debt instruments	**13**	13
Other	**14**	12
	100	100

14. Post employment benefit obligations (continued)

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yield on fixed interest investments are based on gross redemption yields as at the end of the reporting period. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Expected contributions to the benefit plans for the year ended December 31, 2013 are $1.7 million. At December 31, 2012 the accumulated actuarial losses recognized in other comprehensive income were $12.4 million (2011: $10.8 million).

15. Contingencies and commitments

(a) The Company has the following guarantees and contingencies at December 31, 2012.

(i) In connection with certain dispositions of assets and/or businesses, the Company and/or its affiliates have indemnified the purchasers in the event that a third party asserts a claim against the purchaser that relates to a liability retained by the Company. These types of indemnification guarantees typically extend for a number of years. The Company is unable to estimate the maximum potential liability for these indemnifications as the underlying agreements do not always specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, the Company and its other affiliates have not made any significant indemnification payments under such agreements and no amount has been accrued in the consolidated balance sheet with respect to these indemnification guarantees.

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

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

No provision or contingency has been recorded for these items as December 31, 2012 or December 31, 2011.

(b) The Company and its subsidiaries have entered into operating leases for premises and office equipment which expire on various dates up to 2022.

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

15. Contingencies and commitments (continued)

The minimum annual lease payments are required as follows:

(thousands of dollars)	$
2013	5,184
2014	4,052
2015	3,141
2016	2,672
2017	2,442
Thereafter	4,989
	22,480

16. Share capital

At December 31, 2012 and 2011, the Company has authorized an unlimited number of common shares without par value and an unlimited number of preferred shares.

At December 31, 2012, the Company has 89,243,102 (2011: 89,358,410) common shares outstanding.

At December 31, 2012 and 2011, the Company did not have any preferred shares issued.

The Company had the following common share options and warrants issued:

		2012		2011
	Common shares options	**Weighted average exercise price**	Common shares options	Weighted average exercise price
		$		$
Options outstanding at beginning of year	**1,575,000**	**3.01**	1,100,000	3.25
Granted	**-**	**-**	475,000	2.44
Exercised	**-**	**-**	-	-
Expired	**(1,100,000)**	**3.25**	-	-
Outstanding at end of year	**475,000**	**2.44**	1,575,000	3.01
Exercisable at end of year	**475,000**	**2.44**	1,575,000	3.01

During the year ended December 31, 2012, the Company repurchased for cancellation 115,308 shares at a price of $1.75 under its September 2012 Normal Course Issuer Bid ("NCIB").

On September 28, 2012, the Company filed a renewed normal course issuer bid ("September 2013 NCIB") which authorized the Company to repurchase for cancellation up to 2,500,000 common shares until September 27, 2013.

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

16. Share capital (continued)

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 30, 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 30, 2011, being $2.44, and expire on 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 in 2011 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: expected volatility of 40.4%; risk-free interest rate of 2.0%; expected life of three years; and annual dividend yield of 2.5%. Stock-based compensation cost of $ nil million has been recorded for the year ended December 31, 2012 (2011 - $0.3 million).

At December 31, 2012, 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, unless extended.

17. Earnings per share

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

	Income	Shares	Per share
2012	**$**		**$**
Basic EPS:			
Net income	**10,630**	**89,357,465**	**0.12**
Effect of dilutive securities	**-**	**-**	**-**
Diluted EPS:			
Net income	**10,630**	**89,357,465**	**0.12**
2011	$		$
Basic EPS:			
Net income	25,731	89,991,561	0.29
Effect of dilutive securities	-	-	-
Diluted EPS:			
Net income	25,731	89,991,561	0.29

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

18. Other comprehensive income (loss)

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

	Accumulated other comprehensive income			Retained earnings			
(thousands of dollars)	Equity Securities classified as available for sale	Cumulative Translation Adjustment	Total	Actuarial gains (losses) on defined benefit plans	Total	Non-controlling interests	Total comprehensive loss
	$	$		$	$	$	$
Balance, December 31, 2011	(315)	(126)	(441)	(8,085)	(8,085)	(273)	(8,799)
Cumulative translation adjustment	-	(27)	(27)	-	-	(1)	(28)
Actuarial (losses) on defined benefit plans	-	-	-	(953)	(953)	(38)	(991)
Unrealized (loss) on available for sale investments	(81)	-	(81)	-	-	(3)	(84)
Share of other comprehensive income from associates	-	-	-	913	913	29	942
Other comprehensive (loss) for the period			(108)		(40)	(13)	(161)
Balance, December 31, 2012	**(396)**	**(153)**	**(549)**	**(8,125)**	**(8,125)**	**(286)**	**(8,960)**
Balance, December 31, 2010	-	(187)	(187)	(2,501)	(2,501)	(86)	(2,774)
Cumulative translation adjustment	-	61	61	-	-	2	63
Actuarial (losses) on defined benefit plans	-	-	-	(5,318)	(5,318)	(170)	(5,488)
Unrealized (loss) on available for sale investments	(315)	-	(315)	-	-	(10)	(325)
Share of other comprehensive loss of associates	-	-	-	(266)	(266)	(9)	(275)
Other comprehensive (loss) for the period			(254)		(5,584)	(187)	(6,025)
Balance, December 31, 2011	(315)	(126)	(441)	(8,085)	(8,085)	(273)	(8,799)

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

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

(thousands of dollars)	**2012**	2011
	$	$
Cumulative translation adjustment	**-**	-
Actuarial (losses) on defined benefit plans	**331**	(1,830)
Unrealized (loss) on available for sale investments	**12**	(42)
Share of other comprehensive (loss) from associates	**-**	-

19. Other income

(thousands of dollars)	**2012**	2011
	$	$
Asset Backed Commercial Paper (a)	**3,136**	-
Fee income (b)	**385**	-
Other income	**182**	-
	3,703	-

(a) During the year ended December 31, 2012, the Company recognized $3.1 million of other income related to the redemption of miscellaneous asset-backed paper investments received in connection with an affiliated entity's participation in the $6.3 million 2008 settlement between Sun Times Media Group and CanWest Global Communications Inc. The Company's participation in the settlement was previously reported in our December 31, 2008 financial statements. The carrying value of these investments was $ nil. The Company does not have any other such investments.

(b) During the year ended December 31, 2012, the Company received fee income related to providing a guarantee on the debt of one of its associates.

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

20. 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, 2012 was 25.0% (2011: 26.5%. The components of income tax expense are shown in the following table:

(thousands of dollars)	**2012**	2011
	$	$
Current tax	**991**	819
Deferred tax	**5,272**	5,761
Income tax expense	**6,263**	6,580

The tax on the Company's net income before tax differs from the amount that would arise using the weighted average tax rate applicable to consolidated profits of the Company as follows:

(thousands of dollars)	**2012**	2011
	$	$
Net income before income taxes	**21,204**	34,299
Tax rate	**25.0%**	26.5%
	5,301	9,089
Non-deductible expenses and other	**510**	4,350
Effect of future tax rate reductions	**-**	(574)
Income from associates	**-**	(4,308)
Adjustment in respect of prior years	**549**	(1,977)
Other	**(97)**	-
Income tax expense	**6,263**	6,580

The Company's net deferred tax liability consists of the following:

(thousands of dollars)	**2012**	2011
	$	$
Deferred Tax Assets:		
Available non-capital losses and other tax deductions	**10,137**	12,700
Pension Asset & Post Retirement Benefit	**3,255**	2,300
Deferred revenue	**1,399**	720
	14,791	15,720
Deferred Tax Liabilities:		
Property, plant and equipment	**(8,683)**	(5,172)
Intangible assets	**(25,343)**	(27,928)
Deferred income and other	**(6,372)**	(6,098)
	(40,398)	(39,198)
	(25,607)	(23,478)

The Company has recognized non-capital tax loss and other deductions of approximately $ nil (2011 - $23.2 million) that can be carried forward and may be used to reduce future year's net income for tax purposes from the Canadian tax jurisdictions.

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

20. Income taxes (continued)

The Company has recognized SRED expenditures of $24.2 million (2011 - $25.4 million) that can be carried forward indefinitely to offset against Company's future year's net income for tax purposes.

The Company also has investment tax credits of $5.9 million (2011 - $5.9 million) that can be carried forward to be used to reduce future year's federal tax payable. The credit carryforwards, if unused, expire between 2018 and 2025.

21. Net interest expense

The net interest expense for the years ended December 31, 2012 and 2011 is comprised of:

(thousands of dollars)	**2012**	2011
	$	$
Interest income	**(19)**	(38)
Interest expense	**6,093**	4,654
Net interest expense	**6,074**	4,616

22. Other expenses

(thousands of dollars)	**2012**	2011
	$	$
Restructuring expense (a)	**1,351**	1,555
Stock based compensation (b)	**-**	289
Transaction and transition costs (c)	**2,077**	1,077
Other	**357**	345
	3,785	3,266

(a) Restructuring expense

During the year ended December 31, 2012, restructuring expenses of $1.4 million were recognized (2011 - $1.6 million). Restructuring expenses were recognized with respect to severance costs incurred as the Company restructured and reduced its workforce.

(b) Stock based compensation

As disclosed in Note 16, on March 30, 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 30, 2011 being $2.44 and expire on March 29, 2014.

(c) Transaction and transition costs

The Company incurred costs related to its acquisitions completed in 2012 and 2011. These costs include both the costs of completing the transaction and the costs of integrating these new operations into the Company. Transaction costs include legal, accounting, due diligence, consulting and general acquisition costs. Transition costs include information technology costs, transitional staffing requirements, service fees paid to the vendor during the transition period and other costs directly related to the operational integration of the newly acquired businesses.

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

23. Expense by nature

(thousands of dollars)	**2012**	2011
	$	$
Wages and benefits	**145,414**	117,847
Newsprint, ink and other printing costs	**46,062**	36,320
Delivery costs	**30,160**	19,894
Rent, utilities and other property costs	**12,808**	10,613
Advertising, marketing and other promotion costs	**13,103**	10,232
Third party production and editorial costs	**14,766**	8,230
Legal, bank, insurance and professional services	**6,500**	6,262
Data services, system maintenance, telecommunications and software licenses	**5,503**	5,262
Other	**5,307**	3,594
	279,623	218,254
Direct expenses	**220,342**	168,018
General and administrative expenses	**59,281**	50,236
	279,623	218,254

Expenses for the year ended December 31, 2012 include the additional share of ANGLP's operations from April 1, 2012 as a result of the Company's acquisition of control (Note 6 (a)) and expenses from the Postmedia acquisition on November 30, 2011.

24. Wages and employee benefits expense

Wages and benefit expense for the year consists of the following:

(thousands of dollars)	**2012**	2011
	$	$
Salaries and wages	**130,173**	115,285
Pension and benefit plan costs	**14,327**	1,599
Share-based payments	**-**	289
Other	**914**	674
	145,414	117,847

Compensation awarded to key management for the year consists of:

(thousands of dollars)	**2012**	2011
	$	$
Salaries and short term benefits	**4,504**	3,891
Share-based payments	**-**	289
	4,504	4,180

Key management includes the Company's directors, officers and divisional managers.

25. Related party transactions

In addition to other related party disclosures in the financial statements, the Company has the following related parties with which it completed transactions:

(a) During the year ended December 31, 2012, the Company and its affiliates recorded administration, consulting and interest expenses of $2.5 million (2011: $1.7 million) from Madison Venture Corporation ("Madison") and its subsidiaries. Madison is a minority shareholder of the Company and certain of its officers and directors are officers and directors of the Company. Madison provides strategic, financial, transactional advisory services and administrative services to Glacier on an ongoing basis. This has been done with the intention of maintaining an efficient and cost effective corporate overhead structure, instead of i) hiring more full-time corporate and administrative staff and thereby increasing fixed overhead costs and ii) retaining outside professional advisory firms on a more extensive basis. These services were provided in the normal course of operations and were measured at the exchange amount, which represented the amount of consideration established and agreed to by the related parties. Included in trade payables at December 31, 2012 was $ nil (2011: $0.4 million) due to Madison.

(b) At December 31, 2012, the Company had amounts due to InfoMine of $1.6 million (2011: $3.2 million) related to deferred payments on the acquisition of the Company's 50% interest in InfoMine. These amounts are non-interest bearing and are due on demand except for $0.5 million which is due on November 10, 2013. These amounts are included in other current liabilities.

(c) At December 31, 2012, the Company had amounts due from an associated private holding company of $2.7 million (2011: $0.6 million) for non-operating amounts related to the initial acquisition and integration of the related company. These amounts are non-interest bearing and have no fixed terms of repayment.

26. Joint ventures

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

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

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

26. Joint ventures (continued)

(thousands of dollars)	**2012**	2011
	$	$
Statement of operations		
Revenues	**33,227**	48,484
Costs and expenses	**25,349**	38,607
Net income	**7,878**	9,877
Balance sheet		
Cash and cash equivalents	**3,983**	6,093
Other current assets	**7,317**	10,349
Property, plant and equipment	**18,013**	15,307
Intangible assets	**16,032**	36,274
Goodwill	**26,490**	67,087
Trade and other payables	**(2,995)**	(3,814)
Other current liabilities	**(12,563)**	(13,631)
Long-term debt	**(1,883)**	(15,616)
Deferred income taxes	**(472)**	(8,410)
Net assets	**53,922**	93,639

27. Supplemental cash flow information

(thousands of dollars)	**2012**	2011
	$	$
Interest paid	**5,936**	3,602
Income taxes paid	**825**	1,085

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

28. Segment disclosure

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

(thousands of dollars)	**Community Media and Trade Information**	**Business and Professional**	**Corporate and Other**	**Consolidated**
2012	**$**	**$**	**$**	**$**
Revenue				
Canada	**301,047**	**12,302**	**-**	**313,349**
United States	**13,264**	**3,403**	**-**	**16,667**
				330,016
Income (loss) before interest, taxes, depreciation and amortization	**45,555**	**4,987**	**(149)**	**50,393**
Interest	**5,785**	**289**	**-**	**6,074**
Amortization and depreciation	**14,913**	**988**	**-**	**15,901**
Impairment	**3,879**	**4,624**	**-**	**8,503**
Other expenses	**2,259**	**(17)**	**1,543**	**3,785**
Other income	**(567)**	**-**	**(3,136)**	**(3,703)**
Income tax	**5,965**	**298**	**-**	**6,263**
Share of (earnings) loss from associates	**(269)**	**-**	**-**	**(269)**
Gain on acquisition	**(1,102)**	**-**	**-**	**(1,102)**
Segment Net income	**14,692**	**(1,195)**	**1,444**	**14,941**
Assets	**585,167**	**38,857**	**13**	**624,037**
Capital expenditures	**16,083**	**789**	**-**	**16,872**
Investment in associate	**61,937**	**-**	**-**	**61,937**

(thousands of dollars)	Community Media and Trade Information	Business and Professional	Corporate and Other	Consolidated
2011	$	$	$	$
Revenue				
Canada	241,121	10,908	-	252,029
United States	11,942	3,423	-	15,365
				267,394
Income (loss) before interest, taxes, depreciation and amortization	44,663	4,516	(39)	49,140
Interest	4,369	247	-	4,616
Amortization and depreciation	13,118	947	-	14,065
Impairment	1,344	7,807	-	9,151
Other expenses	2,595	375	296	3,266
Other income	-	-	-	-
Income tax	6,246	334	-	6,580
Share of (earnings) loss from associates	(16,257)	-	-	(16,257)
Segment Net income	33,248	(5,194)	(335)	27,719
Assets	550,493	41,252	11	591,756
Capital expenditures	14,153	1,333	-	15,486
Investment in associate	62,369	-	-	62,369

29. Financial instruments

Financial risk management

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

(a) Market risk

(i) Foreign exchange risk

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

The Company currently hedges a portion of its foreign exchange exposure with financial forward contracts. As at December 31, 2012 Glacier had foreign exchange forward contracts to sell U.S.$100,000 per month which commenced in June 2012 at rates between CAD$1.030 and CAD$1.036, and expires in May 2013. During the year ended December 31, 2012 Glacier had foreign exchange forward contracts to sell U.S.$125,000 per month which commenced in April 2009 at a rate of CAD$1.162, and expired in April 2012. At December 31, 2012, the exchange contracts are recorded at fair market value of $0.1 million (2011: $0.1 million) and included in trade receivables. The Company has concluded that these contracts do not qualify for hedge accounting; therefore changes in fair value of the contracts are recorded in the statement of operations each year.

An assumed $0.01 increase in the USD/CAD foreign exchange rate during the year ended December 31, 2012 would have a $0.2 million (2011: $0.2 million) impact on pre-tax net income. An assumed $0.01 decrease would have an equal but opposite effect on pre-tax net income.

(ii) Interest rate risk

The Company's interest rate risk mainly arises from the interest rate impact on cash and floating rate debt. The Company actively manages its interest rate risk through ongoing monitoring of market interest rates and the overall economic situation. Where appropriate, the Company has in the past and may in the future enter into derivative transactions to fix its interest rates.

An assumed 100 basis points increase in interest rates during the year ended December 31, 2012 would have a $1.3 million (2011: $1.0 million) impact on pre-tax net income. An assumed 100 basis points decrease would have had an equal but opposite effect on pre-tax net income.

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

29. Financial instruments (continued)

(b) Credit risk

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

The Company holds its cash and cash equivalents at major Canadian financial institutions in order to minimize the risk of default on the Company's cash position.

The Company sells its products and services to a variety of customers under various payment terms and therefore is exposed to credit risks from its trade receivables from customers.

The Company has adopted policies and procedures designed to limit these risks. The carrying amounts for trade receivables are net of applicable allowances for doubtful accounts and returns, which are estimated based on past experience, specific risks associated with the customer and other relevant information.

The Company is protected against any concentration of credit risk through its products, broad clientele and geographic diversity. As at December 31, 2012, no single customer accounts for more than 5% of consolidated trade receivables.

Management regularly monitors trade receivable aging, customer credit limits, performs credit reviews and provides allowances for potentially uncollectible trade receivables. The amounts disclosed in the consolidated balance sheets are net of allowances for doubtful accounts. The Company establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of trade receivables. Trade receivables are impaired when there is evidence that collection is unlikely. At December 31, 2012, the Company had trade and other receivables of $62.3 million (2011: $58.7 million), net of allowance for doubtful accounts of $3.1 million (2011: $2.1 million).

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

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

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

		2012		2011
	Gross	**Impairment**	Gross	Impairment
	$	**$**	$	$
Not past due	**31,343**	**(76)**	34,661	(39)
Past due 0 - 30 days	**20,841**	**(21)**	14,178	(69)
Past due 30 - 60 days	**6,939**	**(39)**	6,002	(132)
Past due > 60 days	**6,226**	**(2,944)**	4,298	(1,815)

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

29. Financial instruments (continued)

(b) Credit risk (continued)

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

(thousands of dollars)	**2012**	2011
	$	$
Balance, beginning of year	(2,055)	(2,023)
Impairment (loss), net recoveries	(1,025)	(32)
Balance, end of year	(3,080)	(2,055)

(c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations on a current basis. The Company is exposed to liquidity risk with respect to trade payables, long-term debt, derivatives and contractual obligations. Refer to Notes 12 and 13 for repayment terms of the Company's financial liabilities.

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

Fair value

The carrying value of certain financial instruments maturing in the short-term approximates their fair value. These financial instruments include cash and cash equivalents, trade receivables, trade payables, dividends payable, other current liabilities, and preferred shares in affiliates. The table below shows the fair value and the carrying value of other financial instruments as at December 31, 2012 and 2011.

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

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

29. Financial instruments (continued)

Fair value (continued)

	2012	2011
Carrying values:	**$**	$
Assets		
Loans and receivables		
Cash and cash equivalents	5,216	9,206
Trade and other receivables	62,284	58,818
	67,500	68,024
Available for sale		
Other investments (at cost)	3,016	2,939
Other investments (at fair value)	937	1,031
	3,953	3,970
Fair value through profit and loss		
Foreign exchange forward contract	(91)	(72)
	(91)	(72)
Liabilities		
Amortized cost		
Trade payables	12,278	12,353
Dividends payable	-	2,770
Other current liabilities	1,700	2,748
Long term debt	131,857	139,996
	145,835	157,867

	2012	2011
Fair value:	**$**	$
Assets		
Other investments (at fair value)	937	1,031
Foreign exchange forward contract	(91)	(72)
Liabilities		
Long term debt	131,857	139,996

Fair value hierarchy

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

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

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

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

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

29. Financial instruments (continued)

Fair value hierarchy (continued)

2012	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**
Available for sale investments (at fair value)	937	-	-
Foreign exchange forward contract	-	(91)	-

2011	Level 1	Level 2	Level 3
	$	$	$
Available for sale investments (at fair value)	1,031	-	-
Foreign exchange forward contract	-	(72)	-

30. Capital disclosures

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

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

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

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

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

The Company is also subject to financial covenants in it is operating credit facility agreement, which are measured on a quarterly basis. The Company is in compliance with all financial covenants at December 31, 2012 and 2011.

31. Subsequent event

In March 2013, an affiliate of the Company received correspondence from Canada Revenue Agency ("CRA") proposing to issue a notice of reassessment with respect to the utilization of non-capital losses by the affiliate, pertaining to taxation years 2008, 2009, 2010 and 2011. The Company believes that it has reported its tax position appropriately. No provision has been made in these financial statements for additional income taxes, if any, which may be determined to be payable on ultimate resolution of this matter. Should CRA issue the notice of reassessment, the Company's affiliate would be obligated to pay an initial payment of fifty percent of the reassessed tax amount plus penalties and interest, in conjunction with appealing the reassessment. The Company believes its affiliate has substantial defences in response to the matters raised by CRA and would vigorously appeal any reassessment. Nevertheless, the initial payment upon appeal, as well as, the proposed reassessment by CRA, if upheld, would have a material impact on the Company's financial statements and cash flows. Notwithstanding, the Company's affiliate has the financial capacity to pay such amounts, if any. The likely timing to resolve this matter may take years.

Board of Directors

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

*Member of the Audit Committee

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

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

Auditors
PricewaterhouseCoopers LLP

Stock Exchange Listing
The Toronto Stock Exchange
Trading symbol: GVC

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

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