
ARCTIC GLACIER INCOME FUND

Arctic Glacier Posts Record Third Quarter Results

Acquisitions, return of favorable weather fuel 51% increase in distributable cash

WINNIPEG – November 1, 2005 – The Arctic Glacier Income Fund (TSX:AG.UN) today announced results for the three months ended September 30, 2005.

Highlights:

- Increased sales 45% to new high of \$73.6 million
- Increased EBITDA 56% to record \$31.6 million
- Increased distributable cash 51% to record \$28.6 million
- Increased distributable cash per unit to \$1.19 from \$0.81
- Increased earnings 48% to record \$17.1 million
- Increased earnings per unit (basic and diluted) to \$0.72 from \$0.50
- Paid distributions to unitholders at annualized rate of \$1.10 per unit
- Completed offering of 4.45 million trust units for net proceeds of \$47.2 million
- Acquired ice products division of Hometown Inc. of Milwaukee, Wisconsin establishing Arctic Glacier as the market leader in Wisconsin.

“The Fund posted its best results ever during the third quarter,” said Robert Nagy, President and CEO of Arctic Glacier Inc., the Fund’s operating company. “Strategic acquisitions were the principal driver behind the improvement, as well as a return to more favorable weather conditions this summer.”

“The successful integration of the acquisitions completed in late 2004 expanded Arctic Glacier’s scale of operations and established new highs for performance metrics,” said Keith McMahon, Executive Vice President and Chief Financial Officer of Arctic Glacier. “The results also demonstrate that the Fund is generating distributable cash that significantly exceeds the current level of distributions to unitholders.”

Financial Review

Sales during the third quarter of 2005 increased by 45% or \$23.0 million to an all-time record of \$73.6 million. The gain was driven mainly by acquisitions of packaged-ice producers in the U.S. in the final quarter of 2004. These included the Losquadro Ice Group in Arctic Glacier’s key New York City market and the Party Time Ice group of companies in Michigan, including the densely populated city of Detroit. Also making a small initial contribution was the ice division of Hometown Inc. of Milwaukee, Wisconsin, that was acquired by Arctic Glacier on September 16, 2005. These acquisitions contributed \$17.2 million to sales in the third quarter.

The Fund also benefited from a return to more favorable weather conditions this summer. The change was a significant improvement from unprecedented cold and rainy conditions that prevailed across most of North America during the same period in 2004. The impact is evident

in financial results for the quarter when acquisitions completed over the previous year are excluded; the results show a 17% increase in sales in previously served markets for the third quarter of 2005 compared to the same quarter in 2004.

The improved sales were partly offset by the stronger Canadian dollar, which decreased the Canadian-dollar value of sales incurred in U.S. markets by \$2.5 million during the third quarter as compared to 2004. For the first nine months of 2005, sales advanced 37% over 2004 to \$134.7 million.

EBITDA, driven by the same factors as sales, increased by 56% in the third quarter of 2005 compared to 2004, to \$31.6 million. In addition to \$6.3 million being contributed by the Losquadro and Party Time operations, EBITDA from previously serviced markets was up by \$6.1 million or 32%, largely due to improved weather conditions. For the first nine months of 2005, EBITDA increased 56% to \$41.6 million compared to 2004.

Earnings for the third quarter of 2005 gained 48% to \$17.1 million, which equated to \$0.72 per unit (basic and diluted), up from \$0.50 for the third quarter of 2004. Year-to-date earnings increased by 26% to \$17.8 million, or \$0.75 per unit, versus \$0.60 in 2004. The improvement was largely due to the expanded scale of Arctic Glacier's operations.

Distributable cash, propelled by the larger scale of operations and vastly improved weather conditions, posted a 51% gain during the third quarter to \$28.6 million as compared to 2004; on a per-unit basis, that amounted to \$1.19 compared to \$0.81 in 2004. For the first nine months of 2005, distributable cash increased 49% to \$32.3 million or \$1.37 per unit, up from \$0.93 last year.

Financial Position

The Fund had total long-term debt at September 30, 2005 of \$71.6 million, compared to \$56.0 million at the same time last year, with the increase due to the acquisitions made over the last twelve months. The Fund had total working capital of \$22.8 million, including \$10.4 million of cash, at the end of the third quarter. This compares to working capital of \$22.1 million one year ago.

The Fund's net debt to trailing 12-month EBITDA ratio at September 30, 2005 was 1.4:1, reflecting an increase to trailing EBITDA of \$1.3 million to give effect to the contribution of acquisitions and foreign currency option gains. This ratio has improved from 1.7:1 at the same time in 2004, and is well within the Fund's internal guideline of 2.25:1.

Outlook

Arctic Glacier's record third quarter results dramatically demonstrate the benefits of the strategic acquisitions completed in the final quarter of 2004. The Fund's expansion in the New York City area and entry into the Michigan market, including the populous Detroit metro area, powered increases in performance metrics to record levels during the third quarter. In addition, the accretive nature of the initiatives is underlined by gains in per-unit results following completion of the acquisitions. The Fund's purchase of the assets of the ice division of Hometown Inc. in Wisconsin during the third quarter further expands the Fund's market reach and is expected to add another \$10 million in annual sales.

As each acquisition is integrated into Arctic Glacier's operations, rationalization measures seek to maximize synergies and eliminate overlap and duplication. Typically, acquisitions reach optimum performance 18 to 24 months following acquisition. Meanwhile, operational costs are being reduced throughout the system and productivity growth is being encouraged by improvement of production processes, distribution networks and administrative infrastructure.

Going forward, the combination of recent accretive acquisitions, rationalization activities and the return to more favorable weather conditions is expected to generate new performance benchmarks for the fiscal year. The Fund is well capitalized and has a strong balance sheet. The Fund has a solid foundation that has been strengthened over the past year and will provide investors with secure and stable monthly distributions.

Arctic Glacier will discuss third quarter results for 2005 during a conference call with a live audio webcast for investors and analysts on **Tuesday, November 1 at 11 a.m. (EDT)**. To access the simultaneous webcast, log on to Arctic Glacier's website at www.arcticglacierinc.com. Please note the webcast allows participants to listen only.

Arctic Glacier Income Fund, through its operating company, Arctic Glacier Inc., is a leading producer, marketer and distributor of high-quality packaged ice in North America under the brand name of Arctic Glacier[®] Premium Ice. Arctic Glacier operates 26 production plants and 41 distribution facilities across Canada and the central, midwest and northeastern United States servicing more than 53,000 retail accounts.

Arctic Glacier Income Fund trust units are listed on the Toronto Stock Exchange under the trading symbol AG.UN. There are 27.9 million trust units outstanding.

This news release contains forward-looking statements, which are subject to certain risks, uncertainties and assumptions. A number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, and there is no assurance that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as at the date of this news release, and the Fund assumes no obligation to update or revise them, either publicly or otherwise, to reflect new events, information or circumstances.

EBITDA and distributable cash are not recognized measures under Canadian generally accepted accounting principles (GAAP). EBITDA is defined as earnings before interest, taxes, amortization, non-recurring expenses and acquisition integration charges that are one-time costs unique to each individual acquisition. EBITDA is a performance metric used by many investors to provide an indication of cash available for distribution from ongoing operations prior to debt service, capital expenditures and income taxes and is often used to compare companies and income trusts on the basis of ability to generate cash from ongoing operations. Distributable cash is a performance metric used by many investors to summarize the funds available for distribution to unitholders in an income trust. Investors should be cautioned that EBITDA and distributable cash should not be construed as alternatives to net income, cash from operations or other financial measures determined in accordance with GAAP as indicators of the Fund's performance. The Fund's method of calculating EBITDA and distributable cash may differ from other companies and income trusts and, accordingly, may not be comparable to measures used by them.

Contact Information

Robert Nagy, President & CEO

Keith McMahon, Executive VP & Chief Financial Officer

Toll free investor relations phone: 1-888-573-9237

ARCTIC GLACIER INCOME FUND**Interim Consolidated Balance Sheets**

As at September 30, 2005 and 2004 (unaudited) and December 31, 2004 (audited)

(thousands)	September 30, 2005	September 30, 2004	December 31, 2004
ASSETS			
Current assets			
Cash	\$ 10,351	\$ 11,900	\$ 14,755
Accounts receivable	20,649	13,860	7,845
Inventories	5,116	3,726	5,961
Prepaid expenses	2,439	2,539	2,180
	38,555	32,025	30,741
Property, plant and equipment	122,267	94,046	120,717
Other assets	3,012	1,804	3,739
Intangibles	25,361	3,724	25,695
Goodwill	103,500	101,972	106,150
	\$ 292,695	\$ 233,571	\$ 287,042
LIABILITIES AND UNITHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 12,658	\$ 7,648	\$ 12,325
Distributions payable to unitholders	2,555	2,081	2,083
Current obligations under capital leases	-	51	38
Principal due within one year on long-term debt	493	190	514
	15,706	9,970	14,960
Long-term debt	71,127	55,721	112,252
Future income taxes	13,453	7,568	10,426
Unitholders' equity			
Capital contributions	249,596	201,508	201,721
Contributed surplus	664	285	334
Cumulative earnings	40,101	22,112	22,327
Cumulative distributions	(77,054)	(51,214)	(57,462)
Cumulative translation adjustment	(20,898)	(12,379)	(17,516)
	192,409	160,312	149,404
	\$ 292,695	\$ 233,571	\$ 287,042

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Operations

Three and nine months ended September 30, 2005 and 2004 (unaudited)

(thousands, except per unit amounts)	<u>Three Months</u>		<u>Nine Months</u>	
	2005	2004	2005	2004
Sales	\$ 73,584	\$ 50,640	\$134,668	\$ 97,950
Cost of sales, selling, general and administration expenses	42,017	30,443	93,104	71,323
Earnings before the undernoted	31,567	20,197	41,564	26,627
Amortization	4,475	2,939	13,445	8,839
Interest	2,117	455	5,736	1,171
Acquisition integration charges	186	83	665	315
Loss (gain) on disposal of property, plant and equipment	53	(258)	57	(363)
Loss (gain) on foreign exchange options	(269)	(380)	92	(901)
Non-recurring expenses	-	-	-	109
Earnings before income taxes	25,005	17,358	21,569	17,457
Income tax expense				
Current	119	450	468	1,389
Future	7,737	5,342	3,327	1,982
	7,856	5,792	3,795	3,371
Earnings for the period	\$ 17,149	\$ 11,566	\$ 17,774	\$ 14,086
Earnings per unit – basic and diluted	\$ 0.72	\$ 0.50	\$ 0.75	\$ 0.60

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Cumulative Earnings

Three and nine months ended September 30, 2005 and 2004 (unaudited)

(thousands)	<u>Three Months</u>		<u>Nine Months</u>	
	2005	2004	2005	2004
Cumulative earnings, beginning of period	\$ 22,952	\$ 10,546	\$ 22,327	\$ 8,026
Earnings for the period	17,149	11,566	17,774	14,086
Cumulative earnings, end of period	\$ 40,101	\$ 22,112	\$ 40,101	\$ 22,112

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Cash Flows

Three and nine months ended September 30, 2005 and 2004 (unaudited)

(thousands)	<u>Three Months</u>		<u>Nine Months</u>	
	<u>2005</u>	2004	<u>2005</u>	2004
Cash from (used in):				
Operating activities				
Earnings for the period	\$ 17,149	\$ 11,566	\$ 17,774	\$ 14,086
Adjustments for:				
Amortization	4,475	2,939	13,445	8,839
Loss (gain) on disposal of property, plant and equipment	53	(258)	57	(363)
Unit-based compensation expense	40	48	330	283
Unrealized loss (gain) on foreign exchange options	(216)	178	110	(269)
Future income taxes	7,737	5,342	3,327	1,982
Funds from operations	29,238	19,815	35,043	24,558
Changes in working capital items	303	658	(10,694)	(8,120)
	<u>29,541</u>	<u>20,473</u>	<u>24,349</u>	<u>16,438</u>
Investing activities				
Additions to property, plant and equipment	(1,896)	(4,041)	(10,628)	(11,188)
Proceeds from disposal of property, plant and equipment	73	338	280	797
Additions to other assets	(60)	(35)	(272)	(274)
Additions to goodwill	-	(93)	-	(144)
Acquisitions of business operations	(8,456)	(2,538)	(8,456)	(12,252)
	<u>(10,339)</u>	<u>(6,369)</u>	<u>(19,076)</u>	<u>(23,061)</u>
Financing activities				
Proceeds from long-term debt	-	3,940	2,318	26,606
Principal repayments on long-term debt	(39,682)	(51)	(39,947)	(159)
Principal payments under capital lease obligations	(12)	(18)	(36)	(414)
Units issued	47,385	223	47,875	603
Cash distributions paid	(6,438)	(6,239)	(19,120)	(18,704)
	<u>1,253</u>	<u>(2,145)</u>	<u>(8,910)</u>	<u>7,932</u>
Foreign exchange loss on cash held in foreign currency	<u>(971)</u>	<u>(534)</u>	<u>(767)</u>	<u>(441)</u>
Increase (decrease) in cash	19,484	11,425	(4,404)	868
Cash (bank indebtedness), beginning of period	(9,133)	475	14,755	11,032
Cash, end of period	\$ 10,351	\$ 11,900	\$ 10,351	\$ 11,900
Supplementary cash flow information				
Interest paid	\$ 3,055	\$ 550	\$ 5,654	\$ 1,279
Income taxes paid	119	450	468	1,389

ARCTIC GLACIER INCOME FUND**Interim Schedule of Distributable Cash**

Three and nine months ended September 30, 2005 and 2004 (unaudited)

(thousands, except per unit amounts)	<u>Three Months</u>		<u>Nine Months</u>	
	2005	2004	2005	2004
Cash from operating activities	\$ 29,541	\$ 20,473	\$ 24,349	\$ 16,438
Adjustments:				
Changes in working capital items	(303)	(658)	10,694	8,120
	29,238	19,815	35,043	24,558
Less sustaining capital expenditures, net of dispositions	(668)	(857)	(2,722)	(2,917)
Distributable cash	\$ 28,570	\$ 18,958	\$ 32,321	\$ 21,641
Weighted average number of units	23,937	23,321	23,562	23,302
Distributable cash per unit	\$ 1.19	\$ 0.81	\$ 1.37	\$ 0.93
Distributions declared	\$ 6,848	\$ 6,241	\$ 19,592	\$ 18,709
Distributions declared per unit	\$ 0.28	\$ 0.27	\$ 0.82	\$ 0.80
Distributions declared per unit (annualized)	\$ 1.10	\$ 1.07	\$ 1.10	\$ 1.07