
ARCTIC GLACIER INCOME FUND

Arctic Glacier Posts Record Fourth Quarter and Year-End Results

Acquisitions drive 33% distributable cash increase in 2006

WINNIPEG – March 20, 2007 – Arctic Glacier Income Fund (TSX:AG.UN) today announced results for the fourth quarter and year ended December 31, 2006.

Highlights for 2006

- Acquired six companies comprising California Ice
- Acquired Happy Ice of Fairport, New York
- Completed new manufacturing facility near Milwaukee
- Opened new distribution center in Philadelphia area
- Converted two small Wisconsin manufacturing facilities to distribution centers
- Completed offerings of \$50 M units, \$100 M debentures
- Increased sales 40% to record \$219.2 million
- Grew distributable cash 33% to new high of \$39.3 million
- Reduced payout ratio to 87.2%

“For Arctic Glacier, 2006 was a transformational year,” said Keith McMahon, President and CEO of Arctic Glacier Inc., the Fund’s operating company. “The Fund made its largest-ever acquisition – California Ice – plus Happy Ice, a major platform acquisition in New York State. These accretive acquisitions, together with related equity and debt financings and a number of initiatives to rationalize recently acquired operations and improve efficiency, powered our results to record highs. In addition, the Fund implemented its management succession plan upon Robert Nagy’s retirement as President and CEO, which provided a seamless and efficient transfer of authority to the new management team.”

“The accretive growth of Arctic Glacier has enabled the Fund to generate distributable cash exceeding requirements for monthly distributions to unitholders,” said Doug Bailey, Chief Financial Officer of Arctic Glacier. “As a result, the Fund is well positioned to fulfill ongoing obligations while continuing to seek out new opportunities for growth by acquisition.”

Fourth Quarter 2006 Review

The fourth quarter was the first full period of operations that included California Ice, the acquisition of which was completed during the previous quarter.

Sales totaled \$39.9 million, an 83% increase from the fourth quarter of 2005. Operations acquired in late 2005 and 2006 contributed \$18.6 million, while sales in previously serviced markets were up \$0.1 million. The stronger Canadian dollar reduced reported sales by \$0.5 million.

Since Arctic Glacier's operations are in Canada and the northeastern, central and western United States, the business is affected by seasonal weather patterns. Therefore the fourth quarter of the calendar year is normally characterized by minimal EBITDA and a net loss. In the most recent period, EBITDA totaled \$0.8 million, compared to negative EBITDA of \$0.6 million for the fourth quarter of 2005.

The loss in the fourth quarter totaled \$6.2 million, compared to a loss of \$1.8 million during the same period last year. On a per unit basis, the loss was \$0.19 (basic and diluted) compared to \$0.06 (basic and diluted) for the fourth quarter of 2005.

Fiscal 2006 Financial Review

Sales in fiscal 2006 increased 40% from 2005 to a record \$219.2 million. The increase was largely attributable to acquisitions completed in 2006 and late 2005. The acquisitions of California Ice, Happy Ice and Hometown Ice contributed \$72.0 million to sales in 2006.

In addition, sales in previously serviced markets were off by \$1.0 million or 1%, primarily due to a decrease in hurricane-related ice shipments last year compared to the very active season in 2005. Sales were negatively affected by the stronger Canadian dollar, which decreased the Canadian dollar value of sales generated in U.S. markets by \$8.2 million from 2005.

EBITDA in 2006 increased by 44% to \$59.2 million. The increase was attributable to acquisitions made during the year. EBITDA margin totaled 27.0% of sales in 2006, compared to 26.2% the previous year. The increase was primarily driven by the timing of acquisitions at the start of summer when operating efficiency is at its peak.

Earnings totaled \$17.4 million, up 9% from 2005. On a per unit basis, earnings were \$0.57 per unit (basic) and \$0.56 per unit (diluted) compared to \$0.65 (basic and diluted) in 2005.

During 2006 the Fund generated distributable cash of \$39.3 million, a 33% increase over the previous year. This growth was primarily driven by the additional cash flow generated by the California Ice and Happy Ice acquisitions. On a per-unit basis, distributable cash totaled \$1.28 for the year, versus \$1.20 in 2005.

Financial Position

Cash from operating activities before changes in working capital totaled \$45.3 million in 2006, an increase of \$12.8 million or 40% from the previous year. The increase was due to higher EBITDA that resulted from the California Ice, Happy Ice and Hometown Ice acquisitions, partially offset by the increased interest expense on higher average debt levels following the acquisitions.

The Fund raised a total of \$147.8 million in equity and convertible-debenture offerings during 2006. These funds, as well as amounts drawn on the revolving credit facility, were deployed principally to finance the acquisitions of California Ice and Happy Ice.

Distributions to unitholders totaled \$34.3 million during 2006, resulting in a payout ratio of 87.2%, an improvement from 92.5% in 2005.

As at December 31, 2006, Arctic Glacier's total debt, excluding convertible debentures, was \$186.1 million, compared to \$74.5 million at the same time last year.

The Fund's net debt to EBITDA ratio at year end was 2.7:1 (after adjusting EBITDA by \$8.8 million to reflect the trailing 12-month contribution of acquisitions made during the year) compared to 1.6:1 at December 31, 2005. Subsequent to year end, the Fund raised \$70 million from an equity offering and used the net proceeds to reduce debt levels, reducing the pro forma leverage ratio at December 31, 2006 to 1.8:1 if the offering is taken into account. The Fund's intention is to maintain an annual average leverage ratio of less than 2.25 to 1, excluding temporary bridge financing of acquisitions.

At December 31, 2006, the Fund's credit facilities were comprised of a US\$60 million senior note facility and a US\$115 million revolving credit facility, with approximately US\$30 million of credit available on the revolving credit facility.

Outlook

The California Ice acquisition was the largest in the Fund's history, and immediately established Arctic Glacier as the market leader in one of the largest and most attractive packaged ice markets in North America. It also provides an extensive new platform for further growth on the West Coast. The acquisition of Happy Ice expands Arctic Glacier's market coverage in upper New York State and further consolidates the Fund's position as the leading packaged ice company in the northeastern U.S.

These acquisitions have significantly enhanced our presence in two key North American markets. The addition of these operations will result in increased sales, EBITDA and distributable cash.

Subsequent to year end, Arctic Glacier continued to execute its key growth strategy by acquiring Union Ice, California's second-largest packaged ice company. The acquisition further enhances the Fund's market-leading position on the West Coast and well positions Arctic Glacier to take advantage of synergies with its existing businesses.

In 2007 the Fund will benefit from a full year of contributions from California Ice and Happy Ice, plus 10 months from Union Ice. Arctic Glacier's accretive acquisitions, rationalized operations and tight focus on overhead will continue to generate distributable cash exceeding monthly requirements from distributions at the current annualized rate. The Fund will continue to pay unitholder distributions while maximizing unitholder value in the near and long-term future.

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 36 manufacturing plants and 50 distribution facilities across Canada and the northeast, central and western United States servicing more than 70,000 retail accounts.

Arctic Glacier Income Fund trust units are listed on the Toronto Stock Exchange under the trading symbol AG.UN. There are 38.5 million trust units outstanding.

Conference Call and Webcast

Arctic Glacier will discuss fourth quarter and year end results for 2006 during a conference call with a live audio webcast for investors and analysts on **Tuesday, March 20 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.

Forward-Looking Statements

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.

Non-GAAP measures

EBITDA and distributable cash are not recognized measures under Canadian generally accepted accounting principles (GAAP). EBITDA is defined as earnings before interest, taxes, amortization, acquisition integration charges and other non-recurring expenses. EBITDA is a performance measure 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 measure 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 earnings, cash from operating activities 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.

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Contact Information:

Keith McMahon, President & CEO

Doug Bailey, Chief Financial Officer

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

www.arcticglacierinc.com

ARCTIC GLACIER INCOME FUND
Interim Consolidated Balance Sheets
As at December 31, 2006 and 2005 (audited)

(thousands)	2006	2005
ASSETS		
Current assets		
Cash	\$ 4,676	\$ 6,313
Accounts receivable	14,791	8,569
Inventories	12,881	6,012
Prepaid expenses	4,268	2,381
	<u>36,616</u>	<u>23,275</u>
Property, plant and equipment	162,564	119,847
Investments	953	-
Other assets	7,875	2,714
Intangible assets	148,912	24,782
Goodwill	186,572	106,899
	<u>\$ 543,492</u>	<u>\$ 277,517</u>
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 26,175	\$ 9,269
Distributions payable to unitholders	3,037	2,557
Principal due within one year on long-term debt	14,280	2,086
	<u>43,492</u>	<u>13,912</u>
Long-term debt	171,783	72,429
Convertible debentures	85,496	-
Future income taxes	4,696	7,920
Unitholders' equity		
Capital contributions	303,469	249,747
Contributed surplus	815	723
Equity portion of convertible debentures	9,566	-
Cumulative translation adjustment	(12,541)	(20,782)
Deficit	(63,284)	(46,432)
	<u>238,025</u>	<u>183,256</u>
	<u>\$ 543,492</u>	<u>\$ 277,517</u>

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Operations

Three and twelve months ended December 31, 2006 and 2005

(thousands, except per unit amounts)	Three Months		Twelve Months	
	(unaudited)		(audited)	
	2006	2005	2006	2005
Sales	\$ 39,943	\$ 21,771	\$219,249	\$156,439
Cost of sales, selling, general and administration expenses	39,182	22,322	160,060	115,426
Earnings (loss) before the undernoted	761	(551)	59,189	41,013
Amortization	8,526	4,644	27,066	18,089
Interest	4,889	1,171	13,436	6,907
Acquisition integration charges	1,171	824	1,892	1,489
Loss (gain) on disposal of property, plant & equipment	(2)	(2)	(151)	55
Loss on foreign exchange options	490	45	303	137
Debt settlement costs	-	-	751	-
Earnings (loss) before income taxes	(14,313)	(7,233)	15,892	14,336
Income taxes				
Current	133	103	499	571
Future (reduction)	(8,202)	(5,527)	(2,049)	(2,200)
	(8,069)	(5,424)	(1,550)	(1,629)
Earnings (loss)	\$ (6,244)	\$ (1,809)	\$ 17,442	\$ 15,965
Earnings (loss) per unit				
Basic	\$ (0.19)	\$ (0.06)	\$ 0.57	\$ 0.65
Diluted	\$ (0.19)	\$ (0.06)	\$ 0.56	\$ 0.65

Interim Consolidated Statements of Deficit

Three and twelve months ended December 31, 2006 and 2005

(thousands)	Three Months		Twelve Months	
	(unaudited)		(audited)	
	2006	2005	2006	2005
Deficit, beginning of period	\$(47,932)	\$(36,953)	\$(46,432)	\$(35,135)
Earnings (loss)	(6,244)	(1,809)	17,442	15,965
Distributions declared	(9,108)	(7,670)	(34,294)	(27,262)
Deficit, end of period	\$(63,284)	\$(46,432)	\$(63,284)	\$(46,432)

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Cash Flows
Three and twelve months ended December 31, 2006 and 2005

(thousands)	Three Months		Twelve Months	
	(unaudited)		(audited)	
	2006	2005	2006	2005
Cash from (used in):				
Operating activities				
Earnings (loss)	\$(6,244)	\$(1,809)	\$ 17,442	\$ 15,965
Adjustments for:				
Amortization	8,526	4,644	27,066	18,089
Accretion of convertible debenture and due to vendors of acquired assets	591	-	1,371	-
Recognition of rents on a straight-line basis	409	-	409	-
Non-cash portion of debt settlement expenses	-	-	751	-
Loss (gain) on disposal of property, plant & equipment	(2)	(2)	(151)	55
Unit based compensation expense	25	59	98	389
Unrealized losses on foreign exchange options	499	90	405	200
Future income taxes reduction	(8,202)	(5,527)	(2,049)	(2,200)
	(4,398)	(2,545)	45,342	32,498
Changes in working capital items	9,307	7,763	6,776	(2,931)
	4,909	5,218	52,118	29,567
Investing activities				
Additions to property, plant and equipment	(4,298)	(1,285)	(19,379)	(11,913)
Proceeds from disposal of property, plant and equipment	25	4	613	284
Additions to other assets	-	(19)	(7,693)	(291)
Acquisition of business operations	413	-	(234,024)	(8,456)
	(3,860)	(1,300)	(260,483)	(20,376)
Financing activities				
Proceeds from long-term debt	7,968	-	117,080	2,318
Principal repayments on long-term debt	(4,861)	(490)	(23,998)	(40,437)
Principal payments under capital lease obligations	-	-	-	(36)
Convertible debentures issued	-	-	100,000	-
Units issued, net of issue costs	262	151	47,817	48,026
Distributions paid	(9,064)	(7,668)	(33,815)	(26,788)
	(5,695)	(8,007)	207,084	(16,917)
Foreign exchange gain (loss) on cash held in foreign currency	487	51	(356)	(716)
Decrease in cash	(4,159)	(4,038)	(1,637)	(8,442)
Cash, beginning of period	8,835	10,351	6,313	14,755
Cash, end of period	\$ 4,676	\$ 6,313	\$ 4,676	\$ 6,313

ARCTIC GLACIER INCOME FUND
Interim Schedule of Distributable Cash

Three and twelve months ended December 31, 2006 and 2005 (unaudited)

(thousands, except per unit amounts)	<u>Three Months</u>		<u>Twelve Months</u>	
	2006	2005	2006	2005
Cash from operating activities	\$ 4,909	\$ 5,218	\$ 52,118	\$ 29,567
Adjustments:				
Changes in working capital items	(9,307)	(7,763)	(6,776)	2,931
	(4,398)	(2,545)	45,342	32,498
Less net sustaining capital expenditures	(1,510)	(296)	(6,006)	(3,018)
Distributable cash	\$ (5,908)	\$ (2,841)	\$ 39,336	\$ 29,480
Weighted average number of units	32,991.7	27,878	30,848.4	24,650.0
Distributable cash per unit	\$ (0.18)	\$ (0.10)	\$ 1.28	\$ 1.20
Distributions declared	\$ 9,108	\$ 7,670	\$ 34,294	\$ 27,262
Distributions declared per unit	\$ 0.28	\$ 0.28	\$ 1.10	\$ 1.10