
ARCTIC GLACIER INCOME FUND

Arctic Glacier Posts First Quarter Sales Record

Acquisitions in California, New York State drive 80% sales gain

WINNIPEG – May 11, 2007 – Arctic Glacier Income Fund (TSX:AG.UN) today announced results for the first quarter ended March 31, 2007.

Highlights

- Acquired Union Ice in Los Angeles
- Increased manufacturing capacity in California and Ontario
- Completed drying and packaging equipment upgrade in Pennsylvania
- Established a larger distribution facility in Albany, New York
- Completed \$70 million unit offering
- Increased sales by 80% to first-quarter record \$26.4 million

“Acquisitions powered sales to a record first-quarter high,” said Keith McMahon, President and CEO of Arctic Glacier Inc., the Fund’s operating company. “Since the end of the first quarter of 2006, the Fund made its largest-ever acquisition – California Ice – plus Union Ice, another platform acquisition in California, and Happy Ice, a major platform acquisition in New York. These operations contributed revenues that fueled an 80% gain over the same quarter last year.”

Mr. McMahon added that Arctic Glacier’s program of rationalization and integration measures for acquired operations allowed the company to capture synergies and maximize operational efficiencies. These activities included increasing manufacturing capacity in California and Ontario, completing a drying and packaging equipment upgrade in Pennsylvania, construction of an expanded distribution facility in Albany, New York and integrating administrative functions of Union Ice, including implementation of Arctic Glacier’s hand-held sales and inventory tracking technology.

Doug Bailey, Chief Financial Officer of Arctic Glacier, said results for the quarter were fully in line with expectations. “Seasonality of the packaged ice industry means demand is typically light during the winter months. During the first quarter, Arctic Glacier generates only 10% of annual sales but incurs a full 25% of annual fixed costs. As a result, we post negative cash flow, earnings and distributable cash in the first quarter. The significantly expanded scale of operations this year from acquisitions increased the negative metrics compared to the first quarter of 2006.”

Mr. Bailey noted the Fund’s bought-deal \$70 million unit offering during the first quarter was used to fund the acquisition of Union Ice and to reduce debt. “The financing enabled the acquisition of this Los Angeles-based operation, while improving the Fund’s financial position,” said Mr. Bailey. “Arctic Glacier is well positioned to continue generating distributable cash in excess of requirements for monthly distributions to unitholders.”

First Quarter 2007 Review

Sales in the first quarter totaled \$26.4 million, an increase of \$11.7 million or 80% from the same period in 2006. Most of the gain was attributable to California Ice, Happy Ice and Union Ice operations, acquired during 2006 and the first quarter of 2007. Sales in previously serviced markets declined \$0.3 million or 2% compared to the same quarter in 2006. The weaker Canadian dollar improved reported sales by \$0.1 million.

Arctic Glacier's operations are in Canada and the northeastern, central and western United States. The packaged ice business in these regions is highly seasonal, and the first quarter of the calendar year is normally characterized by negative EBITDA and a net loss. In the most recent period, EBITDA was negative \$6.2 million, compared with negative EBITDA of \$4.4 million for the same quarter of 2006.

The cost of sales, selling, general and administration expenses comprised 123.5% of sales for the first quarter of 2007. This was a reduction from 129.8% for the same period in 2006, mainly because of reduced seasonality in the California operations.

The loss in the first quarter totaled \$10.9 million, compared to a loss of \$4.4 million during the same period last year. On a per unit basis, the loss was \$0.30 (basic and diluted) compared to \$0.16 (basic and diluted) for the first quarter of 2006.

Financial Position

The Fund raised \$70.1 million in a unit offering during the first quarter. These funds were partly deployed to finance the acquisition of Union Ice, with the balance used to reduce amounts outstanding under the revolving term credit facility.

As at March 31, 2007, Arctic Glacier's total long-term debt, excluding convertible debentures, was \$172.5 million, compared to \$186.1 million at December 31, 2006. The decrease relates to the reduction of debt from the proceeds of the first quarter equity offering.

The Fund's net debt to EBITDA ratio at March 31, 2007 was 2.5:1 (after adjusting EBITDA by \$9.1 million to reflect the trailing 12-month contribution of acquisitions made during the year). That compares to 2.7:1 at December 31, 2006 (EBITDA adjusted by \$8.8 million). The Fund's intention is to maintain an annual average leverage ratio of less than 2.25:1. The first and second quarter ratios are typically higher due to seasonal operating requirements, while the third and fourth quarter ratios are typically lower.

Outlook

Arctic Glacier successfully completed a series of major acquisitions during the 12 months ended March 31, 2007. This growth has strengthened Arctic Glacier's position as the second-largest packaged ice company in North America, with a major presence in key markets that include all of Canada, the populous northeastern states, Michigan including the greater Detroit area, the

central states and California. The U.S. west coast is particularly attractive because of its warm climate, extended selling season and above average population growth.

The expanded scale of Arctic Glacier, the accretive nature of the Fund's acquisitions and enhanced profitability due to rationalization initiatives will combine to produce record highs at the end of 2007.

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 for distributions at the current annualized rate of \$1.10 per unit. The Fund will continue to pay unitholder distributions while maximizing unitholder value in the 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 first quarter 2007 results during a conference call with a live audio webcast for investors and analysts on **Friday, May 11 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

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ARCTIC GLACIER INCOME FUND
Interim Consolidated Balance Sheets

As at March 31, 2007 and 2006 (unaudited) and December 31, 2006 (audited)

(thousands)	March 31, 2007	March 31, 2006	December 31, 2006
ASSETS			
Current assets			
Cash	\$ 4,360	\$ 2,630	\$ 4,676
Accounts receivable	10,468	5,581	14,791
Inventories	16,642	7,880	12,881
Prepaid expenses	7,153	4,180	4,268
	<u>38,623</u>	20,271	36,616
Future income taxes	4,761	-	-
Property, plant and equipment	169,069	120,615	162,564
Investments	944	-	953
Other assets	177	2,423	7,875
Intangible assets	155,276	24,408	148,912
Goodwill	192,360	107,303	186,572
	<u>\$ 561,210</u>	\$ 275,020	\$ 543,492
LIABILITIES AND UNITHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 25,379	\$ 7,885	\$ 26,175
Distributions payable to unitholders	3,530	2,559	3,037
Principal due within one year on long-term debt	14,078	2,049	14,280
	<u>42,987</u>	12,493	43,492
Long-term debt	158,433	88,820	171,783
Convertible debentures	81,574	-	85,496
Future income taxes	-	1,807	4,696
Unitholders' equity			
Units	369,739	249,925	303,469
Contributed surplus	889	756	815
Equity portion of convertible debentures	9,564	-	9,566
Deficit	(85,492)	(58,458)	(63,284)
Accumulated other comprehensive loss	(16,484)	(20,323)	(12,541)
	<u>278,216</u>	171,900	238,025
	<u>\$ 561,210</u>	\$ 275,020	\$ 543,492

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Operations
 Three months ended March 31, 2007 and 2006 (unaudited)

(thousands, except per unit amounts)	2007	2006
Sales	\$ 26,378	\$ 14,662
Cost of sales, selling, general and administration expenses	32,567	19,031
Loss before the undernoted	(6,189)	(4,369)
Amortization	7,821	4,607
Interest	5,033	1,100
Acquisition integration charges	464	114
Gain on disposal of property, plant and equipment	(136)	(11)
Loss (gain) on foreign exchange	(202)	191
Loss before income taxes	(19,169)	(10,370)
Income taxes		
Current	217	82
Future (reduction)	(8,445)	(6,102)
	(8,228)	(6,020)
Loss for the period	\$ (10,941)	\$ (4,350)
Loss per unit – basic and diluted	\$ (0.30)	\$ (0.16)

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Changes in Unitholders' Equity
 Three months ended March 31, 2007 and 2006 (unaudited)

(thousands)	2007	2006
Units		
Balance, beginning of period	\$ 303,469	\$ 249,747
Adoption of new accounting policies	(293)	-
	<u>303,176</u>	249,747
Units issued, net of issue costs	66,563	178
Balance, end of period	<u>369,739</u>	249,925
Contributed surplus		
Balance, beginning of period	815	723
Unit-based compensation expense	74	33
Balance, end of period	<u>889</u>	756
Equity portion of convertible debentures		
Balance, beginning of period	9,566	-
Conversion of convertible debentures	(2)	-
Balance, end of period	<u>9,564</u>	-
Deficit		
Balance, beginning of period	(63,284)	(46,432)
Adoption of new accounting policies	(1,172)	-
	<u>(64,456)</u>	(46,432)
Loss for the period	(10,941)	(4,350)
Distributions declared	(10,095)	(7,676)
Balance, end of period	<u>(85,492)</u>	(58,458)
Accumulated other comprehensive loss		
Balance, beginning of period	(12,541)	(20,782)
Adoption of new accounting policies	(397)	-
	<u>(12,938)</u>	(20,782)
Other comprehensive loss (income)	(3,546)	459
Balance, end of period	<u>(16,484)</u>	(20,323)
Total Unitholders' Equity	<u>\$ 278,216</u>	<u>\$ 171,900</u>

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statement of Comprehensive Loss
Three months ended March 31, 2007 (unaudited)

(thousands)	2007
Loss for the period	<u>\$ (10,941)</u>
Other comprehensive loss	
Net loss on translation of self-sustaining foreign operations	(3,575)
Amortization of transitional adjustment to loss for the period	<u>29</u>
Other comprehensive loss	<u>(3,546)</u>
Comprehensive loss for the period	<u>\$ (14,487)</u>

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Cash Flows
Three months ended March 31, 2007 and 2006 (unaudited)

(thousands)	2007	2006
Cash from (used in):		
Operating activities		
Loss for the period	\$ (10,941)	\$ (4,350)
Adjustments for:		
Amortization	7,821	4,607
Accretion of convertible debenture principal	397	-
Accretion of long-term debt	234	-
Accretion of deferred financing	255	-
Recognition of rents on a straight-line basis	193	-
Unit-based compensation expense	74	33
Gain on disposal of property, plant and equipment	(136)	(11)
Unrealized foreign exchange gain on long-term debt	(143)	-
Unrealized loss (gain) on foreign exchange options	(320)	191
Unrealized loss on interest rate swap	107	-
Future income taxes reduction	(8,445)	(6,102)
	<u>(10,904)</u>	<u>(5,632)</u>
Changes in working capital items	(3,151)	(2,253)
	<u>(14,055)</u>	<u>(7,885)</u>
Investing activities		
Additions to property, plant and equipment	(4,344)	(4,055)
Proceeds from disposal of property, plant and equipment	272	71
Acquisition of business operations	(22,125)	(275)
	<u>(26,197)</u>	<u>(4,259)</u>
Financing activities		
Proceeds from long-term debt	35,742	16,078
Principal repayments on long-term debt	(52,606)	(244)
Units issued, net of issue costs	66,544	178
Distributions paid	(9,602)	(7,674)
	<u>40,078</u>	<u>8,338</u>
Foreign exchange gain (loss) on cash held in foreign currency	<u>(142)</u>	<u>123</u>
Decrease in cash	(316)	(3,683)
Cash, beginning of period	4,676	6,313
Cash, end of period	\$ 4,360	\$ 2,630
Supplementary cash flow information		
Interest paid	\$ 6,360	\$ 1,215
Income taxes paid	<u>218</u>	<u>80</u>

ARCTIC GLACIER INCOME FUND
Interim Schedule of Distributable Cash
 Three months ended March 31, 2007 and 2006 (unaudited)

(thousands, except per unit amounts)	2007	2006
Cash used in operating activities	\$ (14,055)	\$ (7,886)
Adjustments for changes in working capital items	<u>3,151</u>	<u>2,253</u>
	(10,904)	(5,633)
Less sustaining capital expenditures, net of dispositions	<u>(1,844)</u>	<u>(981)</u>
Distributable cash deficiency	<u>\$ (12,748)</u>	<u>\$ (6,614)</u>
Weighted average number of units	36,632.7	27,898.0
Distributable cash deficiency per unit	<u>\$ (0.35)</u>	<u>\$ (0.24)</u>
Distributions declared	\$ 10,095	\$ 7,676
Distributions declared per unit	\$ 0.28	\$ 0.28
Distributions declared per unit (annualized)	\$ 1.10	\$ 1.10