
ARCTIC GLACIER INCOME FUND

Arctic Glacier Posts Second Quarter Results

WINNIPEG – August 11, 2009 – Arctic Glacier Income Fund (TSX:AG.UN) today announced results for the second quarter ended June 30, 2009.

Summary *

- Second quarter sales decreased by \$6.5 million or 8%
- Second quarter EBITDA decreased \$0.3 million or 1%
- Six month EBITDA increased by \$0.4 million or 2%
- Second quarter EBITDA margin increased to 33.7% of sales from 31.2%
- Completed manufacturing automation in Fremont, California plant

**All dollar amounts in U.S. currency unless otherwise specified*

“Poor weather conditions in many markets during the last half of the quarter, combined with the economic downturn, reduced sales volumes during the second quarter,” said Keith McMahon, President and CEO of Arctic Glacier Inc., the Fund’s operating company. “Nonetheless, largely because of our close attention to operating costs, we continued to generate strong cash flows and improved margins. As a result, the Fund maintained profitability in a challenging economic environment.”

“We will continue to strengthen Arctic Glacier by closely monitoring expenses, enhancing liquidity and reducing balance sheet leverage,” added Doug Bailey, the Fund’s Chief Financial Officer. “Our continued management of finances and attention to monitoring costs will help us mitigate the challenging business environment and position us well for the future.”

Second Quarter 2009 Review

Sales in the second quarter totaled \$70.4 million, a decrease of \$6.5 million or 8% compared to the same period in 2008. The change was mainly attributable to a sales reduction in previously serviced markets of \$5.4 million or 7% as a result of lower volumes from the slow economy, unseasonably cool temperatures and excessive rainfall in many markets. In addition, the weaker Canadian dollar decreased the U.S. dollar value of sales generated in Canadian markets by \$1.6 million. The decrease was partially offset by the acquisition of Koldkist Ice in May 2008, which contributed \$0.5 million to sales during the second quarter of 2009 until the anniversary date of the acquisition, after which sales are classified with previously serviced markets. Six-month sales decreased by 7% from the same period in 2008 to \$93.5 million.

Cost of sales, selling, general and administration expenses totaled \$46.7 million, a reduction of \$6.2 million or 12% from the second quarter of 2008. That equated to 66.3% of sales, down from 68.8% last year. The decline was primarily the result of an expense reduction in previously serviced markets of \$5.1 million as a result of reduced sales and production volumes, more favorable fuel costs and reduced labor costs. In addition, the weaker Canadian

dollar decreased the U.S. dollar value of costs incurred in Canadian operations by \$1.6 million. Acquisitions added \$0.5 million to new operating costs in the second quarter of 2009 prior to the anniversary date of the acquisition. For the six-month period, cost of sales, selling, general and administration expenses decreased by \$7.9 million to \$76.3 million.

EBITDA during the second quarter decreased by \$0.3 million or 1% to \$23.7 million. The change was mainly due to an EBITDA reduction in previously serviced markets as a result of lower volumes from the slow economy and poor weather. Six-month EBITDA increased by 2% or \$0.4 million to \$17.2 million.

EBITDA margins increased to 33.7% of sales for the second quarter of 2009 compared to 31.2% for the same period of 2008 as a result of more favorable fuel costs, reduced labor expenses and other cost savings initiatives. For the six-month period, EBITDA margin increased to 18.4% in 2009 compared to 16.7% for the first six months of 2008.

Legal fees and other expenses in connection with the antitrust investigation by the U.S. Department of Justice (“DOJ”) Antitrust Division, various state attorneys general and the DOJ Civil Division plus related civil litigation totaled \$1.2 million for the second quarter of 2009. The year-to-date total at June 30 was \$2.6 million.

Adjusted earnings for the second quarter totaled \$7.2 million, compared to \$9.0 million in the same quarter of 2008. That was equivalent to \$0.18 per unit (basic and diluted), compared to \$0.23 last year. The decrease was caused by increased tax and interest expenses, partially offset by unrealized foreign exchange gains. Including costs of the antitrust investigations and related expenses, three-month net income was \$6.5 million or \$0.17 (basic and diluted), compared to \$7.8 million or \$0.20 per unit (basic and diluted) in the same quarter of 2008.

Distributable cash, excluding costs of the antitrust investigations and related expenses, totaled \$15.5 million, or 7% less than \$16.7 million for the same quarter of 2008. The decrease was due to higher sustaining capital expenditures, reduced EBITDA and reduced gains on foreign exchange contracts. Deducting costs of the antitrust investigations and related expenses, distributable cash was \$14.3 million. For the six-month period, excluding these expenses the Fund generated distributable cash of \$3.8 million, compared to \$4.5 million in the same period last year.

Financial Position

As at June 30, 2009, Arctic Glacier’s net debt, excluding convertible debentures, was \$186.0 million, compared to \$207.3 million at the same time last year. The decrease of \$21.3 million was driven by cash applied to reduce debt following the suspension of distributions in September 2008, partially offset by costs of the antitrust investigations and related expenses.

The Fund had a working capital deficiency of \$42.5 million at June 30, 2009. This resulted from the classification of \$60 million of senior secured notes to current liabilities in the first quarter since they mature on January 4, 2010. Excluding the notes, the Fund’s working capital was \$17.5 million, compared to working capital of \$17.0 million at the same time in 2008. Once the DOJ investigation is resolved and access to credit markets improves, the Fund

expects to refinance the notes prior to maturity or retire them from expected credit availability at maturity.

The Fund's net debt to EBITDA ratio at June 30, 2009 was 3.2:1 compared to 2.9:1 at December 31, 2008 and 3.1:1 at June 30, 2008. The first and second quarter ratios are typically higher due to seasonal operating requirements, while the third and fourth quarter ratios are typically lower. The suspension of cash distributions allows the Fund to conserve cash and redeploy available resources to reduce debt and strengthen the balance sheet, better positioning the Fund to adjust to changing financial circumstances.

At June 30, 2009, the Fund's credit facilities were comprised of a \$60 million senior note facility and a \$151.3 million revolving term credit facility. The Fund had approximately \$25.9 million of available liquidity at June 30, 2009, including \$23.3 million of unused capacity on its revolving term credit facility and \$2.6 million of cash. As of June 30, 2009 the Fund was in compliance with all debt covenants.

U.S. DOJ Investigation and Related Litigation

The antitrust investigation into the U.S. packaged ice industry by the DOJ and investigations by various state attorneys general are ongoing. Following the commencement of these investigations, a number of class action lawsuits were initiated in both Canada and the U.S. and the DOJ Civil Division initiated a civil investigation to determine if the U.S. federal government has been overcharged in its purchases of packaged ice.

On February 26, 2009, a civil class action case pending in Kansas state court was dismissed for the plaintiff's failure to state an actionable claim against the Fund. On May 7, 2009 a civil lawsuit was filed against a subsidiary of the Fund in Ontario Superior Court seeking damages on behalf of a class of customers in Ontario that purchased packaged ice directly from the subsidiary since January 1, 2001. The Fund is of the opinion that the claims are without merit and it will vigorously contest the action in court. On May 29, 2009 a U.S. judge dismissed the bulk of a civil case brought by a former employee against a subsidiary of the Fund. On June 24, 2009, a civil lawsuit was filed against a subsidiary of the Fund in Alberta Superior Court seeking damages on behalf of a class of customers in Alberta that purchased packaged ice directly from the subsidiary since January 1, 2002. The Fund is of the opinion that the claims are without merit and it will vigorously contest the action in court.

Outlook

Arctic Glacier continues to maintain profitable operations amid challenging business conditions of the current selling season.

The antitrust investigations in the U.S. and related civil litigation in both Canada and the U.S. remain ongoing. The Fund and its subsidiaries are cooperating with the authorities in the course of these investigations. In the course of its cooperation with the DOJ Antitrust Division, the Fund seeks to reach a resolution of the investigation pertaining to its subsidiaries. At this time, the Fund is unable to predict the timeline or final outcome of the investigations or related litigation, or any potential effect they may have on the Fund or its operations.

The economic recession continues to affect sales volumes. The atmosphere of economic anxiety accompanying the downturn has dampened consumer demand for Arctic Glacier's products and resulted in downward pressures on sales volumes. The duration of such conditions is difficult to gauge but as the economic cycle turns upward over the medium to longer term, it is expected sales will improve.

Volumes have also been significantly affected by disappointing weather conditions, which have been cooler and wetter than historical norms in many key markets during the peak selling season to date.

These challenges have not distracted Arctic Glacier from its core mission of providing quality product and industry-leading customer service.

Management will continue to follow a strategic direction defined by three objectives. The first is to improve profitability by close monitoring of expenses and capital outlays. The second is to gain strength and enhance liquidity by maximizing cash flow and ensuring credit availability. Third, the Fund aims to strengthen its financial position by reducing balance sheet leverage. The suspension of distributions in September 2008 allows the Fund to conserve cash and redeploy available resources to pay down debt and reduce interest costs.

The Fund's strengthening financial position will enable management to capitalize on business opportunities as they arise. Arctic Glacier's strong growth to date has been largely fueled by acquisitions amid a consolidating industry, and while such activities are currently secondary in importance, management intends to resume growing when the business climate improves.

Arctic Glacier's ability to maintain strong operating cash flows and improve margins in spite of reduced sales volumes demonstrates that Arctic Glacier is well equipped to mitigate the challenging business environment. It also positions the Fund to take advantage of improvements in economic factors and weather in the future.

About Arctic Glacier

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, primarily under the brand name of Arctic Glacier[®] Premium Ice. Arctic Glacier operates 38 production plants and 48 distribution facilities across Canada and the northeast, central and western United States servicing more than 75,000 retail accounts.

Arctic Glacier Income Fund trust units are listed on the Toronto Stock Exchange under the trading symbol AG.UN. There are 39.0 million trust units outstanding.

Conference Call and Webcast

Arctic Glacier will discuss second quarter 2009 results during a conference call with a live audio webcast for investors and analysts on Tuesday, August 11 at 11 a.m.

(EDT). To access the simultaneous webcast, log on to Arctic Glacier's website at www.arcticglacier.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, adjusted earnings and distributable cash are not recognized measures under Canadian generally accepted accounting principles (GAAP). EBITDA is defined as earnings before interest, income taxes, depreciation, amortization, acquisition integration charges, gains or losses on foreign exchange, goodwill impairment charges, costs of antitrust investigations and related expenses and other non-recurring expenses. EBITDA is a performance measure used by management 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. Adjusted earnings is defined as earnings before one-time after tax costs of antitrust investigations and related expenses and goodwill impairment. Adjusted earnings is used by management to evaluate the ongoing profitability of the Fund by eliminating the effect of these material non-operating costs. Distributable cash is a performance measure used by management to summarize the funds available for distribution to unitholders in an income trust. Investors should be cautioned that EBITDA, adjusted earnings 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, adjusted earnings 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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The Toronto Stock Exchange does not approve or disapprove of the adequacy or accuracy of this release.

ARCTIC GLACIER INCOME FUND

Interim Consolidated Balance Sheets

As at June 30, 2009 and 2008 (unaudited) and December 31, 2008 (audited)

(thousands of U.S. dollars)	June 30, 2009	June 30, 2008	December 31, 2008
ASSETS			
Current assets			
Cash	\$ 2,643	\$ 1,897	\$ 303
Accounts receivable	28,582	34,355	11,813
Inventories	13,834	14,890	9,032
Prepaid expenses	4,334	6,288	4,323
	<u>49,393</u>	<u>57,430</u>	<u>25,471</u>
Future income taxes	2,855	5,533	-
Property, plant and equipment	145,422	160,327	148,821
Investments	818	818	818
Intangible assets	126,078	136,511	130,811
Goodwill	144,991	180,659	144,416
	<u>\$ 469,557</u>	<u>\$ 541,278</u>	<u>\$ 450,337</u>
LIABILITIES AND UNITHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 31,335	\$ 35,219	\$ 25,219
Distributions payable to unitholders	-	3,506	-
Principal due within one year on long-term debt	60,605	1,733	1,361
	<u>91,940</u>	<u>40,458</u>	<u>26,580</u>
Long-term debt	128,083	207,510	167,431
Convertible debentures	72,414	79,966	68,023
Future income taxes	-	-	1,511
Unitholders' equity			
Units	325,207	324,824	325,207
Contributed surplus	1,526	1,142	1,320
Equity portion of convertible debentures	8,358	8,358	8,358
Deficit	(146,432)	(101,423)	(139,900)
Accumulated other comprehensive loss	(11,539)	(19,557)	(8,193)
	<u>177,120</u>	<u>213,344</u>	<u>186,792</u>
	<u>\$ 469,557</u>	<u>\$ 541,278</u>	<u>\$ 450,337</u>

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Operations

Three months and six months ended June 30, 2009 and 2008 (unaudited)

	Three Months		Six Months	
(thousands of U.S. dollars, except per unit amounts)	2009	2008	2009	2008
Sales	\$ 70,352	\$ 76,834	\$ 93,482	\$ 100,977
Cost of sales, selling, general and administration expenses	46,665	52,871	76,273	84,128
Earnings before the undernoted	23,687	23,963	17,209	16,849
Amortization	7,541	7,620	15,172	15,117
Interest	4,971	4,531	9,928	10,397
Acquisition integration expenses	70	112	223	207
Loss (gain) on disposal of property, plant and equipment	339	9	319	(31)
Loss (gain) on foreign exchange	(1,532)	(222)	(797)	702
Costs of antitrust investigations and related expenses	1,158	2,057	2,616	3,058
Earnings (loss) before income taxes	11,140	9,856	(10,252)	(12,601)
Income taxes				
Current	345	195	518	353
Future (reduction)	4,271	1,896	(4,238)	(8,324)
	4,616	2,091	(3,720)	(7,971)
Earnings (loss) for the period	\$ 6,524	\$ 7,765	\$ (6,532)	\$ (4,630)
Earnings (loss) per unit – basic and diluted	\$ 0.17	\$ 0.20	\$ (0.17)	\$ (0.12)

ARCTIC GLACIER INCOME FUND**Interim Consolidated Statements of Changes in Unitholders' Equity**

Three months and six months ended June 30, 2009 and 2008 (unaudited)

	Three Months		Six Months	
(thousands of U.S. dollars)	2009	2008	2009	2008
Units				
Balance, beginning of period	\$ 325,207	\$ 324,487	\$ 325,207	\$ 324,191
Units issued, net of issue costs	-	337	-	633
Balance, end of period	325,207	324,824	325,207	324,824
Contributed surplus				
Balance, beginning of period	1,400	1,042	1,320	942
Unit-based compensation expense	126	100	206	200
Balance, end of period	1,526	1,142	1,526	1,142
Equity portion of convertible debentures				
Balance, beginning and end of period	8,358	8,358	8,358	8,358
Deficit				
Balance, beginning of period	(152,956)	(98,538)	(139,900)	(75,482)
Earnings (loss) for the period	6,524	7,765	(6,532)	(4,630)
Distributions declared	-	(10,650)	-	(21,311)
Balance, end of period	(146,432)	(101,423)	(146,432)	(101,423)
Accumulated other comprehensive loss				
Balance, beginning of period	(6,231)	(19,265)	(8,193)	(21,385)
Other comprehensive income (loss)	(5,308)	(292)	(3,346)	1,828
Balance, end of period	(11,539)	(19,557)	(11,539)	(19,557)
Total Unitholders' Equity	\$ 177,120	\$ 213,344	\$ 177,120	\$ 213,344

ARCTIC GLACIER INCOME FUND**Interim Consolidated Statements of Comprehensive Income (Loss)**

Three months and six months ended June 30, 2009 and 2008 (unaudited)

	Three Months		Six Months	
(thousands of U.S. dollars)	2009	2008	2009	2008
Earnings (loss) for the period	\$ 6,524	\$ 7,765	\$ (6,532)	\$ (4,630)
Other comprehensive income (loss)				
Net unrealized foreign currency translation gain (loss)	(5,325)	(310)	(3,381)	1,790
Amortization of transitional adjustment to earnings (loss) for the period	17	18	35	38
Other comprehensive income (loss)	(5,308)	(292)	(3,346)	1,828
Comprehensive income (loss) for the period	\$ 1,216	\$ 7,473	\$ (9,878)	\$ (2,802)

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Cash Flows

Three months and six months ended June 30, 2009 and 2008 (unaudited)

	Three Months		Six Months	
(thousands of U.S. dollars)	2009	2008	2009	2008
Cash from (used in):				
Operating activities				
Earnings (loss) for the period	\$ 6,524	\$ 7,765	\$ (6,532)	\$ (4,630)
Adjustments for:				
Amortization	7,541	7,620	15,172	15,117
Amortization of deferred financing	344	329	663	591
Amortization of transitional adjustment on interest rate swap	17	18	35	38
Accretion of convertible debenture principal	390	411	745	819
Accretion of long-term debt	27	55	53	156
Recognition of rents on a straight-line basis	179	179	358	358
Unit-based compensation expense	126	100	206	200
Loss (gain) on disposal of property, plant and equipment	339	9	319	(31)
Unrealized foreign exchange loss (gain) on long-term debt	(1,063)	(92)	(601)	369
Unrealized loss (gain) on foreign exchange contracts	(526)	92	(253)	793
Changes in fair value of interest rate swap	(455)	(842)	(412)	213
Future income taxes (reduction)	4,271	1,896	(4,238)	(8,324)
	17,714	17,540	5,515	5,669
Changes in non-cash working capital items	(14,738)	(10,001)	(14,919)	(16,059)
	2,976	7,539	(9,404)	(10,390)
Investing activities				
Additions to property, plant and equipment	(3,729)	(5,010)	(6,205)	(9,379)
Proceeds from disposal of property, plant and equipment	22	168	152	252
Addition to goodwill	-	-	-	(1,272)
Acquisition of business operations	-	(18,878)	-	(19,495)
	(3,707)	(23,720)	(6,053)	(29,894)
Financing activities				
Proceeds from long-term debt	6,664	33,439	36,560	62,155
Principal repayments on long-term debt	(17,112)	(3,850)	(18,876)	(4,153)
Units issued, net of issue costs	-	337	-	633
Distributions paid	-	(10,623)	-	(21,405)
	(10,448)	19,303	17,684	37,230
Foreign exchange gain (loss) on cash held in foreign currency	211	(227)	113	266
Increase (decrease) in cash	(10,968)	2,895	2,340	(2,788)
Cash (bank indebtedness), beginning of period	13,611	(998)	303	4,685
Cash, end of period	\$ 2,643	\$ 1,897	\$ 2,643	\$ 1,897
Supplementary cash flow information				
Interest paid	\$ 3,199	\$ 2,624	\$ 8,108	\$ 8,320
Income taxes paid	345	195	518	353

ARCTIC GLACIER INCOME FUND

Interim Schedule of Distributable Cash

Three months and six months ended June 30, 2009 and 2008 (unaudited)

(in thousands of U.S. dollars, except per unit amounts)	Three Months		Six Months	
	2009	2008	2009	2008
Cash from (used in) operating activities	\$ 2,976	\$ 7,539	\$ (9,404)	\$ (10,390)
Adjustments:				
Changes in non-cash working capital items ⁽¹⁾	14,738	10,001	14,919	16,059
Less sustaining capital expenditures, net of dispositions ⁽²⁾	(3,390)	(2,879)	(4,324)	(4,263)
Distributable cash	14,324	14,661	1,191	1,406
Add back costs of antitrust investigations and related expenses	1,158	2,057	2,616	3,058
Distributable cash excluding costs of antitrust investigations and related expenses	\$ 15,482	\$ 16,718	\$ 3,807	\$ 4,464
Weighted average number of units	39,042.2	38,960.6	39,042.2	38,943.4
Distributable cash per unit	\$ 0.37	\$ 0.38	\$ 0.03	\$ 0.04
Distributable cash per unit excluding costs of antitrust investigations and related expenses	\$ 0.40	\$ 0.43	\$ 0.10	\$ 0.11
Distributions declared ⁽³⁾	\$ -	\$ 10,650	\$ -	\$ 21,311
Distributions declared per unit ⁽³⁾	\$ -	\$ 0.27	\$ -	\$ 0.55

⁽¹⁾ Changes in non-cash working capital items have been excluded from cash from operating activities so as to remove the effects of timing differences in cash receipts and cash disbursements, which have significant seasonal fluctuations and vary significantly across quarters but generally reverse themselves. These fluctuations are funded from cash resources or the revolving term credit facility.

⁽²⁾ Sustaining capital expenditures represent the replacement of property, plant and equipment to sustain current business operations and are funded from operating cash flow.

⁽³⁾ Distributions to unitholders were suspended after the August 2008 distribution that was declared on August 18, 2008 and paid on September 15, 2008.

ARCTIC GLACIER INCOME FUND**Reconciliation of Adjusted Earnings (Loss)**

Three months and six months ended June 30, 2009 and 2008 (unaudited)

(in thousands of U.S. dollars)	Three Months		Six Months	
	2009	2008	2009	2008
Earnings (loss) for the period	\$ 6,524	\$ 7,765	\$ (6,532)	\$ (4,630)
Add costs of antitrust investigations and related expenses ⁽¹⁾	695	1,234	1,570	1,835
Adjusted earnings (loss)	<u>\$ 7,219</u>	<u>\$ 8,999</u>	<u>\$ (4,962)</u>	<u>\$ (2,795)</u>
Earnings (loss) per unit – basic and diluted	\$ 0.17	\$ 0.20	\$ (0.17)	\$ (0.12)
Adjusted earnings (loss) per unit – basic and diluted	\$ 0.18	\$ 0.23	\$ (0.13)	\$ (0.07)

⁽¹⁾ Net of tax effect of \$463 and \$1,046 for the three and six months ended June 30, 2009 (2008 - \$823 and \$1,223).