
ARCTIC GLACIER INCOME FUND

Arctic Glacier Earns \$11.4 million In Third Quarter

WINNIPEG, November 26, 2003 – The Arctic Glacier Income Fund (TSX-AG.UN) today announced financial results for the three-month and nine-month periods ended September 30, 2003.

“During this period the Fund acted decisively to take advantage of accretive acquisition opportunities in the northeastern U.S.,” said Robert Nagy, President and CEO of Arctic Glacier Inc., the fund’s operating company. “At the same time, we significantly strengthened the Fund’s financial position and set the stage for future growth.”

The Fund acquired Springdale Ice Company and Diamond Ice Cube Company Inc. in the key New York City market. These companies are an excellent fit with Arctic Glacier’s acquisition of Rosenberger Ice in the metropolitan Philadelphia market earlier this year.

“Arctic Glacier’s strategic expansion has taken place within a secure financial structure,” said Keith McMahon, Executive Vice President and Chief Financial Officer. “The acquisitions were financed from proceeds of the June equity offering combined with debt financing. In addition, the \$47.3 million offering of new units early in the fourth quarter has considerably strengthened the Fund’s balance sheet. As a result, Arctic Glacier is in an excellent financial position for further strategic and disciplined growth.”

Third Quarter Financial Review

Arctic Glacier increased sales 8% from the third quarter of 2002, to a total of \$48.2 million. Most of this gain was due to Arctic Glacier’s acquisitions in the northeastern U.S. The increased business volume more than offset a 3% year-over-year sales decline in previously-serviced markets due to a return to normal summer weather conditions in most markets compared to the hot, dry summer of 2002, lessened tourist and recreation traffic in eastern Canada because of Severe Acute Respiratory Syndrome (SARS) and the strengthened Canadian dollar, which reduced the Canadian dollar value of U.S. sales by \$2.7 million for the quarter.

EBITDA for the third quarter of 2003 increased 4% from 2002 to \$20.4 million. The increase was primarily attributable to acquisitions, but the gain was offset by a 3% EBITDA reduction in previously-serviced markets due to lower sales and the stronger Canadian dollar, which reduced reported EBITDA by \$1.3 million in the third quarter of 2003.

EBITDA performance as a percentage of sales (EBITDA margin) was 42.3% during the third quarter, down slightly compared to 43.9% during the same period of 2002. The change was a result of the U.S. acquisitions, which contribute a lower margin until the full effect of cost savings and efficiencies take effect 18 to 24 months following the acquisition.

Interest expense for the quarter totaled \$0.5 million, down 8% from the same period in 2002. This resulted from lower interest rates and the stronger Canadian dollar, which decreased the Canadian dollar value of interest paid in U.S. funds. This benefit more than offset increased debt required to finance acquisitions.

Earnings for the third quarter totaled \$11.4 million, versus \$11.0 million in 2002. That equates to \$0.62 per unit, down from \$0.70 per unit last year due to the higher number units outstanding from a financing in June 2003 and the timing of acquisitions during the quarter.

Distributable cash for the third quarter of 2003 increased to \$17.0 million or \$0.93 per unit, from \$15.1 million or \$0.96 per unit for the same period in 2002.

Nine Month Financial Review

For the year to date, sales edged up 1% to \$81.4 million. The same factors influenced results as in the third quarter, dampened by the effect of the cooler-than-average temperatures this spring and the divestiture of non-core businesses in the first half of 2002.

EBITDA for the nine months ended September 30, 2003 totaled \$25.1 million, compared with \$25.5 million for the same period in 2002.

Interest expense dropped 60% from last year to \$1.3 million, the result of lower interest rates and the appreciating Canadian dollar.

On a year-to-date basis, net earnings increased to \$12.1 million or \$0.73 per unit, from \$11.4 million or \$0.88 per unit in 2002.

For the first nine months of 2003, distributable cash increased to \$18.8 million or \$1.13 per unit, from \$17.4 million or \$1.11 per unit for the same period in 2002.

Financial position

Arctic Glacier ended the third quarter with a very strong balance sheet. Working capital totaled \$22.7 million, compared to \$19.2 million at the same time in 2002. Cash at the end of September amounted to \$13.1 million, up from \$12.7 million at the same time in 2002.

The Fund's financial position was further reinforced in October with an offering of 4.95 million units at an issue price of \$10.10 per unit, raising \$47.3 million net of offering costs. At this time Arctic Glacier has the bulk of these funds available for investment, which in conjunction with additional debt financing will provide Arctic Glacier with substantial resources to pursue selective accretive acquisitions.

Strong growth outlook

Subsequent to the third quarter, Arctic Glacier acquired Brandywine Ice Company of Philadelphia. This is the largest ice company in greater Philadelphia and the acquisition further consolidates Arctic Glacier's strong market presence in the region.

Arctic Glacier is in a strong position to continue making accretive acquisitions. The Fund's current focus remains the northeastern U.S., which is the most densely populated region of North America. The Fund's penetration of this key market continues to be a strategic priority. Management is currently considering a number of prospects and will remain vigilant for additional opportunities as they arise.

Arctic Glacier will discuss Q3 results for 2003 during a conference call with a live audio webcast for investors and analysts on **Thursday, November 27 at 11 am (EST)**. To access the simultaneous webcast, please visit Arctic Glacier's website at www.arcticglacierinc.com or CCN Matthews' website at www.ccnmatthews.com. Please note the webcast allows participants to listen only.

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.

Certain financial measures, such as EBITDA, earnings from operations and distributable cash are not recognized measures under Canadian generally accepted accounting principles (GAAP). Management believes that these are useful supplemental performance measures in addition to net income. Management believes that EBITDA provides investors with an indication of cash available for distribution prior to debt service, capital expenditures and income taxes. Management believes that earnings from operations provides investors with a measure of operating performance of the ongoing business prior to income taxes and costs that are non-recurring in nature including acquisition integration charges that are one-time costs unique to each individual acquisition. Management also believes that distributable cash is an important measure, as it summarizes funds available for distribution to unitholders. Investors should be cautioned, however, that EBITDA, earnings from operations and distributable cash should not be construed as alternatives to net income or other financial measures determined in accordance with GAAP as indicators of Arctic's performance. Arctic's method of calculating EBITDA, earnings from operations and distributable cash may differ from other companies and, accordingly, may not be comparable to measures used by other companies.

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 21 production plants and 35 distribution facilities across Canada and the central and northeastern United States servicing more than 40,000 retail accounts.

Arctic Glacier Income Fund trust units are listed on the Toronto Stock Exchange under the trading symbol AG.UN. There are 23.3 million trust units outstanding.

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For further information, call Arctic Glacier Inc. TOLL FREE at 1-888-573-9237 or log on at www.arcticglacierinc.com

(Signed) On behalf of the Board of Trustees of Arctic Glacier Income Fund,
Robert Nagy, President & CEO.

The Toronto Stock Exchange does not approve or disapprove of the adequacy or accuracy of this release.

Interim Consolidated Balance Sheets

As at September 30, 2003 and 2002 (unaudited) and December 31, 2002 (audited)

<i>(thousands)</i>	September 30, 2003	September 30, 2002	December 31, 2002
ASSETS			
Current assets			
Cash	\$ 13,055	\$ 12,730	\$ 11,919
Accounts receivable	16,030	15,081	6,715
Inventories	3,097	2,548	2,377
Prepaid expenses	1,862	2,135	1,212
	<u>34,044</u>	32,494	<u>22,223</u>
Capital assets	82,447	78,613	76,770
Other assets	3,822	3,449	3,107
Intangibles	1,373	1,370	1,370
Goodwill	92,437	79,801	79,468
	<u>\$ 214,123</u>	<u>\$ 195,727</u>	<u>\$ 182,938</u>
LIABILITIES AND UNITHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 9,603	\$ 8,791	\$ 5,114
Income taxes payable	-	2,902	-
Distributions payable to unitholders	1,633	1,370	1,370
Obligations under capital leases due within the fiscal year	89	71	325
Principal due within the fiscal year on long-term debt	67	140	292
	<u>11,392</u>	13,274	<u>7,101</u>
Obligations under capital leases	486	796	478
Long-term debt	61,915	52,071	53,227
Future income taxes	8,740	4,097	4,514
Unitholders' equity			
Capital contributions	153,603	129,973	129,951
Equity portion of convertible debentures	-	1,233	-
Cumulative earnings	9,314	(544)	(2,738)
Cumulative distributions	(26,278)	(8,650)	(12,761)
Cumulative translation adjustment	(5,049)	3,477	3,166
	<u>131,590</u>	125,489	<u>117,618</u>
	<u>\$ 214,123</u>	<u>\$ 195,727</u>	<u>\$ 182,938</u>

Interim Consolidated Statements of Operations

Three and nine months ended September 30, 2003 and 2002 (unaudited)

<i>(thousands, except per unit amounts)</i>	Three Months		Nine Months	
	2003	2002	2003	2002
Sales	\$ 48,219	\$ 44,598	\$ 81,430	\$ 80,303
Cost of sales, selling, general and administration expenses	27,806	25,025	56,321	54,828
Earnings before the undernoted	20,413	19,573	25,109	25,475
Amortization	2,744	2,468	7,569	7,287
Interest	510	553	1,306	3,305
Earnings from operations	17,159	16,552	16,234	14,883
Acquisition integration charges	117	-	117	-
Gain on settlement of long-term debt	-	-	-	(754)
Loss (gain) on disposal of capital and operating assets and goodwill	(3)	(46)	56	(891)
Non-recurring expenses	179	74	276	1,090
Earnings before income taxes	16,866	16,524	15,785	15,438
Income tax expense				
Current	873	3,064	1,091	3,336
Future	4,642	2,419	2,642	692
	5,515	5,483	3,733	4,028
Earnings for the period	\$ 11,351	\$ 11,041	\$ 12,052	\$ 11,410
Earnings per unit				
Basic	\$ 0.62	\$ 0.70	\$ 0.73	\$ 0.88
Diluted	\$ 0.62	\$ 0.70	\$ 0.73	\$ 0.86

Interim Consolidated Statements of Cumulative Earnings

Three and nine months ended September 30, 2003 and 2002 (unaudited)

<i>(thousands)</i>	Three Months		Nine Months	
	2003	2002	2003	2002
Deficit, beginning of period	\$ (2,037)	\$ (11,568)	\$ (2,738)	\$ (7,063)
Restatement due to change in accounting policy regarding goodwill	-	-	-	(2,010)
As restated	(2,037)	(11,568)	(2,738)	(9,073)
Earnings for the period	11,351	11,041	12,052	11,410
Interest on equity portion of convertible debentures	-	(17)	-	(106)
Settlement of warrants	-	-	-	(2,775)
Cumulative earnings, end of period	\$ 9,314	\$ (544)	\$ 9,314	\$ (544)

Interim Consolidated Statements of Cash Flows

Three and nine months ended September 30, 2003 and 2002 (unaudited)

<i>(thousands)</i>	Three Months		Nine Months	
	2003	2002	2003	2002
Cash from (used in):				
Operating activities				
Earnings for the period	\$ 11,351	\$ 11,041	\$ 12,052	\$ 11,410
Adjustments for:				
Amortization	2,744	2,468	7,569	7,287
Non-cash portion of gain on settlement of long-term debt	-	-	-	(1,609)
Non-cash portion of loss (gain) on disposal of capital assets and goodwill	(3)	(63)	56	(1,317)
Future income taxes	4,642	2,419	2,642	692
Funds from operations	18,734	15,865	22,319	16,463
Changes in working capital items	(1,116)	3,685	(5,313)	(2,652)
	17,618	19,550	17,006	13,811
Investing activities				
Additions to capital assets	(2,479)	(923)	(5,477)	(3,084)
Proceeds from disposal of capital assets and goodwill	12	82	42	3,437
Additions to other assets	(608)	(51)	(651)	(2,014)
Additions to intangibles	-	-	(3)	-
Acquisition of business operations, net of bank indebtedness assumed of \$569 (2002 - \$0)	(27,939)	-	(34,631)	-
	(31,014)	(892)	(40,720)	(1,661)
Financing activities				
Proceeds from long-term debt	28,740	-	29,847	52,420
Principal repayments on long-term debt	(35)	(1,514)	(13,638)	(118,750)
Principal payments under capital lease obligations	(77)	(81)	(228)	(228)
Interest on equity portion of convertible debentures	-	(27)	-	(177)
Shares issued on exercise of options	-	-	-	600
Units issued, net of issue costs	(6)	25	23,652	79,138
Cancellation of warrants	-	-	-	(7,049)
Cash distributions paid	(4,899)	(4,110)	(13,255)	(7,280)
	23,723	(5,707)	26,378	(1,326)
Foreign exchange gain (loss) on cash held in foreign currency	(624)	405	(1,528)	(40)
Increase in cash and cash equivalents	9,703	13,356	1,136	10,784
Cash and cash equivalents, beginning of period	3,352	(626)	11,919	1,946
Cash and cash equivalents, end of period	\$ 13,055	\$ 12,730	\$ 13,055	\$ 12,730

The portion of the purchase price of subsidiaries and operating assets satisfied by the issuance of deferred consideration in the amount of \$975 (2002 - \$0) has been excluded from the financing and investing activities on the Statements of Cash Flows.

Schedule of Distributable Cash

Three and nine months ended September 30, 2003 and 2002 (unaudited)

<i>(thousands, except per unit amounts)</i>	Three Months		Nine Months	
	2003	2002	2003	2002
Net earnings	\$ 11,351	\$ 11,041	\$ 12,052	\$ 11,410
Net earnings adjustments:				
Amortization	2,744	2,468	7,569	7,287
Gain on settlement of long-term debt	-	-	-	(754)
Loss (gain) on disposal of capital and operating assets and goodwill	(3)	(46)	56	(891)
Future income taxes	4,642	2,419	2,642	692
	18,734	15,882	22,319	17,744
Less sustaining capital expenditures, net of dispositions	(1,726)	(810)	(3,511)	(2,686)
Distributable cash before pro-forma adjustments	17,008	15,072	18,808	15,058
Pro-forma adjustments:				
Reduction of interest expense to reflect income fund structure before March 22, 2002 ⁽¹⁾	-	-	-	1,572
Remove Plan of Arrangement costs ⁽²⁾	-	20	-	801
Distributable cash ⁽³⁾	\$ 17,008	\$ 15,092	\$ 18,808	\$ 17,431
Distributable cash per unit ⁽⁴⁾	\$ 0.93	\$ 0.96	\$ 1.13	\$ 1.11
Distributions declared	\$ 4,899	\$ 4,110	\$ 13,517	\$ 8,650
Distributions declared per unit	\$ 0.27	\$ 0.26	\$ 0.80	\$ 0.55
Distributions declared per unit (annualized)	\$ 1.07	\$ 1.05	\$ 1.07	\$ 1.05

⁽¹⁾ Reduction of interest expense during the period January 1, 2002 to March 22, 2002 to give effect to the completion of the IPO, acquisition of The Arctic Group Inc. and repayment and refinancing of certain long-term debt instruments as if they had occurred on or before January 1, 2002.

⁽²⁾ Reduction of non-recurring costs related to the Plan of Arrangement of March 22, 2002.

⁽³⁾ Comparative figure for the three and nine months ended September 30, 2002 represents pro-forma distributable cash.

⁽⁴⁾ Distributable cash per unit figures for the three and nine months ended September 30, 2003 are based on 18,309,847 and 16,601,422 units respectively, being the weighted average number of units outstanding during each period. Comparative figure for the three and nine months ended September 30, 2002 represents pro-forma distributable cash per unit, and is based on 15,655,656 units, being the pro-forma weighted average number of units outstanding during the year ended December 31, 2002.

⁽⁵⁾ Includes initial distribution for 40 day period from March 22, 2002 to April 30, 2002.