
ARCTIC GLACIER INCOME FUND

Arctic Glacier Posts Record Second Quarter Results

Acquisitions fuel 44% increase in distributable cash

WINNIPEG – August 15, 2005 – The Arctic Glacier Income Fund (TSX:AG) today announced results for the three months ended June 30, 2005.

Highlights:

- Increased sales 31% to all-time high of \$47.3 million
- Increased EBITDA 43% to record \$15.1 million
- Increased distributable cash 44% to second-quarter record of \$11.6 million
- Increased earnings 14% to second-quarter record of \$6.3 million
- Paid distributions to unitholders at newly increased rate of \$1.10 per unit, annualized

“This was Arctic Glacier’s best second quarter ever,” said Robert Nagy, President and CEO of Arctic Glacier Inc., the Fund’s operating company. “The combined effect of strategic acquisitions, rationalization of acquired operations and a return to more normal spring weather conditions pushed our top line to a record high and resulted in new second-quarter benchmarks for virtually all of our key operating metrics.”

“Arctic Glacier’s acquisitions in late 2004 significantly enlarged our scale of operations, improved our results and enhanced unitholder value,” said Keith McMahon, Executive Vice President and Chief Financial Officer of Arctic Glacier. “The second-quarter results also clearly indicate the accretive nature of the acquisitions and point to the potential for higher results in the third quarter of 2005 compared to the same quarter in 2004.”

Financial Review

Sales during the second quarter increased by 31% or \$11.2 million to an all-time record of \$47.3 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.

In addition, the Fund saw a return to more normal weather conditions this spring, spurring higher sales of packaged ice in virtually all markets. That was a marked improvement from unprecedented cold and rainy conditions that prevailed across most of North America during the same period in 2004. The impact of the hotter, drier weather this year is evident in financial results when acquisitions completed over the previous year are excluded. The results show an 11% year-over-year sales increase in previously served markets.

Factors spurring higher sales were partly offset by the stronger Canadian dollar, which decreased the Canadian-dollar value of sales incurred in U.S. markets by \$2.2 million during the second quarter. For the first six months of 2005, sales advanced 29% over 2004 to \$61.1 million.

EBITDA, heavily influenced by the same factors as sales, increased by 43% in the second quarter of 2005 compared to 2004, to \$15.1 million. In addition to \$3.1 million being contributed in the second quarter by the recently acquired Losquadro and Party Time operations, EBITDA from previously serviced markets was up by \$2.1 million or 22%, largely due to improved weather conditions. For the first half of 2005, EBITDA increased 55% to \$10.0 million.

Earnings for the second quarter moved up 14% to \$6.3 million, which equated to \$0.27 per unit, up from \$0.24 last year. For the six-month period, earnings decreased to \$0.6 million from \$2.5 million. This was due to a larger loss realized in the first quarter of 2005 than in 2004, owing to the expanded scale of operations during winter months, when operations normally run at a loss, along with increased amortization related to acquisitions. During the first quarter of each year, the Fund incurs approximately 25% of its fixed costs including amortization while incurring less than 10% of its revenue. Six-month earnings per share totaled \$0.03 compared to \$0.11 during the same period last year.

Distributable cash, propelled by the expanded scale of operations and improved weather conditions, posted a 44% gain during the second quarter to \$11.6 million. On a per-unit basis that amounted to \$0.50 compared to \$0.35 in 2004. For the first half of 2005, distributable cash increased 40% to \$3.8 million or \$0.16 per unit, up from \$0.12 last year.

Outlook

Second quarter results indicate Arctic Glacier is directly accruing benefits from strategic acquisitions completed in the final quarter of 2004. In particular, the Fund's expansion in the New York City area and entry into the Michigan market, including the populous Detroit metro area, have enlarged and strengthened Arctic Glacier's operational base. An increase in per-unit results in the wake of these acquisitions also underlines their accretive nature.

Operational gains are being effected through continued rationalization and integration of operations. Significant progress has been made during the first half of 2005 and these activities will continue for the balance of the year and into 2006. As this process continues, the Fund expects to achieve reduced costs and enhanced productivity growth by improving production processes, distribution networks and administrative infrastructure.

Arctic Glacier will continue to seek new avenues for prudent, measured growth. Management will proceed with further rationalization of operating assets to enhance operating synergies, raise market profile and enlarge the foundation for future expansion.

The Fund will examine accretive acquisition opportunities that are strategic and where a significant regional presence can be achieved or enhanced.

Arctic Glacier will discuss second quarter results for 2005 during a conference call with a live audio webcast for investors and analysts on **Tuesday, August 16 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 23 production plants and 40 distribution facilities across Canada and the central, midwest and northeastern United States servicing more than 50,000 retail accounts.

Arctic Glacier Income Fund trust units are listed on the Toronto Stock Exchange under the trading symbol AG. There are 23.4 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.

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Contact Information

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

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

(thousands)	June 30, 2005	June 30, 2004	December 31, 2004
ASSETS			
Current assets			
Cash	\$ -	\$ 475	\$ 14,755
Accounts receivable	21,297	14,876	7,845
Inventories	7,494	6,002	5,961
Prepaid expenses	3,263	3,773	2,180
	<u>32,054</u>	25,126	30,741
Property, plant and equipment	123,717	94,522	120,717
Other assets	3,359	2,043	3,739
Intangibles	24,973	3,927	25,695
Goodwill	107,851	105,640	106,150
	<u>\$ 291,954</u>	<u>\$ 231,258</u>	<u>\$ 287,042</u>
LIABILITIES AND UNITHOLDERS' EQUITY			
Current liabilities			
Bank indebtedness	\$ 9,133	\$ -	\$ -
Accounts payable and accrued liabilities	17,720	11,441	12,325
Distributions payable to unitholders	2,145	2,079	2,083
Current obligations under capital leases	13	56	38
Principal due within one year on long-term debt	520	205	514
	<u>29,531</u>	13,781	14,960
Obligations under capital leases	-	13	-
Long-term debt	116,404	54,742	112,252
Future income taxes	6,156	2,420	10,426
Unitholders' equity			
Capital contributions	202,212	201,285	201,721
Contributed surplus	624	236	334
Cumulative earnings	22,952	10,546	22,327
Cumulative distributions	(70,206)	(44,973)	(57,462)
Cumulative translation adjustment	(15,719)	(6,792)	(17,516)
	<u>139,863</u>	160,302	149,404
	<u>\$ 291,954</u>	<u>\$ 231,258</u>	<u>\$ 287,042</u>

ARCTIC GLACIER INCOME FUND**Interim Consolidated Statements of Operations**

Three and six months ended June 30, 2005 and 2004 (unaudited)

(thousands, except per unit amounts)	Three Months		Six Months	
	2005	2004	2005	2004
Sales	\$ 47,275	\$ 36,088	\$ 61,084	\$ 47,310
Cost of sales, selling, general and administration expenses	32,189	25,535	51,087	40,880
Earnings before the undernoted	15,086	10,553	9,997	6,430
Amortization	4,517	3,037	8,970	5,900
Interest	2,157	403	3,619	716
Acquisition integration charges	187	129	479	232
Loss (gain) on disposal of property, plant and equipment	24	(3)	4	(105)
Loss (gain) on foreign exchange options	231	(521)	361	(521)
Non-recurring expenses	-	102	-	109
Earnings (loss) before income taxes	7,970	7,406	(3,436)	99
Income tax expense				
Current	138	721	349	939
Future (reduction)	1,500	1,111	(4,410)	(3,360)
	1,638	1,832	(4,061)	(2,421)
Earnings for the period	\$ 6,332	\$ 5,574	\$ 625	\$ 2,520
Earnings per unit – basic and diluted	\$ 0.27	\$ 0.24	\$ 0.03	\$ 0.11

ARCTIC GLACIER INCOME FUND**Interim Consolidated Statements of Cumulative Earnings**

Three and six months ended June 30, 2005 and 2004 (unaudited)

(thousands)	Three Months		Six Months	
	2005	2004	2005	2004
Cumulative earnings, beginning of period	\$ 16,620	\$ 4,972	\$ 22,327	\$ 8,026
Earnings for the period	6,332	5,574	625	2,520
Cumulative earnings, end of period	\$ 22,952	\$ 10,546	\$ 22,952	\$ 10,546

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Cash Flows
Three and six months ended June 30, 2005 and 2004 (unaudited)

(thousands)	<u>Three Months</u>		<u>Six Months</u>	
	<u>2005</u>	2004	<u>2005</u>	2004
Cash from (used in):				
Operating activities				
Earnings for the period	\$ 6,332	\$ 5,574	\$ 625	\$ 2,520
Adjustments for:				
Amortization	4,517	3,037	8,970	5,900
Loss (gain) on disposal of property, plant and equipment	24	(3)	4	(105)
Unit-based compensation expense	56	235	290	235
Unrealized loss (gain) on foreign exchange options	196	(447)	326	(447)
Future income taxes	1,500	1,111	(4,410)	(3,360)
Funds from operations	12,625	9,507	5,805	4,743
Changes in working capital items	(7,821)	(8,043)	(10,997)	(8,778)
	4,804	1,464	(5,192)	(4,035)
Investing activities				
Additions to property, plant and equipment	(4,321)	(3,896)	(8,732)	(7,147)
Proceeds from disposal of property, plant and equipment	95	227	207	459
Additions to other assets	(4)	(224)	(212)	(239)
Additions to goodwill	-	(40)	-	(51)
Acquisition of business operations	-	(199)	-	(9,714)
	(4,230)	(4,132)	(8,737)	(16,692)
Financing activities				
Proceeds from long-term debt	-	5,424	2,318	22,666
Principal repayments on long-term debt	(131)	(52)	(265)	(108)
Principal payments under capital lease obligations	(12)	(317)	(24)	(396)
Units issued	273	209	490	380
Cash distributions paid	(6,432)	(6,235)	(12,682)	(12,465)
	(6,302)	(971)	(10,163)	10,077
Foreign exchange gain (loss) on cash held in foreign currency	(27)	(18)	204	93
Increase in bank indebtedness	(5,755)	(3,657)	(23,888)	(10,557)
Cash (bank indebtedness), beginning of period	(3,378)	4,132	14,755	11,032
Cash (bank indebtedness), end of period	\$ (9,133)	\$ 475	\$ (9,133)	\$ 475
Supplementary cash flow information				
Interest paid	\$ 1,724	\$ 435	\$ 2,599	\$ 729
Income taxes paid	138	722	349	940

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

Three and six months ended June 30, 2005 and 2004 (unaudited)

(thousands, except per unit amounts)	Three Months		Six Months	
	2005	2004	2005	2004
Cash from (used in) operating activities	\$ 4,804	\$ 1,464	\$ (5,192)	\$ (4,035)
Adjustments:				
Changes in working capital items	7,821	8,043	10,997	8,778
	12,625	9,507	5,805	4,743
Less sustaining capital expenditures, net of dispositions	(1,001)	(1,409)	(2,054)	(2,060)
Distributable cash	\$ 11,624	\$ 8,098	\$ 3,751	\$ 2,683
Weighted average number of units	23,384	23,302	23,372	23,293
Distributable cash per unit	\$ 0.50	\$ 0.35	\$ 0.16	\$ 0.12
Distributions declared	\$ 6,434	\$ 6,236	\$ 12,744	\$ 12,468
Distributions declared per unit	\$ 0.28	\$ 0.27	\$ 0.55	\$ 0.54
Distributions declared per unit (annualized)	\$ 1.10	\$ 1.07	\$ 1.10	\$ 1.07