
ARCTIC GLACIER INCOME FUND

Arctic Glacier Posts Record Fourth Quarter and Year-End Results

Income Fund reports 32% distributable cash increase in 2005

WINNIPEG – March 21, 2006 – Arctic Glacier Income Fund (TSX:AG.UN) today announced results for the fourth quarter and year ended December 31, 2005.

Highlights for 2005

- Increased sales 37% to record \$156.4 million
- Grew distributable cash 32% to new high of \$29.5 million
- Improved payout ratio to 92.5%
- Increased annualized distribution rate to \$1.10 per unit
- Successfully completed \$50 million unit offering
- Acquired Hometown Ice, market leader in Wisconsin
- Reduced debt levels
- Built new production plant in Newburgh, NY
- Closed leased production plants in Kiamesha Lake, NY; Hatfield, PA; Maple Grove, MN, and converted Roselle Park, NJ plant into distribution center

“The Fund established new performance benchmarks during 2005,” said Robert Nagy, President and CEO of Arctic Glacier Inc., the Fund’s operating company. “They were achieved as a result of the accretiveness of our acquisitions, the judicious rationalization and integration of the companies we acquired, and a return to more favorable weather conditions than we experienced during 2004.”

“We are well positioned to make additional accretive acquisitions that are either contiguous to our existing operations or establish new platforms in key market areas,” said Keith McMahon, Executive Vice President and Chief Financial Officer of Arctic Glacier. “At the same time, our sound fundamentals and ability to generate reliable cash flow will enable us to continue to provide unitholders with stable monthly cash distributions well into the future.”

Fourth Quarter 2005 Review

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

Sales totaled \$21.8 million, a 32% increase from the fourth quarter of 2004. Acquired operations contributed \$3.6 million, while sales in previously serviced markets were up 13%. The stronger Canadian dollar reduced reported sales by \$0.5 million.

Seasonality of the packaged ice business normally results in negative EBITDA and a net loss during the fourth quarter. In the most recent period, EBITDA totaled negative \$0.6 million, compared to \$1.4 million for the fourth quarter of 2004. The difference was primarily due to acquired operations, which amounted to negative \$1.3 million during the quarter. EBITDA from previously serviced markets was down \$0.6 million during the quarter, largely due to higher energy costs incurred in 2005. In addition, the stronger Canadian dollar reduced reported EBITDA by \$0.1 million.

The loss in the fourth quarter totaled \$1.8 million, compared to earnings of \$0.2 million during the same period last year. On a per unit basis, the loss was \$0.06 (basic and diluted) compared to earnings of \$0.01 (basic and diluted) for the fourth quarter of 2004.

Fiscal 2005 Financial Review

Sales in fiscal 2005 increased 37% from 2004 to a record \$156.4 million. The gain was largely attributable to acquisitions completed during the last week of 2004 and in 2005. The contribution of the Losquadro Ice and Party Time Ice operations during their first summer season, along with the Hometown Ice operations during the last three and one-half months of the year, generated \$33.5 million in sales during 2005.

In addition, sales in previously serviced markets were 13% higher during 2005, mostly due to a return to more normal weather conditions compared to the disappointing summer season in 2004. However, sales were negatively impacted by the stronger Canadian dollar, which decreased the Canadian dollar value of sales generated in U.S. markets by \$5.8 million from 2004.

EBITDA in 2005 increased by 46% to \$41.0 million. The increase was attributable both to acquisitions and to previously serviced markets. Acquisitions added \$6.8 million to EBITDA, while previously serviced markets saw a 30% increase of \$7.8

million. This was due to increased volumes and improved efficiency resulting from investments and rationalization of acquired operations. These gains were partially offset by the stronger Canadian dollar, which decreased reported EBITDA by \$1.6 million.

EBITDA margin totaled 26.2% of sales in 2005, compared to 24.5% the previous year. The increase was primarily driven by improved operating efficiencies that accompanied increased sales volumes and economies of scale from acquisitions. Excluding newly acquired operations, EBITDA margins totaled 27.8% of sales.

Earnings totaled \$16.0 million, up 12% from 2004. On a per unit basis, earnings were \$0.65 per unit (basic and diluted) compared to \$0.61 in 2004.

During 2005 the Fund generated distributable cash of \$29.5 million, a 32% increase over the previous year. This growth was largely due contributions of the Losquadro and Party Time acquisitions, plus an improved tax position and more favorable weather conditions. On a per-unit basis, distributable cash totaled \$1.20 for the year, compared to \$0.96 in 2004.

Financial Position

Funds from operations totaled \$32.5 million in 2005, an increase of 27% from the previous year. The increase was due to higher EBITDA that resulted from the acquisitions in late 2004 and the return to more normal summer weather conditions.

The Fund raised a total of \$48.0 million from the issuing of units in 2005. This mostly comprised \$47.1 million from a public offering, the proceeds of which were deployed for the Hometown Ice acquisition and debt reduction under the revolving term credit facility. The balance consisted of \$0.9 million from the Distribution Reinvestment and Optional Cash Purchase Plan (DRIP).

Distributions to unitholders totaled \$26.8 million during 2005, resulting in a payout ratio of 92.5%, an improvement from 112.0% in 2004.

As at December 31, 2005, Arctic Glacier's total debt was \$74.5 million, compared to \$112.8 million at the same time last year. Net debt, defined as total long-term debt and obligations under capital leases less cash, was \$68.2 million, down from \$98.0 million in 2004.

The Fund's net debt to EBITDA ratio at year end was 1.6:1, reflecting an increase to trailing EBITDA of \$1.3 million to give effect to the contribution of acquisitions and realized gains on foreign currency options. This ratio has improved from 2.6:1 at December 31, 2004, which reflects a trailing EBITDA increase of \$9.9 million

for acquisitions and realized gains on foreign currency options. The reduction in leverage ratios resulted from the use of equity raised during 2005 to reduce debt levels, as well as from improved operating results. The Fund's intention is to maintain an annual average leverage ratio of less than 2.25 to 1, excluding any temporary bridge financing of acquisitions.

At December 31, 2005, the Fund's credit availability consisted of Canadian and U.S. revolving term facilities of \$7.0 and US\$28.0 million respectively, plus Canadian and U.S. operating lines of credit of \$6.0 and US\$5.0 million respectively.

Outlook

The acquisitions of Losquadro Ice and Party Time Ice in December 2004 were accretive to distributable cash per unit in 2005 and are expected to further improve their contributions to results during 2006. Similarly, the acquisition of Hometown Ice in September 2005 is anticipated to be accretive in its first full year of operations. Arctic Glacier intends to continue rationalization and integration of acquired operations, which maximize regional synergies, minimize administrative overhead and reduce staff.

These additions and improvements are expected to improve operational metrics and enhance the Fund's capacity to generate distributable cash in excess of requirements for monthly distributions to unitholders.

At the same time, the Fund will continue to pursue selective, accretive acquisitions that are contiguous to existing operations or which establish platforms to enter new market areas.

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 26 production plants and 41 distribution facilities across Canada and the central, midwest and northeastern United States servicing more than 53,000 retail accounts. Arctic Glacier Income Fund trust units are listed on the Toronto Stock Exchange under the trading symbol AG.UN. There are 27.9 million trust units outstanding.

Conference Call and Webcast

Arctic Glacier will discuss fourth quarter and year end results for 2005 during a conference call with a live audio webcast for investors and analysts on **Tuesday, March 21 at 11 a.m. (EST)**. 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, 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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ARCTIC GLACIER INCOME FUND
Interim Consolidated Balance Sheets
As at December 31, 2005 and 2004 (audited)

| (thousands) | 2005 | 2004 |
|---|-------------------|-------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 6,313 | \$ 14,755 |
| Accounts receivable | 8,569 | 7,845 |
| Inventories | 6,012 | 5,961 |
| Prepaid expenses | 2,381 | 2,180 |
| | <u>23,275</u> | <u>30,741</u> |
| Property, plant and equipment | 119,847 | 120,717 |
| Other assets | 2,714 | 3,739 |
| Intangibles | 24,782 | 25,695 |
| Goodwill | 106,899 | 106,150 |
| | <u>\$ 277,517</u> | <u>\$ 287,042</u> |
| LIABILITIES AND UNITHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 9,269 | \$ 12,325 |
| Distributions payable to unitholders | 2,557 | 2,083 |
| Obligations under capital leases due within the fiscal year | - | 38 |
| Principal due within the fiscal year on long-term debt | 2,086 | 514 |
| | <u>13,912</u> | <u>14,960</u> |
| Long-term debt | 72,429 | 112,252 |
| Future income taxes | 7,920 | 10,426 |
| Unitholders' equity | | |
| Capital contributions | 249,747 | 201,721 |
| Contributed surplus | 723 | 334 |
| Cumulative earnings | 38,292 | 22,327 |
| Cumulative distributions | (84,724) | (57,462) |
| Cumulative translation adjustment | (20,782) | (17,516) |
| | <u>183,256</u> | <u>149,404</u> |
| | <u>\$ 277,517</u> | <u>\$ 287,042</u> |

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Operations

Three and twelve months ended December 31, 2005 and 2004

| (thousands, except per unit amounts) | Three Months | | Twelve Months | |
|---|---------------------|-----------|----------------------|-----------|
| | (unaudited) | | (audited) | |
| | 2005 | 2004 | 2005 | 2004 |
| Sales | \$ 21,771 | \$ 16,484 | \$156,439 | \$114,434 |
| Cost of sales, selling, general and administration expenses | 22,322 | 15,061 | 115,426 | 86,384 |
| Earnings (loss) before the undernoted | (551) | 1,423 | 41,013 | 28,050 |
| Amortization | 4,644 | 3,205 | 18,089 | 12,044 |
| Interest | 1,171 | 613 | 6,907 | 1,784 |
| Acquisition integration charges | 824 | 147 | 1,489 | 462 |
| Loss (gain) on disposal of property, plant & equipment | (2) | 77 | 55 | (286) |
| Loss (gain) on foreign exchange options | 45 | (334) | 137 | (1,235) |
| Debt settlement costs | - | 518 | - | 518 |
| Non-recurring expenses | - | 10 | - | 119 |
| Reduction in cumulative translation adjustment | - | 585 | - | 585 |
| Earnings (loss) before income taxes | (7,233) | (3,398) | 14,336 | 14,059 |
| Income tax expense (reduction) | | | | |
| Current | 103 | 153 | 571 | 1,542 |
| Future | (5,527) | (3,766) | (2,200) | (1,784) |
| | (5,424) | (3,613) | (1,629) | (242) |
| Earnings (loss) | \$ (1,809) | \$ 215 | \$ 15,965 | \$ 14,301 |
| Earnings (loss) per unit | | | | |
| Basic | \$ (0.06) | \$ 0.01 | \$ 0.65 | \$ 0.61 |
| Diluted | \$ (0.06) | \$ 0.01 | \$ 0.65 | \$ 0.61 |

Interim Consolidated Statements of Cumulative Earnings

Three and twelve months ended December 31, 2005 and 2004

| (thousands) | Three Months | | Twelve Months | |
|---|---------------------|-----------|----------------------|-----------|
| | (unaudited) | | (audited) | |
| | 2005 | 2004 | 2005 | 2004 |
| Cumulative earnings, beginning of period | \$ 40,101 | \$ 22,112 | \$ 22,327 | \$ 8,026 |
| Earnings (loss) | (1,809) | 215 | 15,965 | 14,301 |
| Cumulative earnings, end of period | \$ 38,292 | \$ 22,327 | \$ 38,292 | \$ 22,327 |

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Cash Flows
Three and twelve months ended December 31, 2005 and 2004

| (thousands) | Three Months | | Twelve Months | |
|---|------------------|-----------|------------------|-----------|
| | (unaudited) | | (audited) | |
| | 2005 | 2004 | 2005 | 2004 |
| Cash from (used in): | | | | |
| Operating activities | | | | |
| Earnings (loss) | \$(1,809) | \$ 215 | \$ 15,965 | \$ 14,301 |
| Adjustments for: | | | | |
| Amortization | 4,644 | 3,205 | 18,089 | 12,044 |
| Loss (gain) on disposal of property, plant & equipment | (2) | 77 | 55 | (286) |
| Unit based compensation expense | 59 | 51 | 389 | 334 |
| Unrealized loss (gain) on foreign exchange options | 90 | 69 | 200 | (200) |
| Non-cash portion of debt settlement expenses | - | 518 | - | 518 |
| Non-cash reduction in cumulative translation adjustment | - | 585 | - | 585 |
| Future income taxes reduction | (5,527) | (3,766) | (2,200) | (1,784) |
| Funds from operations | (2,545) | 954 | 32,498 | 25,512 |
| Changes in working capital items | 7,763 | 9,638 | (2,931) | 1,518 |
| | 5,218 | 10,592 | 29,567 | 27,030 |
| Investing activities | | | | |
| Additions to property, plant and equipment | (1,285) | (3,752) | (11,913) | (14,940) |
| Proceeds from disposal of property, plant and equipment | 4 | 111 | 284 | 908 |
| Additions to other assets | (19) | (2,725) | (291) | (2,999) |
| Additions to intangibles | - | (13) | - | (13) |
| Additions to goodwill | - | (52) | - | (196) |
| Acquisition of business operations | - | (51,274) | (8,456) | (63,526) |
| | (1,300) | (57,705) | (20,376) | (80,766) |
| Financing activities | | | | |
| Proceeds from long-term debt | - | 73,550 | 2,318 | 100,156 |
| Principal repayments on long-term debt | (490) | (15,914) | (40,437) | (16,073) |
| Principal payments under capital lease obligations | - | (12) | (36) | (426) |
| Units issued, net of issue costs | 151 | 213 | 48,026 | 816 |
| Cash distributions paid | (7,668) | (6,246) | (26,788) | (24,950) |
| | (8,007) | 51,591 | (16,917) | 59,523 |
| Foreign exchange gain (loss) on cash held in foreign currency | 51 | (1,623) | (716) | (2,064) |
| Increase (decrease) in cash | (4,038) | 2,855 | (8,442) | 3,723 |
| Cash, beginning of period | 10,351 | 11,900 | 14,755 | 11,032 |
| Cash, end of period | \$ 6,313 | \$ 14,755 | \$ 6,313 | \$ 14,755 |

ARCTIC GLACIER INCOME FUND
Interim Schedule of Distributable Cash

Three and twelve months ended December 31, 2005 and 2004 (unaudited)

| (thousands, except per unit amounts) | <u>Three Months</u> | | <u>Twelve Months</u> | |
|--|---------------------|-----------|----------------------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| Cash from operating activities | \$ 5,218 | \$ 10,592 | \$ 29,567 | \$ 27,030 |
| Adjustments: | | | | |
| Changes in working capital items | (7,763) | (9,638) | 2,931 | (1,518) |
| | (2,545) | 954 | 32,498 | 25,512 |
| Less net sustaining capital expenditures | (296) | (304) | (3,018) | (3,221) |
| Distributable cash | \$ (2,841) | \$ 650 | \$ 29,480 | \$ 22,291 |
| Weighted average number of units | 27,878 | 23,341 | 24,650 | 23,312 |
| Distributable cash per unit | \$ (0.10) | \$ 0.03 | \$ 1.20 | \$ 0.96 |
| Distributions declared | \$ 7,670 | \$ 6,248 | \$ 27,262 | \$ 24,957 |
| Distributions declared per unit | \$ 0.28 | \$ 0.27 | \$ 1.10 | \$ 1.07 |