
ARCTIC GLACIER INCOME FUND

Arctic Glacier Posts First Quarter Sales Record

Acquisition of California Ice To Drive Results Higher

WINNIPEG, May 15, 2006 – Arctic Glacier Income Fund (TSX-AG.UN) today announced results for the three months ended March 31, 2006.

Highlights

- Increased sales to first-quarter record of \$14.7 million, up \$0.9 million or 6% compared to first quarter of 2005
- Improved EBITDA by \$0.7 million or 14%
- Improved earnings by \$1.4 million or 24%
- Improved distributable cash deficiency by \$1.3 million or 16%
- Announced acquisition of California Ice in May, which paves the way for significant gains in key metrics

“The continued implementation of Arctic Glacier’s growth strategy during 2005 powered sales to a new high in the first quarter of 2006,” said Robert Nagy, President and CEO of Arctic Glacier Inc., the Fund’s operating company. “In addition, rationalization and integration during 2005 of acquisitions completed in 2004 unlocked synergies and allowed the Fund to take advantage of operational efficiencies.”

The principal driver behind the first quarter sales gain was the acquisition of Hometown Ice in Wisconsin. The transaction was completed in September 2005, making the period just ended the initial first quarter during which the operation contributed to results.

Arctic Glacier also continued to rationalize and integrate operations acquired in the Northeastern U.S., Michigan and Wisconsin. Construction was started on a new production facility near Milwaukee, Wisconsin and a new distribution center north of Philadelphia, Pennsylvania.

“The Fund performed well during the quarter, and results were fully in line with expectations,” said Keith McMahon, Executive Vice President and Chief Financial Officer of Arctic Glacier. “The packaged ice business is highly seasonal and demand is typically light during winter months. In fact, we normally generate less than 10% of our annual sales in the first quarter but we still incur approximately 25% of annual fixed costs. As a result, Arctic Glacier’s first quarter results will traditionally show

lower sales compared to the summer season, negative EBITDA and a net loss, and the first quarter this year was consistent with this pattern.”

First Quarter Financial Review

Sales in the first quarter of 2006 totaled \$14.7 million, an increase of \$0.9 million or 6% from the same period in 2005. Most of the gain was due to the September 2005 acquisition of Hometown Ice in Wisconsin, which contributed \$0.8 million to sales during the first quarter. In addition, sales in previously serviced markets moved up by \$0.7 million or 5% from the first quarter of 2005, partly as a result of increased volumes and more favorable pricing. These sales improvements were partially offset by the stronger Canadian dollar, which reduced sales in previously serviced markets by \$0.6 million.

EBITDA during the quarter was negative \$4.4 million, compared to negative \$5.1 million in the same period last year. Negative EBITDA totaled 29.8% of sales for the quarter, a significant improvement compared to 36.9% for the same period in 2005. The improvement was due to the effect of lower cost levels resulting from rationalized operations, better fixed cost efficiency with the increased scale of operations and more favorable pricing.

Net loss for the quarter totaled \$4.4 million or \$0.16 per unit, compared to \$5.7 million or \$0.24 per unit for the same period in 2005.

The first quarter of 2006 ended with a distributable cash deficiency of \$6.6 million or \$0.24 per unit, compared to a deficiency of \$7.9 million or \$0.34 per unit for the same period in 2005. The improvement was primarily the result of improved EBITDA and reduced interest expense.

The Fund declared distributions to unitholders totaling \$7.7 million or \$0.2751 per unit during the quarter, versus distributions of \$6.3 million or \$0.2701 during the same period of 2005. The Fund's current monthly distribution rate of \$0.0917 per unit, set in March 2005, equates to an annualized distribution rate of \$1.10 per unit.

The Fund expects to continue generating sufficient cash in 2006 to exceed the current distribution rate.

Financial Position

The Fund had total long-term debt at March 31, 2006 of \$90.9 million, down from \$115.7 million at the same time last year. Included in the March 31, 2005 figure was \$13 million that was effectively bridge financing within credit facilities at the time.

The Fund's net debt to trailing 12-month EBITDA ratio at March 31, 2006 was 2.0 to 1, down from 3.2:1 or 2.8:1 excluding temporary bridge financing last year. The

reduction is the result of equity capital raised in September 2005 to finance the acquisition of Hometown Ice as well as pay down debt.

These ratios reflect an increase to trailing EBITDA of \$1.6 million for the twelve months ended March 31, 2006 and \$10.4 million for the previous year to give effect to the contribution of acquisitions and foreign currency option gains. Arctic Glacier expects to maintain the net debt to trailing EBITDA ratio to levels within the Fund's internal guideline of 2.25:1.

Acquisition of California Ice

Subsequent to quarter end, the Fund entered into definitive purchase agreements to acquire California Ice, a group of six companies that collectively comprise the largest independent ice manufacturer and distributor in the state. The US\$190 million transaction, announced in May, will dramatically consolidate Arctic Glacier's market position as the second-largest packaged ice company in the U.S. The growth of the Fund will be immediately evident in all key financial metrics. The acquisition is being financed by bought-deal offerings of subscription receipts and convertible debentures, plus committed bank credit facilities. California Ice is expected to be immediately accretive to distributable cash per unit because the funds raised by the financings will be deployed immediately to the acquisition of profitable operations. Following completion of the acquisition, management will proceed with rationalization and integration of the acquired operations. During this process, the Fund will remove costs and enhance productivity growth by improving production processes, distribution networks and administrative infrastructure.

Strong Outlook

Arctic Glacier is well positioned in all the markets in which it operates. The acquisitions of Hometown Ice and California Ice are anticipated to be fully accretive to distributable cash per unit. The new operations enhance operating synergies, raise market profile and enlarge the foundation for future expansion. As rationalization and integration measures proceed, management will continue to examine accretive acquisition opportunities that are strategic or where a significant regional presence can be achieved or enhanced.

<p>Arctic Glacier will discuss first quarter results for 2006 during a conference call with a live audio webcast for investors and analysts on Tuesday, May 16 at 11 a.m. (EDT). To access the simultaneous webcast, please visit Arctic Glacier's website at www.arcticglacierinc.com. Please note the webcast allows participants to listen only.</p>
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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.

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 measures that are not recognized by Canadian generally accepted accounting principles (GAAP) and do not have standardized meanings prescribed by GAAP. EBITDA and distributable cash should not be construed as alternatives to earning, 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 March 31, 2006 and 2005 and December 31, 2005 (unaudited)

(thousands)	March 31, 2006	March 31, 2005	December 31, 2005
ASSETS			
Current assets			
Cash	\$ 2,630	\$ -	\$ 6,313
Accounts receivable	5,581	4,983	8,569
Inventories	7,880	7,454	6,012
Prepaid expenses	4,180	4,538	2,381
	20,271	16,975	23,275
Property, plant and equipment	120,615	122,023	119,847
Other assets	2,423	3,645	2,714
Intangible assets	24,408	25,249	24,782
Goodwill	107,303	106,703	106,899
	\$ 275,020	\$ 274,595	\$ 277,517
LIABILITIES AND UNITHOLDERS' EQUITY			
Current liabilities			
Bank indebtedness	\$ -	\$ 3,378	\$ -
Accounts payable and accrued liabilities	7,885	10,266	9,269
Distributions payable to unitholders	2,559	2,143	2,557
Current obligations under capital leases	-	26	-
Principal due within one year on long-term debt	2,049	513	2,086
	12,493	16,326	13,912
Long-term debt	88,820	115,121	72,429
Future income taxes	1,807	4,599	7,920
Unitholders' equity			
Capital contributions	249,925	201,938	249,747
Contributed surplus	756	568	723
Cumulative translation adjustment	(20,323)	(16,805)	(20,782)
Accumulated deficit	(58,458)	(47,152)	(46,432)
	171,900	138,549	183,256
	\$ 275,020	\$ 274,595	\$ 277,517

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Operations
 Three months ended March 31, 2006 and 2005 (unaudited)

(thousands, except per unit amounts)	2006	2005
Sales	\$ 14,662	\$ 13,809
Cost of sales, selling, general and administration expenses	19,031	18,898
Loss before the undernoted	(4,369)	(5,089)
Amortization	4,607	4,453
Interest	1,100	1,462
Acquisition integration charges	114	292
Gain on disposal of property, plant and equipment	(11)	(20)
Loss on foreign exchange options	191	130
Loss before income taxes	(10,370)	(11,406)
Income tax expense		
Current	82	211
Future (reduction)	(6,102)	(5,910)
	(6,020)	(5,699)
Loss for the period	\$ (4,350)	\$ (5,707)
Loss per unit – basic and diluted	\$ (0.16)	\$ (0.24)

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Accumulated Deficit
 Three months ended March 31, 2006 and 2005 (unaudited)

(thousands)	2006	2005
Accumulated deficit, beginning of period	\$ (46,432)	\$ (35,135)
Loss for the period	(4,350)	(5,707)
Distributions declared	(7,676)	(6,310)
Accumulated deficit, end of period	\$ (58,458)	\$ (47,152)

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Cash Flows
Three months ended March 31, 2006 and 2005 (unaudited)

(thousands)	2006	2005
Cash from (used in):		
Operating activities		
Loss for the period	\$ (4,350)	\$ (5,707)
Adjustments for:		
Amortization	4,607	4,453
Gain on disposal of property, plant and equipment	(11)	(20)
Unit-based compensation expense	32	234
Unrealized loss on foreign exchange options	191	130
Future income tax reduction	(6,102)	(5,910)
Funds used in operations	(5,633)	(6,820)
Changes in working capital items	(2,253)	(3,176)
	<u>(7,886)</u>	<u>(9,996)</u>
Investing activities		
Additions to property, plant and equipment	(4,055)	(4,411)
Proceeds from disposal of property, plant and equipment	71	112
Additions to other assets	-	(208)
Acquisition of business operations	(275)	-
	<u>(4,259)</u>	<u>(4,507)</u>
Financing activities		
Proceeds from long-term debt	16,078	2,318
Principal repayments on long-term debt	(244)	(134)
Principal payments under capital lease obligations	-	(12)
Units issued	178	217
Cash distributions paid	(7,674)	(6,250)
	<u>8,338</u>	<u>(3,861)</u>
Foreign exchange gain on cash held in foreign currency	<u>124</u>	<u>231</u>
Decrease in cash	<u>(3,683)</u>	<u>(18,133)</u>
Cash, beginning of period	<u>6,313</u>	<u>14,755</u>
Cash (bank indebtedness), end of period	<u>\$ 2,630</u>	<u>\$ (3,378)</u>
Supplementary cash flow information		
Interest paid	\$ 1,215	\$ 875
Income taxes paid	80	211

ARCTIC GLACIER INCOME FUND
Interim Schedule of Distributable Cash
 Three Months Ended March 31, 2006 and 2005 (unaudited)

(thousands, except per unit amounts)	2006	2005
Cash used in operating activities	\$ (7,886)	\$ (9,996)
Adjustments for:		
Changes in working capital items	<u>2,253</u>	3,176
	(5,633)	(6,820)
Less sustaining capital expenditures, net of dispositions	<u>(981)</u>	(1,053)
Distributable cash deficiency	<u>\$ (6,614)</u>	\$ (7,873)
Weighted average number of units	27,898.0	23,359.7
Distributable cash deficiency per unit	<u>\$ (0.24)</u>	<u>\$ (0.34)</u>
Distributions declared	\$ 7,676	\$ 6,310
Distributions declared per unit	\$ 0.28	\$ 0.27
Distributions declared per unit (annualized)	<u>\$ 1.10</u>	<u>\$ 1.08</u>

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