
ARCTIC GLACIER INCOME FUND

Arctic Glacier Posts Record Third Quarter Results

Acquisitions Drive Major Performance Metrics To New Highs

WINNIPEG, November 10, 2006 – The Arctic Glacier Income Fund (TSX-AG.UN) today announced record results for the three months ended September 30, 2006.

Highlights

- Increased sales by \$30.6 million or 42%
- Increased EBITDA by \$10.7 million or 34%
- Increased earnings by \$1.9 million to \$19.1 million
- Increased distributable cash by \$7.1 million or 25%
- Acquired remaining two of six companies comprising California Ice
- Brought online new Milwaukee production plant
- Introduced new technology for acquired operations in California and New York

“We are extremely pleased with the third quarter results. Arctic Glacier’s main performance metrics reached new highs in the third quarter of 2006, which directly reflect our growth initiatives,” said Robert Nagy, President and CEO of Arctic Glacier Inc., the Fund’s operating company.

During the third quarter, Arctic Glacier acquired the remaining two of six companies comprising California Ice, the largest manufacturer and distributor of packaged ice in the state. The US\$188.5 million acquisition is the largest transaction in the company’s history.

“Completing the California Ice acquisition substantially increased business volumes and broadened our geographic footprint into a market characterized by warmer weather, extended peak selling season, reduced seasonality and favorable population growth,” Mr. Nagy said. “These advantages served to insulate the overall operating company from the effects of variable weather in other geographic regions, as our third-quarter results indicate.”

Also contributing to Arctic Glacier’s higher results were Happy Ice LLC of Fairport, New York, acquired in June 2006, and Hometown Ice of Milwaukee, Wisconsin, purchased in the third quarter of 2005.

“Arctic Glacier’s improved third-quarter performance reflects the substantially broadened scale of operations that resulted from acquisitions completed over the past year,” said Keith McMahon, Executive Vice President and Chief Financial Officer of Arctic Glacier. “We also continued to enhance productivity by implementing improvements at acquired operations across North America.”

Mr. McMahon said further gains in profitability are anticipated when the benefits of current integration and rationalization initiatives fully accrue up to two years from their time of implementation. During the third quarter Arctic Glacier brought online the new Milwaukee production plant, installed improved material handling equipment at a production facility at Twin Oaks, Pennsylvania and installed new technology for acquired operations in California and New York.

Third Quarter Financial Review

Sales in the third quarter of 2006 totaled \$104.2 million, an increase of \$30.6 million or 42% from the same period in 2005. The increase was primarily attributable to acquisitions completed by the Fund.

Sales in previously serviced markets declined by \$4.3 million or 6% from the third quarter of last year, mostly due to a quiet hurricane season compared to 2005. Excluding hurricane-related shipments, sales eased by approximately 1%. Weather was favorable during July and the first week of August but was unseasonably cool and rainy in northeastern and central U.S. markets through the latter part of August and September. The stronger Canadian dollar reduced sales in previously serviced markets by \$3.5 million. For the first nine months of 2006, sales increased by 33% over 2005 to \$179.3 million.

EBITDA during the quarter was \$42.3 million, an increase of \$10.7 million or 34% from the same period last year. Of the total increase, California Ice, Hometown Ice and Happy Ice contributed \$16.2 million, while EBITDA for previously serviced operations decreased by \$4.0 million or 13% over 2005 due to an absence of hurricane-related business, higher energy costs, additional costs of purchasing and transporting ice in July and early August and reduced operational efficiencies as a result of the less favorable weather and decreased volumes in late August and September. The overall gain in EBITDA was partly offset by the stronger Canadian dollar, which reduced the Canadian-dollar amount of costs incurred in U.S. markets by \$1.5 million. EBITDA for the first nine months of 2006 jumped 41% to \$58.4 million.

Earnings for the quarter totaled \$19.1 million or \$0.59 per unit (basic), compared to \$17.1 million or \$0.72 per unit (basic), for the same period in 2005. For the nine-month period, earnings were \$23.7 million, an increase of \$5.9 million over 2005. Year-to-date earnings per unit (basic) moved up to \$0.79 from \$0.75 last year.

Accretive acquisitions drove a 25% increase in distributable cash, to \$35.7 million during the quarter. On a per-unit basis distributable cash was \$1.09, compared to \$1.19 in the third quarter of 2005. The reduction in per-unit results was mainly attributed to the two-stage timing of the California acquisition, with the capital raised in May for all six companies but the final two not acquired until August. On a pro forma basis if all of the companies had been acquired in May when the capital was raised, the additional summer contribution would have increased distributable cash to \$38.0 million or \$1.17 per unit for the quarter. On a year-to-date basis, distributable cash for 2006 increased to \$45.2 million or \$1.50 per unit from \$32.3 million or \$1.37 per unit last year.

The Fund declared distributions to unitholders totaling \$9.0 million during the quarter, up 31% from 2005. That equates to \$0.28 per unit for the third quarter in both years. 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 net long-term debt (excluding convertible debentures) at September 30, 2006 of \$166.7 million, resulting in a net debt to trailing 12-month EBITDA ratio of 2.3 to 1, compared to 1.4:1 last year. These ratios reflect an increase to trailing EBITDA of \$13.2 million (\$1.3 million for the 12 months ended September 30, 2005) to give effect to the contribution of acquisitions and foreign currency option gains. Arctic Glacier expects the net debt to trailing EBITDA ratio to decline as cash from operations in excess of cash distributions is applied against debt.

At September 30, 2006 the Fund had US\$32.0 million of credit available under a revolving term facility.

Strong Outlook

The record results achieved by Arctic Glacier in the third quarter and nine-month periods of 2006 clearly demonstrate the effectiveness of the Fund's acquisition strategy and active asset management.

Strategic acquisitions over the past 12 months, in particular California Ice and Happy Ice, have powered the Fund's principal performance metrics to unprecedented highs. These new benchmarks point to the greatly broadened scale of Arctic Glacier's operations and underline the accretive benefits of their contributions.

With these acquisitions completed, management is currently implementing a carefully targeted program of rationalization and integration across all acquired operations. These activities are of equal importance to the acquisitions themselves because they incorporate productivity-enhancing improvements that add to accretiveness and increase distributable cash per unit. The effects of these improvements will become evident during 2007 and 2008, because their benefits are typically not realized until 18 to 24 months following their implementation.

Management anticipates the Fund's payout ratio to improve to approximately 85% or less during 2006, from 92.5% in 2005.

Over the past year, Arctic Glacier has grown significantly to solidify its position as the second-largest packaged ice provider in North America. The Fund's broadened market presence, strengthened profitable operations, robust cash flow and solid financial position will enable the Fund to continue making distributions to unitholders while seeking further acquisitions in the future.

Proposed change in federal tax policy

Subsequent to the third quarter, the Government of Canada announced proposed changes to the taxation of income trusts to begin taxing them at similar rates as corporations. A four-year transition period has been proposed for existing income trusts. We believe that the Fund's cash distributions will offer significant protection to unitholders from the proposed changes when they take effect in 2011. Approximately 40% of the Fund's cash distributions are expected to be classified as Return of Capital, which is not subject to the proposed tax. In addition, the Fund's Canadian subsidiaries currently have loss carryforwards and capital cost allowance pools that can be used to offset future Canadian taxable income. It also appears that the income that the Fund earns as a result of its U.S. operations may not be subject to the proposed tax when it is implemented. These views will be subject to a detailed review of the proposed legislation when it is released. We are also reviewing the Fund's capital structure to determine the most efficient means to continue to execute its strategy to enhance unitholder value.

Arctic Glacier will discuss third quarter 2006 results during a conference call with a live audio webcast for investors and analysts on **Friday, November 10 at 11 a.m. (EST)**. To access the simultaneous webcast, please visit 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 36 production plants and 50 distribution facilities across Canada and the northeast, central and western United States, servicing more than 68,000 retail accounts.

Arctic Glacier Income Fund trust units are listed on the Toronto Stock Exchange under the trading symbol AG.UN. There are 33.1 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 earnings, 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.

Contact Information

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ARCTIC GLACIER INCOME FUND

Interim Consolidated Balance Sheets

As at September 30, 2006 and 2005 and December 31, 2005 (unaudited)

(thousands)	September 30, 2006	September 30, 2005	December 31, 2005
ASSETS			
Current assets			
Cash	\$ 8,835	\$ 10,351	\$ 6,313
Accounts receivable	29,829	20,649	8,569
Inventories	9,941	5,116	6,012
Prepaid expenses	3,356	2,439	2,381
	<u>51,961</u>	<u>38,555</u>	<u>23,275</u>
Property, plant and equipment	157,917	122,267	119,847
Investments	914	-	-
Other assets	8,351	3,012	2,714
Intangible assets	145,902	25,361	24,782
Goodwill	181,682	103,500	106,899
	<u>\$ 546,727</u>	<u>\$ 292,695</u>	<u>\$ 277,517</u>
LIABILITIES AND UNITHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 27,063	\$ 12,658	\$ 9,269
Distributions payable to unitholders	2,992	2,555	2,557
Current portion of payable to vendors of acquired assets	1,621	-	1,686
Principal due within one year on long-term debt	1,156	493	400
	<u>32,832</u>	<u>15,706</u>	<u>13,912</u>
Payable to vendors of acquired assets	10,688	-	1,686
Long-term debt	162,043	71,127	70,743
Convertible debentures	90,397	-	-
Future income taxes	14,191	13,453	7,920
Unitholders' equity			
Capital contributions	297,302	249,596	249,747
Contributed surplus	795	664	723
Equity portion of convertible debentures	10,161	-	-
Cumulative translation adjustment	(23,750)	(20,898)	(20,782)
Accumulated deficit	(47,932)	(36,953)	(46,432)
	<u>236,576</u>	<u>192,409</u>	<u>183,256</u>
	<u>\$ 546,727</u>	<u>\$ 292,695</u>	<u>\$ 277,517</u>

ARCTIC GLACIER INCOME FUND

Interim Consolidated Statements of Operations

Three and nine months ended September 30, 2006 and 2005 (unaudited)

(thousands, except per unit amounts)	Three Months		Nine Months	
	2006	2005	2006	2005
Sales	\$ 104,180	\$ 73,584	\$ 179,306	\$ 134,668
Cost of sales, selling, general and administration expenses	61,921	42,017	120,878	93,104
Earnings before the undernoted	42,259	31,567	58,428	41,564
Amortization	8,426	4,475	18,540	13,445
Interest	4,953	2,117	8,547	5,736
Acquisition integration expenses	434	186	721	665
Loss (gain) on disposal of property, plant and equipment	(23)	53	(149)	57
Loss (gain) on foreign exchange options	86	(269)	(187)	92
Debt settlement costs	-	-	751	-
Earnings before income taxes	28,383	25,005	30,205	21,569
Income tax expense				
Current	26	119	366	468
Future	9,266	7,737	6,153	3,327
	9,292	7,856	6,519	3,795
Earnings for the period	\$ 19,091	\$ 17,149	\$ 23,686	\$ 17,774
Earnings per unit				
Basic	\$ 0.59	\$ 0.72	\$ 0.79	\$ 0.75
Diluted	0.52	0.72	0.78	0.75

ARCTIC GLACIER INCOME FUND

Interim Consolidated Statements of Accumulated Deficit

Three and nine months ended September 30, 2006 and 2005 (unaudited)

(thousands)	Three Months		Nine Months	
	2006	2005	2006	2005
Accumulated deficit, beginning of period	\$ (58,051)	\$ (47,254)	\$ (46,432)	\$ (35,135)
Earnings for the period	19,091	17,149	23,686	17,774
Distributions declared	(8,972)	(6,848)	(25,186)	(19,592)
Accumulated deficit, end of period	\$ (47,932)	\$ (36,953)	\$ (47,932)	\$ (36,953)

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Cash Flows
Three and nine months ended September 30, 2006 and 2005 (unaudited)

(thousands)	<u>Three Months</u>		<u>Nine Months</u>	
	<u>2006</u>	2005	<u>2006</u>	2005
Cash from (used in):				
Operating activities				
Earnings for the period	\$ 19,091	\$ 17,149	\$ 23,686	\$ 17,774
Adjustments for:				
Amortization	8,426	4,475	18,540	13,445
Accretion of convertible debenture principal and payable to vendors of acquired assets	620	-	780	-
Non-cash portion of debt settlement costs	-	-	751	-
Loss (gain) on disposal of property, plant and equipment	(23)	53	(149)	57
Unit-based compensation	21	40	73	330
Unrealized loss (gain) on foreign exchange options	126	(216)	(94)	110
Future income taxes	9,266	7,737	6,153	3,327
Funds from operations	<u>37,527</u>	29,238	<u>49,740</u>	35,043
Changes in working capital items	<u>(2,871)</u>	303	<u>(2,531)</u>	(10,694)
	<u>34,656</u>	29,541	<u>47,209</u>	24,349
Investing activities				
Additions to property, plant and equipment	(2,698)	(1,896)	(15,081)	(10,628)
Proceeds from disposal of property, plant and equipment	61	73	588	280
Additions to other assets	(142)	(60)	(7,693)	(272)
Acquisition of business operations	<u>(37,171)</u>	<u>(8,456)</u>	<u>(234,437)</u>	<u>(8,456)</u>
	<u>(39,950)</u>	(10,339)	<u>(256,623)</u>	(19,076)
Financing activities				
Proceeds from long-term debt	35,370	-	109,112	2,318
Principal repayments on long-term debt	(17,189)	(39,682)	(17,516)	(39,947)
Principal payments under capital lease obligations	-	(12)	-	(36)
Payments of amounts due to vendors	-	-	(1,621)	-
Convertible debentures issued	-	-	100,000	-
Units issued	283	47,385	47,555	47,875
Cash distributions paid	<u>(8,969)</u>	<u>(6,438)</u>	<u>(24,751)</u>	<u>(19,120)</u>
	<u>9,495</u>	1,253	<u>212,779</u>	(8,910)
Foreign exchange loss on cash held in foreign currency	<u>(248)</u>	(971)	<u>(843)</u>	(767)
Increase (decrease) in cash	<u>3,953</u>	19,484	<u>2,522</u>	(4,404)
Cash (bank indebtedness), beginning of period	<u>4,882</u>	(9,133)	<u>6,313</u>	14,755
Cash, end of period	<u>\$ 8,835</u>	<u>\$ 10,351</u>	<u>\$ 8,835</u>	<u>\$ 10,351</u>
Supplementary cash flow information				
Interest paid	\$ 4,210	\$ 3,055	\$ 6,912	\$ 5,654
Income taxes paid	<u>26</u>	119	<u>366</u>	468

The net present value of the portion of the purchase price or additional consideration on acquisitions of business operations satisfied by the issuance of deferred consideration in the amount of \$10,328 (2005 - \$nil) has been excluded from the financing and investing activities.

ARCTIC GLACIER INCOME FUND
Interim Schedule of Distributable Cash

Three and nine months ended September 30, 2006 and 2005 (unaudited)

<i>(thousands, except per unit amounts)</i>	Three Months		Nine Months	
	2006	2005	2006	2005
Cash from operating activities	\$ 34,656	\$ 29,541	\$ 47,209	\$ 24,349
Adjustments:				
Changes in working capital items	2,871	(303)	2,531	10,694
	37,527	29,238	49,740	35,043
Less sustaining capital expenditures, net of dispositions	(1,828)	(668)	(4,496)	(2,722)
Distributable cash	\$ 35,699	\$ 28,570	\$ 45,244	\$ 32,321
Weighted average number of units	32,611.2	23,937.0	30,126.2	23,562.4
Distributable cash per unit	\$ 1.09	\$ 1.19	\$ 1.50	\$ 1.37
Distributions declared	\$ 8,972	\$ 6,848	\$ 25,186	\$ 19,592
Distributions declared per unit	\$ 0.28	\$ 0.28	\$ 0.83	\$ 0.82
Distributions declared per unit (annualized)	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10