

Q2

SECOND QUARTER

Report to Unitholders

FOR THE PERIOD ENDED JUNE 30, 2007



We are pleased to report operating results for the second quarter of 2007.

During the period, Arctic Glacier completed the acquisitions of four small companies in Canada and the northeastern United States. This brings to six the number of acquisitions completed in 2007, including Union Ice, a significant platform operation in Los Angeles that was completed in March. These most recent acquisitions were contiguous with Arctic Glacier's established markets and are key steps in enhancing market penetration and increasing customer density of our distribution network. Because the market areas and location of these operations fall within Arctic Glacier's existing footprint, they are being integrated with significantly less effort and expense than a large platform acquisition in a new market.

The quarter also saw the completion of an ambitious schedule of rationalization and integration initiatives launched in the wake of acquisitions in both the United States and Canada. We shut down an older, inefficient manufacturing plant located in Santa Ana, California and converted it into a distribution center. We completed manufacturing capacity expansions at four plants in California and one in Ontario to meet customer demand from expanded market areas, improvements of drying and packaging equipment in Twin Oaks, Pennsylvania and construction of a new distribution center in Albany, New York.

In April 2007, a severe spring storm with record breaking precipitation swept across certain parts of southern New York State and resulted in significant damage to our manufacturing plant located in Mamaroneck. Our employees worked tirelessly on clean-up and repair, and as a result we were able to resume normal business operations at the plant within three weeks of the storm. We are currently engaged in discussions with our property insurer to determine responsibility for clean-up and repair costs estimated at \$1.0 million, which has been expensed pending resolution.

Results for the second quarter illustrate the substantial increase in scale of Arctic Glacier's operations due to acquisitions completed over the last four quarters. Sales increased by 32% to a second-quarter record of \$79.8 million.

EBITDA increased by 33% to a new second-quarter high of \$27.3 million.

The Fund's distributable cash was increased by our expanded operational base, partially offset by the stronger Canadian dollar and a non-recurring expense related to the clean-up and repair of our manufacturing facility in Mamaroneck, New York following a severe spring storm. The net result was an increase of 14%, to a second quarter high of \$18.5 million. On a per-unit basis that equated to \$0.48, compared to \$0.54 in the second quarter of 2006. The decrease was primarily due to the factors noted above and the timing of acquisitions of California Ice and Happy Ice during the last half of the second quarter of 2006. The acquisitions were completed as summer approached, with rising temperatures driving the seasonal ramp up in sales volumes. As a result, the new operations contributed to results only during the busiest portion of the quarter. By contrast, in the second quarter of 2007 these same operations contributed to results during the entire quarter, including the slower first half of the quarter. This had the effect of reducing distributable cash per unit for the second quarter of 2007.

Results for the first six months of 2007 include the first quarter, which is the weakest quarter of the year in terms of profitability. Hence, six-month EBITDA and distributable cash are normally less than the second quarter figures in any year, and 2007 followed this pattern. During the six months ended June 30, 2007, sales advanced 41% over the same period last year to \$106.2 million. EBITDA gained 30% to \$21.1 million. Distributable cash decreased by 40% to \$5.7 million; on a per-unit basis that equated to \$0.15 in the first half of 2007 versus \$0.33 during 2006. The decrease was mainly attributable to the significantly expanded scale of operations following the acquisitions of 2006. This resulted in a larger first quarter distributable cash deficiency in 2007, which partially offset the increase in the second quarter and reduced six-month results accordingly.

During the second quarter the Fund paid monthly distributions to unitholders at an annualized rate of \$1.10 per unit. Distributions totaled \$10.6 million, a 24% increase over the same quarter in 2006, also due to the higher number of units outstanding in the period just ended.

Looking ahead to the second half of 2007, management will continue to implement rationalization and integration measures for recently acquired operations and improve efficiency of existing operations. As we proceed with these activities, management will remain focused on the Fund's goal of accretive growth. We continue to examine new opportunities in markets throughout North America.

Arctic Glacier's expanded market coverage, broadened operating base and increasingly efficient operations will continue generating cash in excess of requirements for distributions to unitholders. As Arctic Glacier enters the peak third quarter sales period, the Fund is on track for another record year and we look forward to reporting results in the months ahead.

KEITH MCMAHON

President and
Chief Executive Officer

MANAGEMENT'S DISCUSSION & ANALYSIS

of Operating Results and Financial Position
for the three and six months ended June 30, 2007

Management's Discussion and Analysis ("MD&A") of operating results and financial position of Arctic Glacier Income Fund (the "Fund" or "Arctic Glacier") is provided to enable readers to assess the financial condition, material changes in financial condition, results of operations, cash flows, liquidity and capital resources of the Fund for the three and six months ended June 30, 2007 and in comparison to the preceding year. This MD&A has been prepared taking into account material events up to August 7, 2007, and should be read in conjunction with the MD&A in the annual report of the Fund for the year ended December 31, 2006.

Due to the seasonal nature of Arctic Glacier's business, the results of operations for the interim periods reported are not necessarily indicative of results to be expected for the year. Arctic Glacier usually generates significant sales and profits in the second and third quarters, with lower sales and significant losses in the first and fourth quarters. Cash flows peak in the third and fourth quarters and drop off in the first and second quarters.

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Forward-Looking Statements

This interim report contains forward-looking statements, which reflect management's expectations regarding the future growth, results of operations, performance and business prospects and opportunities of the Fund and its subsidiaries. Forward-looking statements typically contain words such as "anticipates", "believes", "continue", "could", "expects", "indicates", "plans" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including risks associated with weather conditions, the impact of seasonality on labor and distribution, competition, compliance with government regulations, proposed changes to the Canadian federal income tax treatment of publicly listed trusts, currency risk, dependence on key personnel, product liability, environmental risk, risks associated with acquisitions, expansion into the United States, effects of price changes in raw materials, restrictions on potential growth and debt refinancing. Although the forward-looking statements contained in this interim report are based upon what management believes to be reasonable assumptions, the Fund cannot assure readers that actual results will be consistent with these forward-looking statements.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. These forward-looking statements are made as at the date of this interim report, and the Fund assumes no obligation to update or revise them, either publicly or otherwise, to reflect new events, information or circumstances.

MANAGEMENT'S DISCUSSION & ANALYSIS

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for the three and six months ended June 30, 2007

REVIEW OF OPERATIONS

HIGHLIGHTS FOR THE THREE MONTHS ENDED JUNE 30, 2007

- > Completed four tuck-in acquisitions in Canada and the northeast U.S.
- > Converted manufacturing plant in Santa Ana, California into a distribution center
- > Completed manufacturing capacity expansion projects at four plants in California and one plant in Ontario
- > Completed plant upgrade in Pennsylvania
- > Completed construction of new distribution center in Albany, New York
- > Increased sales by \$19.3 million or 32%
- > Increased EBITDA by \$6.7 million or 33%

NON-GAAP FINANCIAL 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, acquisition integration charges, gains or losses on foreign exchange, and other non-recurring expenses. EBITDA is a performance measure 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 measure 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 earnings, cash from operating activities 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.

The following is a reconciliation of EBITDA to earnings for the period as calculated in accordance with GAAP:

(thousands)	Three Months		Six Months	
	2007	2006	2007	2006
Earnings for the period	\$ 11,730	\$ 8,945	\$ 789	\$ 4,595
Add:				
Amortization	7,848	5,507	15,669	10,114
Interest	4,831	2,494	9,864	3,594
Acquisition integration expenses	114	173	578	287
Loss (gain) on disposal of property, plant and equipment	12	(115)	(124)	(126)
Gain on foreign exchange	(1,727)	(464)	(1,929)	(273)
Non-recurring expenses	1,032	–	1,032	–
Debt settlement costs	–	751	–	751
Income tax expense (reduction)	3,411	3,247	(4,817)	(2,773)
EBITDA	\$ 27,251	\$ 20,538	\$ 21,062	\$ 16,169

MANAGEMENT'S DISCUSSION & ANALYSIS

of Operating Results and Financial Position
for the three and six months ended June 30, 2007

DISTRIBUTABLE CASH

The Fund generated distributable cash totaling \$18.5 million for the second quarter of 2007, an increase of \$2.3 million or 14% compared to \$16.2 million for the same period of 2006. The increase is primarily driven by the contributions of acquisitions made during the last year, partially offset by the stronger Canadian dollar and a non-recurring expense related to clean-up and repair of Arctic Glacier's Mamaroneck, New York manufacturing plant following a severe storm in April. On a per unit basis, distributable cash totaled \$0.48 for the second quarter of 2007, a decrease of \$0.06 or 11%. The decrease is primarily due to the factors noted above and the timing of acquisitions of California Ice and Happy Ice during the last half of the second quarter of 2006, as summer approached with rising temperatures driving the seasonal ramp up in sales volumes. As a result, the new operations contributed to results only during the busiest portion of the quarter. By contrast, in the second quarter of 2007 these same operations contributed to results during the entire quarter, including the slower first half of the quarter. This had the effect of reducing distributable cash per unit for the second quarter of 2007.

The packaged ice business is very seasonal. The Trustees of the Fund have eliminated the impact of seasonal fluctuations on unitholders by equalizing the monthly distributions.

However, the seasonality of the business does create a discrepancy between the timing of distributable cash generated and distributions. Demand for packaged ice is very light during the first four months of the year, which are characterized by lower sales levels and a distributable cash deficiency. Demand picks up in spring but is very dependent upon temperature and precipitation. The third quarter of the year includes the peak summer sales period and is the financial driver for the business. Demand tapers off after the summer season ends, and, as a result, the last quarter of the year is characterized by modest distributable cash. Because of this seasonality, the calculation of distributable cash for any portion of the year is not necessarily indicative of the distributable cash to be expected for the year.

Management expects that recent acquisitions will be accretive to distributable cash per unit in 2007, and that the Fund will continue to generate sufficient cash in 2007 to exceed the current distribution rate.

Distributable Cash

	Three Months		Six Months	
(thousands, except per unit amounts)	2007	2006	2007	2006
Cash from (used in) operating activities	\$ 5,710	\$ 20,439	\$ (8,344)	\$ 12,553
Adjustments:				
Changes in working capital items	16,128	(2,593)	19,279	(340)
	21,838	17,846	10,935	12,213
Less sustaining capital expenditures, net of dispositions	(3,374)	(1,687)	(5,218)	(2,668)
Distributable cash	\$ 18,464	\$ 16,159	\$ 5,717	\$ 9,545
Weighted average number of units	38,536.3	29,817.7	37,589.8	28,863.1
Distributable cash per unit	\$ 0.48	\$ 0.54	\$ 0.15	\$ 0.33
Distributions declared	\$ 10,609	\$ 8,538	\$ 20,704	\$ 16,214
Distributions declared per unit	\$ 0.28	\$ 0.28	\$ 0.55	\$ 0.55
Distributions declared per unit (annualized)	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10

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CASH DISTRIBUTIONS

The Trustees of the Fund declare cash distributions on a monthly basis, payable to unitholders of record on the last business day of each month and paid within 15 days following the end of the month. The distribution rate was stable during the quarter at \$0.0917 per unit per month, or \$1.10 on an annualized basis.

The Fund declared cash distributions totaling \$10.6 million during the second quarter of 2007, an increase of \$2.1 million

or 24% compared to 2006. On a per unit basis, declared distributions totaled \$0.28 for the second quarter of 2007, which is consistent with 2006.

For the six months ended June 30, 2007, the Fund declared cash distributions totaling \$20.7 million, an increase of \$4.5 million or 28% compared to 2006. On a per unit basis, declared distributions total \$0.55 for the first six months of 2007, which is consistent with the same period of 2006.

2007 Distributions

Month	Record Date	Payment Date	Distributions	
			Per Unit	Amount
January	January 31, 2007	February 15, 2007	\$ 0.0917	\$ 3,037
February	February 28, 2007	March 15, 2007	0.0917	3,528
March	March 30, 2007	April 13, 2007	0.0917	3,530
			0.2751	10,095
April	April 30, 2007	May 15, 2007	0.0917	3,530
May	May 31, 2007	June 15, 2007	0.0917	3,535
June	June 29, 2007	July 13, 2007	0.0917	3,544
			0.2751	10,609
Total			\$ 0.5502	\$ 20,704

FINANCIAL RESULTS

Sales

Sales for the second quarter ended June 30, 2007 totaled \$79.8 million, an increase of \$19.3 million or 32% compared to \$60.5 million for the second quarter of 2006.

The increase in sales is primarily attributable to the California Ice, Happy Ice and Union Ice acquisitions made in 2006 and early 2007, which contributed \$20.1 million to sales during the second quarter. Sales in previously serviced markets were up \$0.7 million or 1% as a result of increased pricing more than offsetting slightly reduced volumes. The majority of our markets experienced relatively normal weather conditions this spring, with the exception of the south central U.S. market which experienced below normal temperatures and significant precipitation.

Sales were impacted negatively by the stronger Canadian dollar during the second quarter of 2007, which decreased the Canadian dollar value of sales generated in the U.S. markets by \$1.5 million compared to the same period in 2006.

Sales for the six months ended June 30, 2007 totaled \$106.2 million, an increase of \$31.0 million or 41% compared to the same period of 2006. Acquisitions have contributed \$31.9 million during this period and sales in previously serviced markets are up \$0.4 million or 1%. These factors were partially offset by the stronger Canadian dollar, which reduced reported sales by \$1.3 million this year.

Cost of sales, selling, general and administration expenses

Cost of sales, selling, general and administration expenses for the second quarter ended June 30, 2007 totaled \$52.5 million, an increase of \$12.6 million or 32% compared to \$39.9 million for the same period of 2006.

The increase in expenses is primarily the result of the California Ice, Happy Ice and Union Ice acquisitions, which added \$14.5 million to operating costs in the quarter.

MANAGEMENT'S DISCUSSION & ANALYSIS

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Expenses in previously serviced markets were down by \$1.1 million or 3% primarily driven by the benefit of rationalization initiatives in the California operations that were acquired last year. In addition the stronger Canadian dollar decreased the Canadian dollar value of costs incurred in U.S. operations by \$0.8 million compared to the second quarter of 2006.

Cost of sales, selling and administration expenses for the six months ended June 30, 2007 totaled \$85.1 million, an increase of \$26.2 million or 44% compared to the same period of 2006. The California Ice, Happy Ice and Union Ice acquisitions added costs of \$27.6 million in 2007. This was partially offset by a reduction in costs in previously serviced markets of \$0.8 million or 1%, and the stronger Canadian dollar that has decreased the Canadian dollar value of costs incurred in U.S. markets by \$0.6 million this year.

Amortization

Amortization expense totaled \$7.8 million for the second quarter of 2007, an increase of \$2.3 million compared to the previous year.

Amortization of property, plant and equipment totaled \$5.2 million, an increase of \$1.3 million due to acquisitions and capital expenditures made during the past year. Amortization of other assets and intangibles totaled \$2.6 million, an increase of \$1.0 million due to the increased value assigned to customer relationships, non-competition agreements and other intangible assets resulting from acquisitions.

Amortization expense for the six months ended June 30, 2007 totaled \$15.7 million, an increase of \$5.6 million or 55% compared to the same period of 2006 for the same reasons as noted for the second quarter.

Interest

Interest expense totaled \$4.8 million for the second quarter of 2007, an increase of \$2.3 million compared to the same period for 2007. The increase is primarily due to increased debt levels and the issuance of convertible debentures to fund the California Ice, Happy Ice and Union Ice acquisitions. Interest on convertible debentures totaled \$1.9 million during the second quarter of 2007, including \$0.4 million of accretion. Amortization of net losses of interest rate swaps that were deferred prior to January 1, 2007 totaled less than \$0.1 million during the second quarter of 2007. Commencing January 1, 2007, the Fund no longer designates its interest rate swaps as hedges for accounting purposes. Also included is an unrealized gain of \$0.4 million reflecting the change in fair market value of interest rate swaps during the second quarter of 2007.

The average cost of debt was 6.8% during the second quarter of 2007, compared to 6.3% for the same period last year.

Interest expense for the six months ended June 30, 2007 totaled \$9.9 million, an increase of \$6.3 million compared to the same period of 2006 primarily due to increased debt levels and the issuance of convertible debentures.

Acquisition integration expenses

Acquisition integration expenses reflect the non-operating outlays associated with integrating acquired operations into Arctic Glacier's business model, subsequent to the completion of an acquisition, along with the costs of maintaining an acquisition department. Acquisition integration expenses totaled \$0.1 million for the second quarter of 2007 related to integration activities for the Union Ice acquisition and the tuck-in acquisitions completed during the second quarter. This compares to expenses of \$0.2 million for the same period of 2006, which included initial integration activities for the California Ice and Happy Ice acquisitions.

Acquisition integration charges for the six months ended June 30, 2007 totaled \$0.6 million, compared to \$0.3 million for the same period of 2006.

Loss (gain) on disposal of property, plant and equipment

Loss on disposal of property, plant and equipment totaled less than \$0.1 million for the three months ended June 30, 2007, compared to a gain of \$0.1 million in 2006 related to disposal of redundant equipment.

For the six months ended June 30, 2007, the gain on disposal of property, plant and equipment totaled \$0.1 million, which was consistent with the same period of 2006.

Gain on foreign exchange

The gain on foreign exchange totaled \$1.7 million for the second quarter of 2007. This amount is comprised of \$0.6 million of unrealized gains resulting from the mark-to-market adjustments of foreign exchange contracts at the end of the period, \$0.1 million of gains realized on the exercise of currency option contracts and \$1.0 million of unrealized gains on long-term debt.

The gain on foreign exchange options for the same period in 2006 totaled \$0.5 million, comprised of \$0.1 million of cash gains realized on the exercise of maturing options and \$0.4 million of unrealized gains resulting from the non-cash, period end mark-to-market adjustment of outstanding currency option contracts at the end of the second quarter of 2006.

For the six months ended June 30, 2007, the gain on foreign exchange totaled \$1.9 million. This amount is comprised of \$0.9 million of unrealized gains resulting from the mark-to-market adjustment of foreign exchange contracts outstanding at the end of the period and \$1.2 million of unrealized gains on long-term debt. The amounts are partially offset by \$0.2 million of cash losses realized on the exercise of currency option contracts that were called during the first six months of the year. This compares to a gain of \$0.3 million for the same period of 2006, comprised of \$0.1 million of cash gains realized on the exercise of maturing options and \$0.2 million of unrealized gains on the mark-to-market period end adjustment.

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Non-recurring expenses

Non-recurring expenses totaled \$1.0 million for the second quarter of 2007, related to clean-up and repair costs involving water damage at the manufacturing plant in Mamaroneck, New York during a severe storm in April 2007. Arctic Glacier management is currently engaged in discussions with its property insurer to determine responsibility for these costs.

Income tax expense (reduction)

Income tax expense for the second quarter of 2007 totaled \$3.4 million, an increase of \$0.2 million compared to the same period of 2006. The increase is attributable to the effect of increased taxable income this quarter as a result of the expanded scale of operations.

Income taxes recoverable for the first six months ended June 30, 2007 totaled \$4.8 million compared to \$2.8 million for the same period of 2006. The increase is primarily related to the larger tax loss in the first quarter of 2007 due to the expanded scale of operations.

Earnings and earnings per unit

Earnings for the second quarter of 2007 totaled \$11.7 million, an increase of \$2.8 million or 31% compared to \$8.9 million for the same period in 2006. On a per unit basis, earnings were \$0.30 per unit (basic) and \$0.29 per unit (diluted), compared to \$0.30 per unit (basic and diluted) for the same period in 2006.

For the six months ended June 30, 2007, earnings totaled \$0.8 million, compared to \$4.6 million for the same period in 2006. Earnings per unit for the six months ended June 30, 2007 totaled \$0.02 per unit (basic and diluted), down from \$0.16 per unit (basic and diluted) for the same period in 2006. The decrease is primarily due to the timing of acquisitions of California Ice and Happy Ice during the last half of the second quarter of 2006, as summer approached with rising temperatures driving the seasonal ramp up in sales volumes. As a result, the new operations contributed to results only during the busiest portion of the quarter. By contrast, in the second quarter of 2007 these same operations contributed to results during the entire quarter, including the slower first half of the quarter. This had the effect of reducing earnings per unit (basic and diluted) for the second quarter of 2007.

QUARTERLY RESULTS

(\$ thousands, except per unit amounts)

	2007		2006				2005		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales	79,792	26,378	39,943	104,180	60,464	14,662	21,771	73,584	47,275
Cost of sales, selling, general and administration expenses	52,541	32,567	39,182	61,921	39,926	19,031	22,322	42,017	32,189
EBITDA	27,251	(6,189)	761	42,259	20,538	(4,369)	(551)	31,567	15,086
Earnings (loss)	11,730	(10,941)	(6,244)	19,091	8,945	(4,350)	(1,809)	17,149	6,332
Earnings (loss) per unit:									
Basic	0.30	(0.30)	(0.19)	0.59	0.30	(0.16)	(0.06)	0.72	0.27
Diluted	0.29	(0.30)	(0.19)	0.52	0.30	(0.16)	(0.06)	0.72	0.27

The majority of Arctic Glacier's operations are in Canada and the northeastern, central and western United States. As a result, the business is affected by seasonal weather patterns. Demand for packaged ice is very light during the first four months of the year, which are characterized by negative EBITDA and significant losses. Demand picks up in spring but is very dependent upon temperature and precipitation. As a result, May and June enjoy positive EBITDA and modest earnings. The third quarter of the year includes the peak summer sales period and is the financial driver for the business.

Demand tapers off after the summer season ends and, as a result, the last quarter of the year is normally characterized by minimal EBITDA and losses.

For the second quarter of 2007, sales, cost of sales, selling, general and administration expenses, EBITDA, earnings and earnings per unit were impacted by the California Ice, Happy Ice and Union Ice acquisitions and by the stronger Canadian dollar compared to the same period of 2006.

MANAGEMENT'S DISCUSSION & ANALYSIS

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LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations, together with cash on hand and unutilized credit available on existing credit facilities are expected to be sufficient to meet operating requirements, capital expenditures and anticipated distributions.

CASH REQUIREMENTS AND OBLIGATIONS

The following aggregated information about the Fund's cash requirements and obligations aims to provide insight into short and long-term liquidity and capital resource requirements. At June 30, 2007, the Fund and its subsidiaries had contractual obligations that require future cash payments as follows:

Contractual Obligations

(thousands)	Total Commitments	Payments Due by Period			
		Within 1 Year	2-3 Years	4-5 Years	After 5 Years
Long-term debt	\$ 177,376	\$ 14,381	\$ 162,459	\$ 132	\$ 404
Operating leases	75,667	9,890	16,263	13,143	36,371
Purchase obligations	5,487	5,487	–	–	–
Total contractual obligations	\$ 258,530	\$ 29,758	\$ 178,722	\$ 13,275	\$ 36,775

At June 30, 2007, the Fund had entered into purchase obligations totaling \$5.5 million (\$5.2 million payable in U.S. dollars) related to agreements to purchase the manufacturing facilities located in Fresno, California as well as Brooklyn and Huntington, New York. These purchases are scheduled to be completed in 2007 and will be funded from working capital.

SOURCES AND USES OF CASH

(thousands)	Three Months		Six Months	
	2007	2006	2007	2006
Cash from (used in) operating activities				
Funds from operations	\$ 21,838	\$ 17,846	\$ 10,935	\$ 12,213
Changes in working capital items	(16,128)	2,593	(19,279)	340
	5,710	20,439	(8,344)	12,553
Cash used in investing activities	(14,095)	(212,414)	(40,292)	(216,673)
Cash from financing activities	7,623	194,946	47,701	203,284
Foreign exchange loss on cash held in foreign currency	(636)	(719)	(779)	(595)
Increase (decrease) in cash during the period	\$ (1,398)	\$ 2,252	\$ (1,714)	\$ (1,431)

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Cash from operating activities

Funds from operations totaled \$21.8 million for the second quarter of 2007, an increase of \$4.0 million compared to the same period of the previous year. The increase is directly attributable to the growth in the scale of operations over the past year. For the six months ended June 30, 2007, funds from operations totaled \$10.9 million, a decrease of \$1.3 million compared to the same period of 2006 as a result of the favorable timing of acquisitions in 2006 that increased the previous year comparative.

Changes in working capital items resulted in a net use of cash of \$16.1 million for the second quarter of 2007, compared

to a source of cash of \$2.6 million for the same period in 2006. The increased use of cash is primarily the result of a significant increase in payables during the second quarter of 2006 from acquisitions and financing related expenses for the California Ice and Happy Ice acquisitions that did not reoccur in the second quarter of 2007. In addition, the larger scale of operations in 2007 has resulted in a larger seasonal increase in accounts receivable during the quarter. For the six months ended June 30, 2007, changes in working capital items resulted in a net use of cash of \$19.3 million compared to a source of cash of \$0.3 million for the same period of 2006.

Cash used in investing activities

(thousands)	Three Months		Six Months	
	2007	2006	2007	2006
Sustaining capital expenditures, net of dispositions	\$ 3,374	\$ 1,687	\$ 5,218	\$ 2,668
Growth capital expenditures	3,242	6,185	5,470	9,188
Acquisition of business operations	5,778	196,991	27,903	197,266
Additions to other assets and goodwill	1,701	7,551	1,701	7,551
Cash used in investing activities	\$ 14,095	\$ 212,414	\$ 40,292	\$ 216,673

Cash used in investing activities totaled \$14.1 million for the second quarter of 2007. Sustaining capital expenditures, which represents the replacement of property, plant and equipment to sustain current business operations, totaled \$3.4 million compared to \$1.7 million for the same period of 2006. Sustaining capital expenditures are funded from operating cash flow and are expected to average between 3.0% and 4.0% of sales on an annual basis.

Growth capital expenditures, representing outlays that are integral with acquisition initiatives or that grow the business and enhance distributable cash, totaled \$3.2 million for the second quarter of 2007 primarily to increase manufacturing capacity in California and Ontario, complete the upgrade of drying and packaging equipment in the Twin Oaks, Pennsylvania manufacturing plant and establish a new larger distribution center in Albany, New York. Growth capital expenditures totaled \$6.2 million for the same period of 2006 for the new manufacturing plant in Milwaukee, Wisconsin,

the plant upgrade in Twin Oaks, Pennsylvania and a new distribution center in Montgomeryville, Pennsylvania.

Cash totaling \$5.8 million was used during the second quarter of 2007 for four tuck-in acquisitions. For the same period of 2006, the Fund used cash of \$197.0 million for acquisitions, comprised of \$178.5 million for the first four of the six companies known as California Ice, \$18.2 million for Happy Ice and \$0.3 million for one small tuck-in acquisition.

Additions to other assets and goodwill totaled \$1.7 million for the second quarter of 2007 related to the payment of certain performance-based contingent consideration to the sellers of the Party Time Ice Group of companies of Port Huron, Michigan acquired in December 2004. Additions to other assets totaled \$7.6 million for the second quarter of 2006, comprised of the issue costs of convertible debentures and deferred financing costs for the amended credit facility.

MANAGEMENT'S DISCUSSION & ANALYSIS

of Operating Results and Financial Position
for the three and six months ended June 30, 2007

Cash from financing activities

(thousands)	Three Months		Six Months	
	2007	2006	2007	2006
Sources				
Proceeds from long-term debt	\$ 19,402	\$ 57,664	\$ 55,144	\$ 73,742
Units issued, net of costs	712	47,094	67,256	47,272
Convertible debentures issued	–	100,000	–	100,000
Total sources of cash	20,114	204,758	122,400	221,014
Uses				
Principal repayments on long-term debt	1,896	1,704	54,502	1,948
Cash distributions paid	10,595	8,108	20,197	15,782
Total uses of cash	12,491	9,812	74,699	17,730
Total cash from financing activities	\$ 7,623	\$ 194,946	\$ 47,701	\$ 203,284

On February 1, 2007, the Fund successfully completed a bought deal public offering of 5.35 million trust units at a price of \$13.10 each for gross proceeds of \$70.1 million. The Fund realized net proceeds of \$65.8 million after deduction of underwriters' fees and other issuance costs of approximately \$4.3 million. The proceeds were used to fund the Union Ice acquisition and to reduce amounts outstanding under the revolving term credit facility. The offering increased the total number of units outstanding at June 30, 2007 to 38.6 million units.

During the second quarter of 2007, the Fund raised cash of \$20.1 million from long-term debt and equity issues. This was comprised of \$19.4 million drawn on the revolving term credit facility, \$0.9 million from the issuance of units for cash consideration upon the exercise of stock options and \$0.3 million from the issuance of units under the Distribution Reinvestment and Optional Cash Purchase (DRIP) Plan. These proceeds were offset by additional costs of \$0.5 million related to the February 1, 2007 public offering. The funds raised were utilized to finance the acquisition of four tuck-in acquisitions, growth capital expenditures and seasonal

working capital requirements. In addition the Fund used cash of \$1.9 million during the second quarter for scheduled payments of deferred acquisition consideration. The Fund also used cash of \$10.6 million for distributions to unitholders.

During the same period in 2006, the Fund raised cash of \$204.8 million, primarily related to the acquisitions of California Ice and Happy Ice. This was comprised of \$100.0 million from issuing convertible debentures, \$57.7 million drawn on the revolving term credit facility, \$46.9 million from a unit offering and \$0.2 million from the issuance of units under the DRIP Plan. The funds raised were utilized to finance investments in the California Ice and Happy Ice acquisitions, growth capital expenditures and a small tuck-in acquisition, along with seasonal working capital requirements. In addition, the Fund utilized \$8.1 million for distributions to unitholders and \$1.7 million for scheduled payments of deferred acquisition consideration.

MANAGEMENT'S DISCUSSION & ANALYSIS

of Operating Results and Financial Position
for the three and six months ended June 30, 2007

CREDIT FACILITIES

At June 30, 2007, the Fund's credit facilities were comprised of a US\$60 million senior note facility and a US\$115 million revolving term credit facility. The senior notes are due January 1, 2010 and carry a fixed annual interest rate of 5.35%, payable monthly, with principal due at maturity. The revolving term credit facility matures May 25, 2010, can be drawn in either Canadian or U.S. dollars, does not require scheduled principal repayments prior to maturity, and bears interest at a floating rate based on prime, LIBOR or bankers' acceptances plus a credit margin based on the Fund's quarterly leverage ratio.

The Fund had long-term debt outstanding at June 30, 2007 of \$177.4 million, comprised of senior notes of \$63.9 million (US\$60 million), senior debt under the revolving term credit facility of \$95.5 million (US\$84.0 million and CA\$6.0 million), deferred acquisition consideration of \$10.7 million for California Ice payable in October 2007, deferred acquisition consideration of \$4.8 million for Union Ice payable over the next three years, other deferred consideration totaling \$0.7 million payable over the next three years, amounts owing under a non-competition agreement of \$1.7 million and an executive retirement allowance of \$0.7 million payable in quarterly installments ending in 2016. These amounts are offset by related deferred financing costs totaling \$0.6 million.

OUTSTANDING SECURITIES

Fund units represent an equal and undivided beneficial interest in the Fund and any distributions. All units are of the same class with equal rights and privileges. The Fund is authorized to issue an unlimited number of units pursuant to its Declaration of Trust.

During the quarter ended June 30, 2007, the Fund issued 62,379 units on conversion of \$0.8 million of convertible debentures at \$12.60 per unit, 22,149 units under the DRIP Plan

As at June 30, outstanding unit data were as follows:

(thousands)	2007	2006
Units outstanding	38,649.1	32,600.0
Unit options outstanding	3,168.7	2,335.0
Convertible debentures	93,334	100,000

As at August 7, 2007, the Fund had 38.9 million units and 3.16 million options outstanding, as well as 90,722 convertible debentures with a face value of \$90.7 million outstanding.

The Fund's net debt⁽¹⁾ to EBITDA ratio at June 30, 2007 was 2.6 to 1⁽²⁾ compared to 2.7 to 1⁽³⁾ at December 31, 2006. The Fund's intention is to maintain an average net debt to EBITDA ratio of less than 2.25 to 1 on an annual basis. The first and second quarter ratios are typically higher due to seasonal operating requirements, while the third and fourth quarter ratios are typically lower.

The Fund's financing arrangements contain various financial covenants. The Fund is in compliance with all debt covenants at June 30, 2007.

- (1) Net debt is defined as total long-term debt and bank indebtedness, reduced by cash. Long-term debt excludes convertible debentures.
- (2) With 2007 EBITDA increased by \$3.7 million to give effect to the trailing 12 month contribution of acquisitions.
- (3) With 2006 EBITDA increased by \$8.8 million to give effect to the trailing 12 month contribution of acquisitions.

at an average price of \$12.75 per unit and 75,000 units on the exercise of stock options at an average price of \$11.64 per unit. The Fund used the proceeds from units issued for acquisitions and to reduce amounts outstanding under the revolving term credit facility.

MANAGEMENT'S DISCUSSION & ANALYSIS

of Operating Results and Financial Position
for the three and six months ended June 30, 2007

SUBSTANTIVELY ENACTED INCOME TAX RULE CHANGES

On June 12, 2007, Bill C-52 was passed by the House of Commons, and was given Royal assent on June 22, 2007. Bill C-52 includes new legislation relating to the taxation of publicly traded income trusts and certain other publicly traded flow-through entities. Under the new rules certain distributions from a "specified investment flow-through" trust or partnership (a "SIFT") will no longer be deductible in computing a SIFT's taxable income, and a SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. However, the Legislation provides that distributions paid by a SIFT as return of capital will not be subject to the tax.

The Legislation provides that a SIFT that was publicly listed prior to November 1, 2006 (an "Existing Fund") will become subject to the tax on distributions commencing with the 2011 taxation year. However, an Existing Fund may become subject to this tax prior to the 2011 taxation year if equity capital increases beyond certain limits measured against its market capitalization at October 31, 2006.

Commencing in 2011, the Fund will become subject to tax on certain Canadian sourced income. The Fund has accounted for future income tax assets and liabilities in respect of accounting and tax basis differences that are expected to reverse in or after 2011, with a corresponding credit or charge to consolidated earnings for the period. As at June 30, 2007, there are no future income tax assets or liabilities that are expected to reverse in or after 2011.

ACCOUNTING POLICIES AND ESTIMATES

The critical accounting policies and estimates and discussion of new accounting policies are substantially unchanged from those identified in the MD&A for the year ended December 31, 2006, except for the adoption of new accounting standards as described below.

Effective January 1, 2007, the Fund adopted new Canadian Institute of Chartered Accountants (CICA) accounting standards relating to comprehensive income, financial instruments, equity and hedges. As a result of the adoption of these new standards, a new category – accumulated other comprehensive income (loss) – forms part of Unitholders' Equity.

As a result of the adoption of the new accounting policies related to comprehensive income the foreign currency cumulative translation adjustment on self-sustaining foreign operations of \$12.5 million at January 1, 2007 has been reclassified to accumulated other comprehensive loss.

As a result of the adoption of the new accounting policies related to financial instruments, the Fund has adjusted the deferred financing charges outstanding at January 1, 2007

of \$7.6 million and reclassified the remaining balance against the actual debt for which they were incurred and will amortize that balance based on the effective interest method. The result was a decrease in convertible debentures of \$4.5 million, an increase to the deficit of \$1.2 million, a decrease in long-term debt of \$0.8 million, an increase to future income tax asset of \$0.8 million and a decrease in units of \$0.3 million.

As a result of the new accounting policies relating to hedge accounting adopted on January 1, 2007 the Fund concluded that it would no longer designate its interest rate swap agreements as accounting hedges. Effective on that date, all changes in fair value of the interest rate swap agreements are immediately recognized in interest expense with a corresponding amount included in accounts payable and accrued liabilities on the balance sheet. The Fund recorded the fair value of the interest rate swap contracts of \$0.7 million on January 1, 2007 as an increase in accounts payable and accrued liabilities, with an offsetting transitional adjustment of \$0.4 million net of future income taxes, to accumulated other comprehensive loss and \$0.3 million increase to future income tax asset.

At June 30, 2007, accumulated other comprehensive loss totaled \$41.6 million and consisted of unrealized losses totaling \$41.2 million on translation of self-sustaining foreign operations and transitional adjustment of \$0.4 million on the interest rate swap contracts.

CONTROLS

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. No changes were made to the design of internal controls over financial reporting during the three and six months ended June 30, 2007 that have materially affected, or are reasonably likely to materially affect, the Fund's internal control over financial reporting.

RELATED PARTY TRANSACTIONS

A subsidiary of the Fund leases a production facility located in Arizona from a company indirectly owned and controlled by a trustee of the Fund. The lease agreement is for a period of up to nine years on commercially reasonable terms and includes an option to purchase the facility during the term on commercially reasonable terms. The subsidiary made lease payments totaling \$0.5 million during the six months ended June 30, 2007.

RISK MANAGEMENT

Financial Instruments

The Fund and its subsidiaries generate significant cash flows in U.S. dollars and are therefore subject to fluctuations in the value of the Canadian dollar relative to the U.S. dollar in the normal course of business. In order to reduce this risk, the Fund has an exchange management program that uses derivative financial instruments, which are not held or issued for speculative purposes.

At June 30, 2007, the Fund had entered into a series of foreign exchange forward and option contracts to provide a floor exchange rate of \$1.0859 Canadian per U.S. dollar on US\$18.8 million, representing approximately 61% of the amount expected to be converted to meet cash distribution requirements during the balance of 2007 and approximately 23% of the amount expected to be converted to meet cash distribution requirements during 2008. These contracts had settlement dates between July and December 2008. At June 30, 2007, the aggregate notional amount of foreign exchange forward contracts outstanding was US\$9.6 million and option contracts outstanding was US\$14.8 million.

Business Risks

The factors affecting the business remain substantially unchanged from those identified in the MD&A for the year ended December 31, 2006.

OUTLOOK

Arctic Glacier's strong growth, rationalization activities and profitable operations, combined with relatively normal weather conditions with the exception of the south central U.S. markets, position the Fund well for the balance of fiscal 2007.

During the first six months of 2007, Arctic Glacier acquired Union Ice, a significant platform operation in southern California, and made a number of tuck-in acquisitions. Management also continued to implement rationalization and integration measures related to previous acquisitions. These initiatives added to the company's market coverage and enhanced profitability in advance of the peak selling period in the third quarter.

The tuck-in acquisitions consisted of five small and mid-size companies in Canada and the northeastern and central U.S. These companies are contiguous with current operations and are strategically important because they increase penetration of existing markets. Because the locations and market areas of these operations fall within Arctic Glacier's existing footprint, they are being integrated with significantly less effort and expense than a large platform acquisition in a new territory. The addition of these operations enhances the company's market penetration and will contribute to revenues and profitability as they are integrated into existing operations.

In the second quarter a number of ambitious rationalization and integration projects were completed following previous acquisitions. An older, inefficient manufacturing plant located in Santa Ana, California was shut down and converted into a distribution center. Manufacturing capacity was increased at four plants in California and one in Ontario to position the company for future growth in customer demand. In Twin Oaks, Pennsylvania, drying and packaging equipment was upgraded and in Albany, New York, a new distribution center was established.

In addition, the completion of a \$70 million equity financing in the first quarter of 2007 enabled Arctic Glacier to fund the acquisition of Union Ice in California and strengthened its balance sheet through debt repayment. The financing provided the Fund with flexibility to pursue additional acquisitions as they were identified and effect improvements as required. These initiatives have improved Arctic Glacier's market position and enhanced its competitiveness.

Due to the seasonal nature of the packaged ice business, the third quarter is the company's busiest period and Arctic Glacier is well positioned at the midpoint of the fiscal year. The company's well established markets, profitable operations and financial strength will enable the Fund to continue generating distributable cash exceeding monthly requirements for distributions at the current annual rate of \$1.10 per unit.

Looking ahead to the balance of 2007, management expects Arctic Glacier will post strong key financial metrics as it achieves its mandate of paying ongoing cash distributions while creating future value for unitholders.

INTERIM CONSOLIDATED BALANCE SHEETS

As at June 30, 2007 and 2006 (unaudited)
and December 31, 2006 (audited)

(thousands)	June 30, 2007	June 30, 2006	December 31, 2006
ASSETS			
Current assets			
Cash	\$ 2,962	\$ 4,882	\$ 4,676
Accounts receivable	36,290	33,577	14,791
Inventories	15,178	12,347	12,881
Prepaid expenses	5,552	4,279	4,268
	59,982	55,085	36,616
Future income taxes	1,205	–	–
Property, plant and equipment	160,710	155,034	162,564
Investments	871	515	953
Other assets	155	8,776	7,875
Intangible assets	143,343	127,862	148,912
Goodwill	182,044	170,333	186,572
	\$ 548,310	\$ 517,605	\$ 543,492
LIABILITIES AND UNITHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 30,289	\$ 39,168	\$ 26,175
Distributions payable to unitholders	3,544	2,989	3,037
Principal due within one year on long-term debt	14,381	2,773	14,280
	48,214	44,930	43,492
Long-term debt (Note 5)	162,995	151,996	171,783
Convertible debentures	81,448	89,999	85,496
Future income taxes	–	4,733	4,696
Unitholders' equity			
Units (Note 6)	371,215	297,019	303,469
Contributed surplus	927	775	815
Equity portion of convertible debentures	9,484	10,161	9,566
Deficit	(84,371)	(58,051)	(63,284)
Accumulated other comprehensive loss (Note 3)	(41,602)	(23,957)	(12,541)
	255,653	225,947	238,025
	\$ 548,310	\$ 517,605	\$ 543,492

See accompanying notes to interim consolidated financial statements.

Approved on behalf of the Trustees by:

ROBERT J. NAGY
Trustee

GARY A. FILMON
Trustee

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

Three and six months ended June 30, 2007 and 2006 (unaudited)

(thousands, except per unit amounts)	Three Months		Six Months	
	2007	2006	2007	2006
Sales	\$ 79,792	\$ 60,464	\$ 106,170	\$ 75,126
Cost of sales, selling, general and administration expenses	52,541	39,926	85,108	58,957
Earnings before the undernoted	27,251	20,538	21,062	16,169
Amortization	7,848	5,507	15,669	10,114
Interest	4,831	2,494	9,864	3,594
Acquisition integration expenses	114	173	578	287
Loss (gain) on disposal of property, plant and equipment	12	(115)	(124)	(126)
Gain on foreign exchange	(1,727)	(464)	(1,929)	(273)
Non-recurring expenses (Note 7)	1,032	-	1,032	-
Debt settlement costs	-	751	-	751
Earnings (loss) before income taxes	15,141	12,192	(4,028)	1,822
Income tax				
Current	270	258	487	340
Future (reduction)	3,141	2,989	(5,304)	(3,113)
	3,411	3,247	(4,817)	(2,773)
Earnings for the period	\$ 11,730	\$ 8,945	\$ 789	\$ 4,595
Earnings per unit (Note 8)				
Basic	\$ 0.30	\$ 0.30	\$ 0.02	\$ 0.16
Diluted	0.29	0.30	0.02	0.16

See accompanying notes to interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

Three and six months ended June 30, 2007 and 2006 (unaudited)

(thousands)	Three Months		Six Months	
	2007	2006	2007	2006
Units				
Balance, beginning of period	\$ 369,739	\$ 249,925	\$ 303,469	\$ 249,747
Adoption of new accounting policies (Note 3)	–	–	(293)	–
	369,739	249,925	303,176	249,747
Units issued, net of issue costs (Note 6)	1,476	47,094	68,039	47,272
Balance, end of period	371,215	297,019	371,215	297,019
Contributed surplus				
Balance, beginning of period	889	756	815	723
Unit-based compensation expense	75	19	149	52
Unit options exercised	(37)	–	(37)	–
Balance, end of period	927	775	927	775
Equity portion of convertible debentures				
Balance, beginning of period	9,564	–	9,566	–
Convertible debentures issued	–	10,161	–	10,161
Conversion of convertible debentures	(80)	–	(82)	–
Balance, end of period	9,484	10,161	9,484	10,161
Deficit				
Balance, beginning of period	(85,492)	(58,458)	(63,284)	(46,432)
Adoption of new accounting policies (Note 3)	–	–	(1,172)	–
	(85,492)	(58,458)	(64,456)	(46,432)
Earnings for the period	11,730	8,945	789	4,595
Distributions declared (Note 9)	(10,609)	(8,538)	(20,704)	(16,214)
Balance, end of period	(84,371)	(58,051)	(84,371)	(58,051)
Accumulated other comprehensive loss				
Balance, beginning of period	(16,484)	(20,323)	(12,541)	(20,782)
Adoption of new accounting policies (Note 3)	–	–	(397)	–
	(16,484)	(20,323)	(12,938)	(20,782)
Other comprehensive loss	(25,118)	(3,634)	(28,664)	(3,175)
Balance, end of period	(41,602)	(23,957)	(41,602)	(23,957)
Total Unitholders' Equity	\$ 255,653	\$ 225,947	\$ 255,653	\$ 225,947

See accompanying notes to interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

Three and six months ended June 30, 2007 (unaudited)

(thousands)	Three Months	Six Months
	2007	2007
Earnings for the period	\$ 11,730	\$ 789
Other comprehensive loss:		
Unrealized loss on translation of self-sustaining foreign operations	(25,145)	(28,720)
Amortization of transitional adjustment to loss for the period	27	56
Other comprehensive loss	(25,118)	(28,664)
Comprehensive loss for the period	\$ (13,388)	\$ (27,875)

See accompanying notes to interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Three and six months ended June 30, 2007 and 2006 (unaudited)

(thousands)	Three Months		Six Months	
	2007	2006	2007	2006
Cash from (used in):				
Operating activities				
Earnings for the period	\$ 11,730	\$ 8,945	\$ 789	\$ 4,595
Adjustments for:				
Amortization	7,848	5,507	15,669	10,114
Accretion of convertible debenture principal	389	160	786	160
Accretion of long-term debt	279	-	513	-
Accretion of deferred financing	259	-	514	-
Recognition of rents on a straight-line basis	194	-	387	-
Unit-based compensation	75	20	149	52
Non-cash portion of debt settlement costs	-	751	-	751
Loss (gain) on disposal of property, plant and equipment	12	(115)	(124)	(126)
Unrealized foreign exchange gain on long-term debt	(1,035)	-	(1,177)	-
Unrealized gain on foreign exchange options	(619)	(411)	(939)	(220)
Unrealized gain on interest rate swap	(435)	-	(328)	-
Future income taxes (reduction)	3,141	2,989	(5,304)	(3,113)
	21,838	17,846	10,935	12,213
Changes in working capital items (Note 10)	(16,128)	2,593	(19,279)	340
	5,710	20,439	(8,344)	12,553
Investing activities				
Additions to property, plant and equipment	(6,761)	(8,328)	(11,105)	(12,383)
Proceeds from disposal of property, plant and equipment	145	456	417	527
Additions to other assets	-	(7,551)	-	(7,551)
Additions to goodwill	(1,701)	-	(1,701)	-
Acquisition of business operations (Note 4)	(5,778)	(196,991)	(27,903)	(197,266)
	(14,095)	(212,414)	(40,292)	(216,673)
Financing activities				
Proceeds from long-term debt	19,402	57,664	55,144	73,742
Principal repayments on long-term debt	(1,896)	(1,704)	(54,502)	(1,948)
Convertible debentures issued	-	100,000	-	100,000
Units issued, net of issue costs	712	47,094	67,256	47,272
Distributions paid	(10,595)	(8,108)	(20,197)	(15,782)
	7,623	194,946	47,701	203,284
Foreign exchange loss on cash held in foreign currency	(636)	(719)	(779)	(595)
Increase (decrease) in cash	(1,398)	2,252	(1,714)	(1,431)
Cash, beginning of period	4,360	2,630	4,676	6,313
Cash, end of period	\$ 2,962	\$ 4,882	\$ 2,962	\$ 4,882
Supplementary cash flow information				
Interest paid	\$ 3,921	\$ 1,487	\$ 10,281	\$ 2,702
Income taxes paid	270	259	487	340

The net present value of the portion of the purchase price on acquisitions of business operations satisfied by the issuance of deferred consideration in the amount of \$5,199 (2006 - \$8,485) has been excluded from the financing and investing activities.

See accompanying notes to interim consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 2007 and 2006 (unaudited)
(amounts in thousands, except per unit amounts)

1. ORGANIZATION

Arctic Glacier Income Fund (the "Fund") is an unincorporated, open-ended limited purpose mutual fund trust established under the laws of the Province of Alberta on January 22, 2002. The Fund, through its subsidiaries, operates in the packaged ice manufacturing and distribution business in Canada and the United States and is active in acquiring ice manufacturing and distribution companies. The Fund also licenses its trade names and proprietary technology to independently owned companies in Canada and the United States under franchise and license agreements.

2. BASIS OF PRESENTATION

These unaudited consolidated financial statements of the Fund have been prepared in accordance with Canadian accounting principles generally accepted for interim financial statements and contain the financial position, results of operations and cash flows of the Fund and its subsidiaries.

The interim consolidated financial statements and related notes do not include all of the information required for complete financial statements, and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2006. Except as disclosed in note 3, the interim consolidated financial statements are prepared in accordance with the same accounting policies and methods of their application as the most recent annual consolidated financial statements. When necessary, the financial statements include amounts based on informed estimates and best judgments of management.

Due to the seasonal nature of the operations of the Fund, the results of operations for the interim periods reported are not necessarily indicative of results to be expected for the year. The Fund usually generates significant sales and profits in the second and third quarters, with lower sales and significant losses in the first and fourth quarters. Cash flows peak in the third and fourth quarters and drop off in the first and second quarters.

3. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2007, the Fund adopted the following new Canadian Institute of Chartered Accountants (CICA) accounting standards:

Comprehensive income – Section 1530 establishes standards for reporting and disclosure of comprehensive income and its components. Comprehensive income is the change in unitholders' equity, which results from transactions other than those arising from investments by unitholders and distributions to unitholders. These transactions and events include unrealized gains and losses resulting from changes in fair value of certain financial instruments.

The adoption of the new standards by the Fund resulted in changes in the accounting for financial instruments and hedges as well as the recognition of certain transitional adjustments that have been recorded in the opening balance of accumulated other comprehensive loss. Accumulated other comprehensive loss consists of cumulative net losses that were deferred prior to January 1, 2007 when hedge accounting was used by the Fund. The foreign currency cumulative translation adjustment on self-sustaining, foreign operations of (\$12,541) at December 31, 2006 presented in the consolidated balance sheet has been reclassified to accumulated other comprehensive loss.

Financial instruments – recognition and measurement – Section 3855 establishes standards for recognizing and measuring financial instruments and embedded derivatives in the balance sheet and reporting gains and losses in the financial statements. Under the new standards, all financial assets are classified as one of these four categories: held to maturity, loans and receivables, held for trading or available for sale. All financial liabilities are classified as held for trading or other liabilities. Initially, all financial assets and liabilities must be recorded on the consolidated balance sheet at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, are measured at amortized cost based on the effective interest method. Financial assets available for sale, assets and liabilities held for trading and derivative financial instruments, whether part of a hedging relationship or not, have to be measured at fair value with gains and losses recognized in earnings. Available for sale instruments are measured at fair value with gains and losses, net of tax, recognized in other comprehensive income.

The Fund has classified its cash as held for trading. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. The Funds' investment has been classified as available for sale and is being measured at cost as it relates to a private entity for which it is not possible to obtain fair value information. Accounts payable and accrued liabilities, distributions payable to unitholders, long-term debt and convertible debentures, are classified as other liabilities, which are measured at amortized cost, using the effective interest method.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 2007 and 2006 (unaudited)
(amounts in thousands, except per unit amounts)

Transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. The Fund has reclassified the balance of deferred financing charges outstanding at January 1, 2007 against the actual debt for which they were incurred and will amortize that balance based on the effective interest method. Finance fees incurred on extinguishment of long-term debt facilities are expensed on occurrence. The adoption of these new standards by the Fund resulted in an increase to the deficit of \$1,172, a decrease in units of \$293, decrease in other assets of \$7,622, a decrease in long-term debt of \$825, a decrease in convertible debentures of \$4,526 and an increase in future income tax asset of \$806 at January 1, 2007.

All derivatives, including embedded derivatives that must be separately accounted for, are recorded at fair value in the consolidated balance sheet. The Fund has reviewed all significant contractual arrangements and determined that there are no material embedded derivatives that must be separated from the host contract and accounted for separately.

Hedges – Section 3865 establishes standards for when and how hedge accounting can be applied as well as disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from the derivative financial instruments in the same period as for those related to the hedged item.

The Fund uses interest rate swap agreements and foreign exchange forward and option contracts to manage exposure to risk. The Fund's policy is not to utilize derivative financial instruments for trading or speculative purposes. Prior to the adoption of the new accounting standards on January 1, 2007, the Fund's foreign exchange forward and option contracts did not qualify for hedge accounting and were adjusted to fair value. As a result, the new standards had no impact on the Fund's accounting for these foreign exchange forward and option contracts. The Fund's interest rate swap contracts, entered into during fiscal 2006, were accounted for using hedge accounting and payments and receipts under the agreements were recognized as adjustments to interest expense in the same period that the underlying hedged transactions were recognized. Effective January 1, 2007, the Fund ceased applying hedge accounting to the interest rate swap contracts that were outstanding at December 31, 2006. In accordance with the new standards, the fair value of the interest rate swap contracts of \$660 at December 31, 2006 was recorded as follows: an unrealized loss of \$660 was recorded to accounts payable and accrued liabilities as of January 1, 2007 and \$397 was recorded, net of future income taxes, to accumulated other comprehensive loss. This transitional adjustment will be amortized to the statement of operations over the term of the interest rate swap contracts. All movements in the fair value of interest rate swap contracts, commencing January 1, 2007, are now recognized in interest expense with a corresponding amount included in accounts payable and accrued liabilities on the balance sheet.

The Fund had also applied hedge accounting on U.S. denominated long-term debt held in its Canadian subsidiary against its net investment in its self-sustaining subsidiaries. Effective January 1, 2007, the Fund ceased applying hedge accounting on the balance of \$13,200 that was outstanding at December 31, 2006. All changes in foreign exchange on this long-term debt will be recognized in the statement of operations. The transitional adjustment at December 31, 2006 is included in accumulated other comprehensive loss as part of the reclassification of the cumulative translation adjustment previously discussed.

Convertible and other debt instruments with embedded derivatives – Emerging Issues Committee ("EIC") 164 was early adopted by the Fund on January 1, 2007. This abstract addressed various issues surrounding the recognition, classification and presentation of convertible debentures. There was no impact on the interim consolidated financial statements as a result of the adoption of this abstract.

Equity – Section 3251 replaces Section 3250 and establishes standards for the presentation of equity and changes in equity during the period and requires the Fund to present separately equity components and changes in equity arising from i) net earnings (loss); ii) other comprehensive income (loss); iii) other changes in deficit; iv) changes in contributed surplus; v) changes in equity component of convertible debentures; and vi) changes in units. A consolidated statement of changes in unitholders' equity is included in the unaudited interim consolidated financial statements of the Fund as a result of implementing this new standard.

Financial instruments – disclosure and presentation – Section 3861 replaces Section 3860 and establishes standards for presentation of financial instruments and non-financial derivatives, and identifies information that should be disclosed. There was no material effect on the Fund's interim consolidated financial statements as a result of implementing the new standard.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 2007 and 2006 (unaudited)
(amounts in thousands, except per unit amounts)

4. BUSINESS ACQUISITIONS

On March 1, 2007, a subsidiary of the Fund acquired the assets and operations of Union Ice-Pacific L.P. ("Union Ice") of Los Angeles, California for aggregate cash consideration of \$25,559 (US\$21,724), including \$5,199 (US\$4,419) of consideration to be paid over a three year period. In addition, the Fund has incurred acquisition costs of \$1,552 related to professional fees and other costs associated with the purchase of these assets and operations.

During the six months ended June 30, 2007, the Fund and its subsidiaries acquired the equity interests or assets of five additional companies for aggregate cash consideration of \$5,991 including acquisition costs related to professional fees and other costs associated with the purchase of these assets and operations.

During the six months ended June 30, 2006, the Fund commenced with the acquisition of a group of six entities (collectively referred to as "California Ice") comprising the leading packaged ice manufacturing and distribution business in California. On May 25, 2006, a subsidiary of the Fund acquired 100% of the equity interests of four of the six entities: Diamond Newport Corporation of Santa Ana, California, Glacier Valley Ice Company, L.P. of Elk Grove, California, Jack Frost Ice Service, Inc. of Modesto, California, and Mountain Water Ice Company of Carson, California for aggregate cash consideration of \$170,342 (U.S. \$154,519), including \$8,485 (U.S. \$7,697) to be paid in October 2007. In addition, the Fund incurred acquisition and restructuring costs of \$16,686 related to professional fees and other costs associated with the purchase of these businesses.

On June 15, 2006, a subsidiary of the Fund acquired the assets and operations of Happy Ice LLC of Fairport, New York for aggregate cash consideration of \$16,950 (U.S. \$15,376). In addition, the Fund has incurred acquisition and restructuring costs of \$1,202 related to professional fees and other costs associated with the purchase of these assets and operations.

During the six months ended June 30, 2006, the Fund and its subsidiaries acquired the assets of two additional packaged ice companies for aggregate cash consideration of \$571 including acquisition costs related to professional fees and other costs associated with the purchase of these assets and operations.

These transactions have been accounted for by the purchase method and the results of operations are included in the Fund's accounts from the dates of acquisition. Details of the acquisitions for the six months ended June 30 are as follows:

	Union Ice	Other	2007
Net assets acquired, at fair value:			
Current assets	\$ 404	\$ 263	\$ 667
Property, plant and equipment	8,770	780	9,550
Intangible assets	10,401	2,684	13,085
Goodwill	7,748	2,343	10,091
	27,323	6,070	33,393
Less current liabilities	212	19	231
Less future income taxes	–	60	60
	\$ 27,111	\$ 5,991	\$ 33,102
Purchase consideration:			
Cash	\$ 20,360	\$ 5,376	\$ 25,736
Deferred consideration	5,199	–	5,199
Acquisition and restructuring costs	1,552	615	2,167
	\$ 27,111	\$ 5,991	\$ 33,102

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 2007 and 2006 (unaudited)
(amounts in thousands, except per unit amounts)

	California Ice (Initial)	Happy Ice	Other	2006
Net assets acquired, at fair value:				
Current assets	\$ 7,865	\$ 1,451	\$ –	\$ 9,316
Property, plant and equipment	25,076	8,399	321	33,796
Investments	508	–	–	508
Intangible assets	95,941	5,810	130	101,881
Goodwill	62,831	3,203	120	66,154
	192,221	18,863	571	211,655
Less current liabilities	5,144	711	–	5,855
Less future income taxes	49	–	–	49
	\$ 187,028	\$ 18,152	\$ 571	\$ 205,751
Purchase consideration:				
Cash	\$ 161,857	\$ 16,950	\$ 501	\$ 179,308
Deferred consideration	8,485	–	–	8,485
Acquisition and restructuring costs	16,686	1,202	70	17,958
	\$ 187,028	\$ 18,152	\$ 571	\$ 205,751

5. LONG-TERM DEBT

	June 30, 2007	June 30, 2006	December 31, 2006
US\$60 million 5.35% notes, due January 1, 2010	\$ 63,924	\$ 66,972	\$ 69,924
Revolving term credit facility	95,494	73,972	99,232
Deferred acquisition consideration	17,884	13,825	16,208
Other	725	–	699
	178,027	154,769	186,063
Less deferred financing charges	651	–	–
	177,376	154,769	186,063
Less principal included in current liabilities	14,381	2,773	14,280
	\$ 162,995	\$ 151,996	\$ 171,783

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 2007 and 2006 (unaudited)
(amounts in thousands, except per unit amounts)

6. CAPITAL CONTRIBUTIONS

Issued

Fund units are included in unitholders' capital contributions on the interim consolidated balance sheet as follows:

	Number of Units	Amount
Balance at December 31, 2005	27,887.7	\$ 249,747
Additional issue costs of units issued on September 20, 2005	–	(26)
Units issued for cash consideration on May 25, 2006, at \$10.70 per unit, net of issue costs of \$3,144	4,673.0	46,857
Units issued on conversion of convertible debentures	465.2	5,899
Units issued for cash consideration under stock option plan	16.3	181
Units issued for cash consideration under Distribution Reinvestment and Optional Cash Purchase Plan	73.2	811
Balance at December 31, 2006	33,115.4	303,469
Adoption of new accounting policies (Note 3)	–	(293)
	33,115.4	303,176
Units issued for cash consideration on February 1, 2007, at \$13.10 per unit, net of issue costs of \$4,294	5,350.0	65,791
Units issued on conversion of convertible debentures	63.9	783
Units issued for cash consideration under stock option plan	80.0	969
Units issued for cash consideration under Distribution Reinvestment and Optional Cash Purchase Plan	39.8	496
Balance at June 30, 2007	38,649.1	\$ 371,215

Options

Changes in the number of options, with their weighted average exercise prices, are summarized as follows:

	2007		2006	
	Units	Weighted Average Exercise Price	Units	Weighted Average Exercise Price
Balance, beginning of period	3,248.7	\$ 11.32	2,350.0	\$ 11.25
Granted	–	–	–	–
Exercised	(80.0)	11.64	–	–
Expired	–	–	(15.0)	11.64
Balance, end of period	3,168.7	\$ 11.31	2,335.0	\$ 11.25
Exercisable, end of period	1,509.7	\$ 11.53	1,400.0	\$ 11.68

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 2007 and 2006 (unaudited)
(amounts in thousands, except per unit amounts)

The range of exercise prices for options outstanding at June 30, 2007 is as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
\$ 10.60	878.7	3.2 years	\$ 10.60	215.0	\$ 10.60
11.46	995.0	4.5 years	11.46	–	–
11.50	740.0	1.8 years	11.50	740.0	11.50
11.92	555.0	2.6 years	11.92	555.0	11.92
	3,168.7	3.2 years	\$ 11.31	1,510.0	\$ 11.53

The compensation expense related to options granted under the stock option plan for the three and six months ended June 30, 2007 totaled \$75 (2006 – \$20) and \$149 (2006 – \$52) respectively. The compensation expense was determined based on the fair value of the options at the date of the grant using the Black-Scholes option pricing model.

7. NON-RECURRING EXPENSES

On April 15, 2007, a storm with record breaking precipitation affected certain parts of New York and resulted in significant damage to the company's leased manufacturing plant in Mamaroneck, New York. Costs to clean-up and repair the facility and resume normal business operations are estimated at \$1,032 and have been recorded as non-recurring expenses for the period. The company is currently engaged in discussions with its property insurance carrier related to the responsibility for these costs.

8. EARNINGS PER UNIT

The computation for basic and diluted earnings per unit is as follows:

	Three Months		Six Months	
	2007	2006	2007	2006
Earnings available to unitholders	\$ 11,730	\$ 8,945	\$ 789	\$ 4,595
Dilutive effect of convertible debentures	1,925	–	–	–
Diluted earnings available to unitholders	\$ 13,655	\$ 8,945	\$ 789	\$ 4,595
Basic weighted average number of units	38,536.3	29,817.7	37,589.8	28,863.1
Dilutive effect of:				
Convertible debentures	7,459.1	–	–	–
Options	526.2	40.8	457.0	28.4
Diluted weighted average number of units	46,521.6	29,858.5	38,046.8	28,891.5
Earnings per unit:				
Basic	\$ 0.30	\$ 0.30	\$ 0.02	\$ 0.16
Diluted	\$ 0.29	\$ 0.30	\$ 0.02	\$ 0.16

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 2007 and 2006 (unaudited)
(amounts in thousands, except per unit amounts)

9. DISTRIBUTIONS DECLARED

The Fund's trustees have discretion in declaring distributions. The Fund makes distributions of its available cash to the maximum extent possible to its unitholders. The Fund makes equal monthly cash distributions to unitholders on the last day of each month, after deducting estimated cash amounts required for expenses, other obligations of the Fund, cash redemptions of units and any tax liabilities.

Cash distributions are payable monthly to the unitholders of record on the last business day of each month and are paid within 15 days following the end of each month. Cumulative distributions for the three and six months ended June 30, 2007 are as follows:

Month	Record Date	Payment Date	Distributions	
			Per Unit	Amount
January 2007	January 31, 2007	February 15, 2007	\$ 0.0917	\$ 3,037
February 2007	February 28, 2007	March 15, 2007	0.0917	3,528
March 2007	March 30, 2007	April 13, 2007	0.0917	3,530
			0.2751	10,095
April 2007	April 30, 2007	May 15, 2007	0.0917	3,530
May 2007	May 31, 2007	June 15, 2007	0.0917	3,535
June 2007	June 29, 2007	July 13, 2007	0.0917	3,544
			0.2751	10,609
Total			\$ 0.5502	\$ 20,704

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 2007 and 2006 (unaudited)
(amounts in thousands, except per unit amounts)

10. CHANGES IN WORKING CAPITAL ITEMS

The changes in working capital items are as follows:

	Three Months		Six Months	
	2007	2006	2007	2006
Accounts receivable	\$ (25,615)	\$ (21,283)	\$ (21,292)	\$ (18,295)
Inventories	1,516	(2,050)	(1,897)	(3,918)
Prepaid expenses	2,224	499	(1,051)	(1,490)
Accounts payable and accrued liabilities	5,747	25,427	4,961	24,043
	\$ (16,128)	\$ 2,593	\$ (19,279)	\$ 340

11. SEGMENTED INFORMATION

The Fund has determined that it operates in one business segment, the manufacturing and distribution of packaged ice and other products. The Fund and its subsidiaries operate in Canada and the United States.

The following tables present key information by geographic segment for the three and six months ended June 30:

	2007			2006		
	Canada	U.S.	Total	Canada	U.S.	Total
Three Months Ended June 30						
Sales	\$ 13,765	\$ 66,027	\$ 79,792	\$ 13,176	\$ 47,288	\$ 60,464
Cost of sales, selling, general and administration expenses	9,222	43,319	52,541	9,420	30,506	39,926
	\$ 4,543	\$ 22,708	\$ 27,251	\$ 3,756	\$ 16,782	\$ 20,538
Earnings for the period	\$ 8,218	\$ 3,512	\$ 11,730	\$ 6,273	\$ 2,672	\$ 8,945

	2007			2006		
	Canada	U.S.	Total	Canada	U.S.	Total
Six Months Ended June 30						
Sales	\$ 17,312	\$ 88,858	\$ 106,170	\$ 16,709	\$ 58,417	\$ 75,126
Cost of sales, selling, general and administration expenses	15,217	69,891	85,108	14,910	44,047	58,957
	\$ 2,095	\$ 18,967	\$ 21,062	\$ 1,799	\$ 14,370	\$ 16,169
Earnings (loss) for the period	\$ 9,405	\$ (8,616)	\$ 789	\$ 8,771	\$ (4,176)	\$ 4,595
Goodwill	\$ 19,507	\$ 162,537	\$ 182,044	\$ 18,781	\$ 151,552	\$ 170,333
Total assets	\$ 70,848	\$ 477,462	\$ 548,310	\$ 75,183	\$ 442,422	\$ 517,605

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 2007 and 2006 (unaudited)
(amounts in thousands, except per unit amounts)

12. RELATED PARTY TRANSACTION

A subsidiary of the Fund leases a production facility located in Arizona from a company indirectly owned and controlled by a trustee of the Fund. The lease agreement is for up to nine years on commercially reasonable terms and includes an option to purchase the facility during the term on commercially reasonable terms. During the three and six months ended June 30, 2007, lease payments of \$251 (2006 - \$104) and \$519 (2006 - \$104) respectively were paid under this agreement.

13. INCOME TAXES

On June 12, 2007, Bill C-52 was passed by the House of Commons, and was given Royal assent on June 22, 2007. Bill C-52 includes new legislation relating to the taxation of publicly traded income trusts and certain other publicly traded flow-through entities. Under the new rules certain distributions from a "specified investment flow-through" trust or partnership (a "SIFT") will no longer be deductible in computing a SIFT's taxable income, and a SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. However, the Legislation provides that distributions paid by a SIFT as return of capital will not be subject to the tax.

The Legislation provides that a SIFT that was publicly listed prior to November 1, 2006 (an "Existing Fund") will become subject to the tax on distributions commencing with the 2011 taxation year. However, an Existing Fund may become subject to this tax prior to the 2011 taxation year if equity capital increases beyond certain limits measured against its market capitalization at October 31, 2006.

Commencing in 2011, the Fund will become subject to tax on certain Canadian sourced income. The Fund has accounted for future income tax assets and liabilities in respect of accounting and tax basis differences that are expected to reverse in or after 2011, with a corresponding credit or charge to consolidated earnings for the period. As at June 30, 2007, there are no future income tax assets or liabilities that are expected to reverse in or after 2011.

14. COMPARATIVE FIGURES

Certain items in the comparative interim consolidated financial statements have been reclassified from the statements previously presented to conform to the presentation of the interim consolidated financial statements for the current period.

QUARTERLY FINANCIAL INFORMATION

(in thousands of dollars, except per unit data)

	2007		2006				2005		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Operating Results									
Sales	79,792	26,378	39,943	104,180	60,464	14,662	21,771	73,584	47,275
EBITDA	27,251	(6,189)	761	42,259	20,538	(4,369)	(551)	31,567	15,086
Earnings (loss)	11,730	(10,941)	(6,244)	19,091	8,945	(4,350)	(1,809)	17,149	6,332
Basic earnings (loss) per unit	0.30	(0.30)	(0.19)	0.59	0.30	(0.16)	(0.06)	0.72	0.27
Diluted earnings (loss) per unit	0.29	(0.30)	(0.19)	0.52	0.30	(0.16)	(0.06)	0.72	0.27
Cash Flow									
Funds from (used in) operating activities ⁽¹⁾	21,838	(10,904)	(4,398)	37,527	17,846	(5,632)	(2,545)	29,238	12,625
Distributions to unitholders	10,609	10,095	9,109	8,972	8,538	7,676	7,670	6,848	6,434
Distributions to unitholders per unit	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
Financial Position									
Net cash ⁽²⁾	2,962	4,360	4,676	8,835	4,882	2,630	6,313	10,351	(9,133)
Current assets	59,982	38,623	36,616	51,961	55,085	20,271	23,275	38,555	32,054
Working capital	11,768	(4,364)	(6,876)	19,129	10,155	7,778	9,363	22,849	2,523
Total assets	548,310	561,210	543,492	546,727	517,605	275,020	277,517	292,695	291,954
Long-term debt ⁽³⁾	177,376	172,511	186,063	175,508	154,769	90,869	74,515	71,620	116,937
Net debt ⁽⁴⁾	174,414	168,151	181,387	166,673	149,887	88,239	68,202	61,269	126,070
Unitholders' equity	255,653	278,216	238,025	236,576	225,947	171,900	183,256	192,409	139,863
Unit Data									
Trading price range, per unit:									
High	\$ 14.23	\$ 13.65	\$ 13.89	\$ 13.50	\$ 11.95	\$ 11.50	\$ 11.25	\$ 12.14	\$ 12.00
Low	\$ 12.60	\$ 12.25	\$ 10.31	\$ 11.80	\$ 10.49	\$ 10.10	\$ 9.05	\$ 10.15	\$ 10.80
Close	\$ 13.45	\$ 12.71	\$ 12.52	\$ 11.80	\$ 11.94	\$ 11.08	\$ 10.80	\$ 10.98	\$ 10.95
Trading volumes (000s)	5,695	6,747	9,613	6,443	5,235	5,485	3,974	3,441	2,325
Cumulative Trading Volume (000s)	12,442	6,747	26,776	17,163	10,720	5,485	12,359	8,385	4,944
Units outstanding (000s):									
End of period	38,649	38,489	33,115	32,627	32,600	27,908	27,888	27,865	23,395
Weighted average (basic)	38,536	36,633	32,991	32,611	29,818	27,898	27,878	23,937	23,384

(1) Before changes in working capital items.

(2) Cash and cash equivalents, net of bank indebtedness.

(3) Includes obligations under capital leases, excludes convertible debentures.

(4) Long-term debt and bank indebtedness, net of cash and cash equivalents.

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Douglas A. Bailey, CA
Chief Financial Officer

Hugh A. Adams
Corporate Secretary

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