
ARCTIC GLACIER INCOME FUND

Arctic Glacier Reports Record Earnings In Third Quarter

Net income climbs to \$11.6 million

WINNIPEG, November 12, 2004 – The Arctic Glacier Income Fund (TSX-AG) today announced results for the third quarter and nine months ended September 30, 2004.

Highlights

- Purchased distribution center in Newburgh, New York
- Improved tax efficiency of cash flow from U.S. subsidiaries to Fund
- Completed tuck-in acquisition in Minnesota market
- Increased sales \$2.4 million to \$50.6 million
- Increased earnings \$0.2 million to \$11.6 million
- Maintained quarterly cash distribution rate of \$0.27 per unit

“During the third quarter we successfully integrated our recent acquisitions and increased overall sales, despite unseasonably cool and wet weather,” said Robert Nagy, President and CEO of Arctic Glacier Inc., the Fund’s operating company. “It has been a very challenging year to date for the entire industry, but we expect that a return to more favorable weather patterns will improve the outlook in 2005.”

Keith McMahan, Executive Vice President and CFO of Arctic Glacier, said the remaining proceeds of unit offerings in 2003, which are expected to be fully deployed during the fourth quarter, have a dilutive effect on results until deployed. “To date, our acquisitions have been accretive to both earnings and distributable cash,” said Mr. McMahan.

During the quarter the Fund maintained a quarterly cash distribution rate of \$0.27 per unit resulting in declared distributions to unitholders totaling \$6.2 million. This represents \$1.07 per unit on an annualized basis. To eliminate the effect of seasonal fluctuations in distributable cash, monthly distributions have been leveled throughout the year.

Third Quarter Operational Review

During the third quarter, Arctic Glacier continued execution of its growth strategy in key U.S. markets. The Fund acquired the assets of a small ice manufacturer and one of its distributors in the Minnesota market in July and also purchased a distribution center in Newburgh, New York that had previously been leased. The Newburgh facility will be expanded and converted into a production plant during the first half of 2005.

Effective September 1, 2004, the Fund and its subsidiaries changed certain aspects of their internal corporate structure to improve the tax efficiency of the flow of funds from

U.S. subsidiaries to the Fund for ultimate distribution to unitholders. As a result, certain components of cash flows from the U.S. to Canada are now considered to be portfolio interest for taxation purposes and are no longer subject to U.S. withholding tax.

“We expect these changes to our subsidiaries will lead to an increase in distributable cash of about \$0.3 million in 2004 and \$1.0 million on an annualized basis going forward,” said Mr. McMahon.

Third Quarter Financial review

Sales in the third quarter totaled \$50.6 million, up from \$48.2 million in the same period last year. Acquisitions completed over the past 12 months, primarily in the New York and Pennsylvania markets, contributed \$8.2 million in sales.

Operating results for the third quarter were significantly affected by the unseasonably cool and wet weather conditions that affected much of North America this summer. Many key markets experienced the coolest summer in recent history, with some setting long-term records for cold or rain. As a result, sales were down 9% or \$4.2 million in markets serviced prior to these acquisitions.

The strengthened Canadian dollar also adversely impacted sales during the third quarter. The Canadian-dollar value of sales generated in U.S. markets declined by \$1.6 million compared to the same period in 2003.

For the first nine months of 2004, sales totaled \$98.0 million, an increase of \$16.5 million or 20% over the same period in 2003. Year-to-date contributions to sales by acquisitions during the past 12 months were partially offset by the effect of poor weather and the strengthened Canadian dollar.

Earnings for the third quarter were \$11.6 million, a 2% or \$0.2 million increase compared to \$11.4 million for the same quarter in 2003. On a per-unit basis, the increased number of units issued and outstanding reduced earnings to \$0.50 per unit (basic and diluted) from \$0.62 in the third quarter last year.

For the nine months ended September 30, 2004, earnings were \$14.1 million, an increase of 17% or \$2.0 million compared to \$12.1 million earned in the same period last year. Earnings per unit for the period totaled \$0.60, compared to \$0.73 in 2003.

Distributable cash for the quarter just ended increased 11% or \$2.0 million to \$19.0 million, compared to \$17.0 million in 2003. For the first nine months of 2004, distributable cash was \$21.6 million, an increase of 15% compared to \$18.8 million in the same period in 2003. On a per unit basis, distributable cash for the first nine months of 2004 was \$0.93 compared to \$1.13 for the same period in 2003.

For both the quarter and the first nine months of 2004, earnings and distributable cash per unit were impacted by the dilutive effect of undeployed proceeds of units issued in the

October 2003 equity offering. These proceeds are expected to be deployed in the fourth quarter of 2004.

Financial Position

As at September 30, 2004, Arctic Glacier's total debt was \$56.0 million, down from \$62.6 million at the same time last year. The Fund had total working capital of \$22.1 million, including \$11.9 million in cash, at the end of the third quarter. This compares to working capital of \$22.7 million one year ago. The Fund's net debt to trailing 12-month EBITDA ratio at quarter end was 1.7:1, compared to 2.0:1 in 2003.

Arctic Glacier is well positioned for continued growth by acquisition. At the end of the quarter, the Fund had \$18 million available for investment from the October 2003 equity offering. The Fund expects to deploy the balance of this capital during the fourth quarter of 2004.

Outlook

In the fourth quarter, Arctic Glacier expects sales to increase due to contributions from its recent acquisitions. However, management expects some of these contributions to be offset by the negative effect on sales of the stronger Canadian dollar.

For the 12 months ended December 31, 2004, management believes the combined effect of poor weather and the stronger Canadian dollar have affected results to the extent that distributions paid to unitholders will exceed distributable cash. However, the Fund possesses sufficient cash resources required to maintain distributions for the balance of 2004. In addition, Arctic Glacier anticipates that a return to more normal weather patterns next year, combined with the expected 2004 fourth quarter deployment of the remaining proceeds of 2003 equity offerings, will generate sufficient cash in 2005 to meet or exceed the current annualized distribution rate of \$1.07 per unit.

For the balance of 2004, management is actively investigating accretive opportunities in markets where a significant regional presence can be achieved or enhanced. The Fund is financially well positioned for expansion and will proceed with acquisitions that meet exacting guidelines on quality, accretion, location and value.

Arctic Glacier will discuss third quarter results for 2004 during a conference call with a live audio webcast for investors and analysts on **Friday, November 12 at 2 p.m. (EDT)**. To access the simultaneous webcast, please visit Arctic Glacier's website at www.arcticglacierinc.com. Please note the webcast allows participants to listen only.

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

20 production plants and 35 distribution facilities across Canada and the central and northeastern United States servicing more than 40,000 retail accounts.

Arctic Glacier Income Fund trust units are listed on the Toronto Stock Exchange under the trading symbol AG. There are 23.3 million trust units outstanding.

This news release contains forward-looking statements, which are subject to certain risks, uncertainties and assumptions. A number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, and there is no assurance that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as at the date of this news release, and the Fund assumes no obligation to update or revise them, either publicly or otherwise, to reflect new events, information or circumstances.

EBITDA and distributable cash are not recognized measures under Canadian generally accepted accounting principles (GAAP). EBITDA is defined as earnings before interest, taxes, amortization and non-recurring expenses, including acquisition integration charges that are one-time costs unique to each individual acquisition. EBITDA is a performance metric used by many investors to provide an indication of cash available for distribution from ongoing operations prior to debt service, capital expenditures and income taxes and is often used to compare companies and Income Funds on the basis of ability to generate cash from ongoing operations. Distributable cash is a performance metric used by many investors to summarize the funds available for distribution to unitholders in an Income Fund. Investors should be cautioned that EBITDA and distributable cash should not be construed as alternatives to net income, cash from operations or other financial measures determined in accordance with GAAP as indicators of the Fund's performance. The Fund's method of calculating EBITDA and distributable cash may differ from other companies and Income Funds and, accordingly, may not be comparable to measures used by them.

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The Toronto Stock Exchange does not approve or disapprove of the adequacy or accuracy of this release.

ARCTIC GLACIER INCOME FUND

Interim Consolidated Balance Sheets

As at September 30, 2004 and 2003 (unaudited) and December 31, 2003 (audited)

(thousands)	September 30, 2004	September 30, 2003	December 31, 2003
ASSETS			
Current assets			
Cash	\$ 11,900	\$ 13,055	\$ 11,032
Accounts receivable	13,860	16,030	6,417
Inventories	3,726	3,097	3,515
Prepaid expenses	2,539	1,862	2,213
	<u>32,025</u>	34,044	<u>23,177</u>
Property, plant and equipment	94,046	82,447	89,061
Other assets	4,152	3,822	3,703
Intangibles	1,376	1,373	1,375
Goodwill	101,972	92,437	97,341
	<u>\$ 233,571</u>	<u>\$ 214,123</u>	<u>\$ 214,657</u>
LIABILITIES AND UNITHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 7,648	\$ 9,603	\$ 8,366
Distributions payable to unitholders	2,081	1,633	2,076
Current obligations under capital leases	51	89	427
Principal due within one year on long-term debt	190	67	203
	<u>9,970</u>	11,392	<u>11,072</u>
Obligations under capital leases	-	486	38
Long-term debt	55,721	61,915	31,377
Future income taxes	7,568	8,740	5,701
Unitholders' equity			
Capital contributions	201,508	153,603	200,905
Contributed surplus	285	-	-
Cumulative earnings	22,112	9,314	8,026
Cumulative distributions	(51,214)	(26,278)	(32,505)
Cumulative translation adjustment	(12,379)	(5,049)	(9,957)
	<u>160,312</u>	131,590	<u>166,469</u>
	<u>\$ 233,571</u>	<u>\$ 214,123</u>	<u>\$ 214,657</u>

ARCTIC GLACIER INCOME FUND

Interim Consolidated Statements of Operations

Three and nine months ended September 30, 2004 and 2003 (unaudited)

(thousands, except per unit amounts)	Three Months		Nine Months	
	2004	2003	2004	2003
Sales	\$ 50,640	\$ 48,219	\$ 97,950	\$ 81,430
Cost of sales, selling, general and administration expenses	30,443	27,806	71,323	56,321
Earnings before the undernoted	20,197	20,413	26,627	25,109
Amortization	2,939	2,744	8,839	7,569
Interest	455	510	1,171	1,306
Acquisition integration charges	83	117	315	117
Loss (gain) on disposal of property, plant and equipment	(258)	(3)	(363)	56
Gain on foreign exchange options	(380)	-	(901)	-
Non-recurring expenses	-	179	109	276
Earnings before income taxes	17,358	16,866	17,457	15,785
Income taxes				
Current	450	873	1,389	1,091
Future	5,342	4,642	1,982	2,642
	5,792	5,515	3,371	3,733
Earnings for the period	\$ 11,566	\$ 11,351	\$ 14,086	\$ 12,052
Earnings per unit – basic and diluted	\$ 0.50	\$ 0.62	\$ 0.60	\$ 0.73

ARCTIC GLACIER INCOME FUND

Interim Consolidated Statements of Cumulative Earnings

Three and nine months ended September 30, 2004 and 2003 (unaudited)

(thousands)	Three Months		Nine Months	
	2004	2003	2004	2003
Cumulative earnings (deficit), beginning of period	\$ 10,546	\$ (2,037)	\$ 8,026	\$ (2,738)
Earnings for the period	11,566	11,351	14,086	12,052
Cumulative earnings, end of period	\$ 22,112	\$ 9,314	\$ 22,112	\$ 9,314

ARCTIC GLACIER INCOME FUND
Interim Consolidated Statements of Cash Flows
 Three and nine months ended September 30, 2004 and 2003 (unaudited)

(thousands)	Three Months		Nine Months	
	2004	2003	2004	2003
Cash from (used in):				
Operating activities				
Earnings for the period	\$ 11,566	\$ 11,351	\$ 14,086	\$ 12,052
Adjustments for:				
Amortization	2,939	2,744	8,839	7,569
Gain (loss) on disposal of property, plant and equipment	(258)	(3)	(363)	56
Unit-based compensation expense	48	-	283	-
Unrealized loss (gain) on foreign exchange options	178	-	(269)	-
Future income taxes	5,342	4,642	1,982	2,642
Funds from operations	19,815	18,734	24,558	22,319
Changes in working capital items	658	(1,116)	(8,120)	(5,313)
	<u>20,473</u>	<u>17,618</u>	<u>16,438</u>	<u>17,006</u>
Investing activities				
Additions to property, plant and equipment	(4,041)	(2,479)	(11,188)	(5,477)
Proceeds from disposal of property, plant and equipment	338	12	797	42
Additions to other assets	(35)	(608)	(274)	(651)
Additions to intangibles	-	-	-	(3)
Additions to goodwill	(93)	-	(144)	-
Acquisition of business operations, net of bank indebtedness assumed of \$nil (2003 - \$569)	(2,538)	(27,939)	(12,252)	(34,631)
	<u>(6,369)</u>	<u>(31,014)</u>	<u>(23,061)</u>	<u>(40,720)</u>
Financing activities				
Proceeds from long-term debt	3,940	28,740	26,606	29,847
Principal repayments on long-term debt	(51)	(35)	(159)	(13,638)
Principal payments under capital lease obligations	(18)	(77)	(414)	(228)
Units issued	223	(6)	603	23,652
Cash distributions paid	(6,239)	(4,899)	(18,704)	(13,255)
	<u>(2,145)</u>	<u>23,723</u>	<u>7,932</u>	<u>26,378</u>
Foreign exchange loss on cash held in foreign currency	(534)	(624)	(441)	(1,528)
Increase in cash	11,425	9,703	868	1,136
Cash, beginning of period	475	3,352	11,032	11,919
Cash, end of period	\$ 11,900	\$ 13,055	\$ 11,900	\$ 13,055
Supplementary cash flow information				
Interest paid	\$ 550	\$ 510	\$ 1,279	\$ 1,535
Income taxes paid	450	228	1,390	497

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Interim Schedule of Distributable Cash

Three and nine months ended September 30, 2004 and 2003 (unaudited)

(thousands, except per unit amounts)	<u>Three Months</u>		<u>Nine Months</u>	
	2004	2003	2004	2003
Cash from operating activities	\$ 20,473	\$ 17,618	\$ 16,438	\$ 17,006
Adjustments:				
Changes in working capital items	(658)	1,116	8,120	5,313
	19,815	18,734	24,558	22,319
Less sustaining capital expenditures, net of dispositions	(857)	(1,726)	(2,917)	(3,511)
Distributable cash	18,958	\$ 17,008	\$ 21,641	\$ 18,808
Weighted average number of units	23,321	18,310	23,302	16,601
Distributable cash per unit	\$ 0.81	\$ 0.93	\$ 0.93	\$ 1.13
Distributions declared	\$ 6,241	\$ 4,899	\$ 18,709	\$ 13,517
Distributions declared per unit	\$ 0.27	\$ 0.27	\$ 0.80	\$ 0.80
Distributions declared per unit (annualized)	\$ 1.07	\$ 1.07	\$ 1.07	\$ 1.07