
ARCTIC GLACIER INCOME FUND

Arctic Glacier Earns Record \$14.3 Million In 2004

Acquisitions fuel 33% increase in net earnings

WINNIPEG, March 24, 2005 – The Arctic Glacier Income Fund (TSX:AG) today announced results for the fourth quarter and year ended December 31, 2004.

Highlights for 2004

- Record sales of \$114.4 million
- Record net earnings of \$14.3 million
- Completed four acquisitions involving 19 companies
- Established leading market position in Michigan including key Detroit market
- Expanded leading market position in New York City and northern New Jersey
- Improved tax efficiency of cash flow from U.S. subsidiaries to Fund
- Maintained \$1.07 per unit annualized distribution rate
- Fixed interest rates to January 2010 with new US\$60 million senior note issue
- Signed franchising agreement with largest ice manufacturer in St. Louis, Missouri market

“We view 2004 as a year of challenges and achievements,” said Robert Nagy, President and CEO of Arctic Glacier Inc., the Fund’s operating company. “The challenges were derived from unfavorable weather in our principal markets. However, our acquisition program resulted in record year-end highs in several categories. The strong growth and sustained profitability achieved in 2004 reflect the soundness of our strategy, the efficiency of our operations and the strength of our team.”

Unseasonably cool and wet weather in almost all of Arctic Glacier’s markets during the key summer season resulted in lower sales of packaged ice than anticipated during 2004. The financial contribution of acquisitions made in 2003 and early 2004 were partly offset by the adverse effect of the unseasonable weather on expected results. In spite of this challenge, the Fund still posted record levels for sales, EBITDA, earnings and distributable cash.

The two largest acquisitions during 2004 were completed in late December, which was too late in the year to contribute to distributable cash. An additional restraint on distributable cash was the dilutive effect of units from the Fund’s October 2003 equity offering, for which the proceeds were not deployed until late in 2004. These factors, in addition to the poor weather conditions, resulted in distributable cash per unit falling significantly below management’s expectations.

“Distributable cash for 2004 amounted to \$0.96 per unit. With the expectation that the remaining proceeds from the 2003 equity offering would be fully deployed by the end of 2004 and the expected return to more normal weather patterns, the Fund maintained distributions at an annualized rate of \$1.07 per unit,” said Keith McMahon, Executive Vice President and CFO of

Arctic Glacier. “The result was a payout ratio of 111%. During 2005, our acquisitions completed in 2004 will be fully accretive to distributable cash. The strong and sustainable cash flow that results is expected to exceed distributions, resulting in a payout ratio of less than 100% during 2005.”

Fourth Quarter Operational Review

During the fourth quarter, Arctic Glacier continued to execute its growth strategy in key U.S. markets as it enhanced its operating and financial position in those markets.

The Fund acquired the assets and operations of the Losquadro Ice Group of New York City in December, with annual sales of approximately \$10 million. This acquisition clearly establishes Arctic Glacier as the market leader in New York City, expanding the Fund’s presence to Brooklyn, Queens, Staten Island, Long Island and northern New Jersey.

Late in December, Arctic Glacier completed the acquisition of the Michigan-based Party Time Ice group of companies, with annual sales of approximately \$20 million. This acquisition, the largest in the history of Arctic Glacier, provides the Fund with a leading market position in Michigan, and in particular the densely populated market of Detroit. It also establishes a new platform for future regional expansion.

These acquisitions were funded with the remaining undeployed proceeds of the October 2003 equity offering as well as proceeds from a senior secured note facility established with John Hancock Life Insurance Company in December 2004.

Fourth Quarter Financial review

Sales in the fourth quarter totaled \$16.5 million, a 5% increase from the same period in 2003. Acquisitions contributed \$1.3 million in sales, while previously serviced markets gained \$0.2 million. This was partially offset by the stronger Canadian dollar, which reduced the volume of reported sales by \$0.8 million.

Operating results for the fourth quarter improved from last year. The improvement is primarily the result of savings realized from the rationalization of production facilities in Pennsylvania, integration of distribution networks in acquired businesses, and operational changes made in the latter part of the year. As a result, EBITDA increased to \$1.4 million, compared to negative \$0.6 million for the same period in 2003.

Amortization increased 21% to \$3.2 million and interest expense increased to \$0.6 million from \$0.3 million in 2003 as a result of acquisitions and the resultant debt financing.

Earnings for the fourth quarter totaled \$0.2 million, compared to a loss of \$1.3 million for the same period in 2003. On a per-unit basis, earnings were \$0.01 per unit (basic and diluted) versus a loss of \$0.06 in 2003.

Fiscal 2004 Financial Review

Powered by acquisitions completed in late 2003 and early 2004, revenues increased 18% to a record \$114.4 million. Acquired operations contributed \$24.3 million to sales, offsetting a decrease of \$3.8 million in previously serviced markets due to poor weather and a reduction of reported sales by \$3.3 million due to the stronger Canadian dollar.

EBITDA increased 15% to a record \$28.1 million as a result of the contribution of acquired operations. EBITDA margin, at 24.5% of sales, was down from 25.2% in 2003 primarily as a result of lower margins associated with newly acquired operations over the first 18 to 24 months after acquisition until the full effect of cost savings and efficiencies are realized. Margins were also eroded by reduced operational and fixed cost efficiency resulting from the weather-related reduction in sales volumes, and increased fuel and packaging costs.

Amortization increased 18% to \$12.0 million in 2004 as a result of acquisitions and capital investment, combined with costs associated with amortizing the value assigned to new customer relationships and non-competition agreements arising from acquisitions. Interest expense totaled \$1.8 million, compared to \$1.6 million in 2003, as a result of higher debt levels to finance acquisitions.

Net earnings advanced 33% to a new high of \$14.3 million, mainly due to acquired operations and gains on currency management. On a per-unit basis, earnings (basic and diluted) increased to \$0.61 from \$0.59.

Distributable cash increased 25% to a record \$22.3 million. However, the dilutive effect of the higher number of units in 2004 from the undeployed proceeds of the October 2003 equity offering led to distributable cash per unit of \$0.96, compared to \$0.98 in 2003.

Financial Position

In December, Arctic Glacier established a long-term senior secured note facility with John Hancock Life Insurance Company. Under this facility, the Fund issued US\$60 million of notes, maturing in January 2010, with a fixed interest rate of 5.35%, which provides certainty with respect to interest rate exposure on a significant portion of the Fund's debt. This enhances stability of cash flow and distributions to unitholders.

As at December 31, 2004, Arctic Glacier's total debt was \$112.8 million, compared to \$32.0 million at the same time last year, with the increase due primarily to the Fund's acquisition and growth program during the year. Net debt, defined as total long-term debt and obligations under capital leases less cash, was \$98.0 million, up from \$21.0 million in 2003. Included in the 2004 figures is \$13 million of temporary bridge financing under existing credit facilities.

The Fund's net debt to EBITDA ratio at year end was 2.6:1, or 2.2:1 excluding the temporary bridge financing. This compares to 0.9:1 at December 31, 2003, or 1.8:1 excluding the undeployed equity capital. The Fund had total working capital of \$15.8 million, including \$14.8 million in cash, at year end 2004, versus \$12.1 million of working capital one year ago.

Outlook

“With the proceeds of the October 2003 equity offering fully deployed and contributing to cash flow, we expect the acquisitions completed during 2004 will be accretive to distributable cash during 2005,” said Mr. Nagy. “In addition, we will continue to focus on maximizing operational efficiencies. These factors, combined with a return to more normal weather patterns, are expected to enable the Fund to generate sufficient cash to exceed the current annualized distribution level of \$1.10 per unit.”

During 2005, management will continue to implement the Fund's three-part growth strategy. It consists of actively investigating accretive acquisition opportunities, improving margins of acquired operations through rationalization and investments in improved product quality, and franchising the Arctic Glacier[®] Premium Ice brand.

Arctic Glacier will discuss fourth quarter and year end results for 2004 during a conference call with a live audio webcast for investors and analysts on **Thursday, March 24 at 11 a.m. (EST)**. To access the simultaneous webcast, please visit Arctic Glacier's website at www.arcticglacierinc.com. Please note the webcast allows participants to listen only.

Arctic Glacier Income Fund, through its operating company, Arctic Glacier Inc., is a leading producer, marketer and distributor of high-quality packaged ice in North America under the brand name of Arctic Glacier[®] Premium Ice. Arctic Glacier operates 24 production plants and 39 distribution facilities across Canada and the central, midwest and northeastern United States servicing more than 50,000 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, non-recurring expenses and acquisition integration charges that are one-time costs

unique to each individual acquisition. EBITDA is a performance metric used by many investors to provide an indication of cash available for distribution from ongoing operations prior to debt service, capital expenditures and income taxes and is often used to compare companies and income trusts on the basis of ability to generate cash from ongoing operations. Distributable cash is a performance metric used by many investors to summarize the funds available for distribution to unitholders in an income trust. Investors should be cautioned that EBITDA and distributable cash should not be construed as alternatives to net income, cash from operations or other financial measures determined in accordance with GAAP as indicators of the Fund's performance. The Fund's method of calculating EBITDA and distributable cash may differ from other companies and income trusts and, accordingly, may not be comparable to measures used by them.

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Contact Information

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ARCTIC GLACIER INCOME FUND
Interim Consolidated Balance Sheets
As at December 31, 2004 and 2003 (audited)

(thousands)	2004	2003
ASSETS		
Current assets		
Cash	\$ 14,755	\$ 11,032
Accounts receivable	7,845	6,417
Inventories	5,961	3,515
Prepaid expenses	2,180	2,213
	<u>30,741</u>	<u>23,177</u>
Property, plant and equipment	120,717	89,061
Other assets	3,739	2,343
Intangibles	25,695	2,735
Goodwill	106,150	97,341
	<u>\$ 287,042</u>	<u>\$ 214,657</u>
 LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 12,325	\$ 8,366
Distributions payable to unitholders	2,083	2,076
Obligations under capital leases due within the fiscal year	38	427
Principal due within the fiscal year on long-term debt	514	203
	<u>14,960</u>	<u>11,072</u>
Obligations under capital leases	-	38
Long-term debt	112,252	31,377
Future income taxes	10,426	5,701
 Unitholders' equity		
Capital contributions	201,721	200,905
Contributed surplus	334	-
Cumulative earnings	22,327	8,026
Cumulative distributions	(57,462)	(32,505)
Cumulative translation adjustment	(17,516)	(9,957)
	<u>149,404</u>	<u>166,469</u>
	<u>\$ 287,042</u>	<u>\$ 214,657</u>

ARCTIC GLACIER INCOME FUND**Interim Consolidated Statements of Operations**

Three and twelve months ended December 31, 2004 and 2003

(thousands, except per unit amounts)	Three Months		Twelve Months	
	(unaudited)		(audited)	
	2004	2003	2004	2003
Sales	\$ 16,484	\$ 15,740	\$114,434	\$ 97,170
Cost of sales, selling, general and administration expenses	15,061	16,387	86,384	72,708
Earnings (loss) before the undernoted	1,423	(647)	28,050	24,462
Amortization	3,205	2,656	12,044	10,225
Interest	613	303	1,784	1,609
Acquisition integration charges	147	96	462	213
Loss (gain) on disposal of property, plant & equipment	77	331	(286)	387
Gain on foreign exchange options	(334)	-	(1,235)	-
Debt settlement costs	518	-	518	-
Non-recurring expenses	10	(35)	119	241
Reduction in cumulative translation adjustment	585	-	585	-
Earnings (loss) before income taxes	(3,398)	(3,998)	14,059	11,787
Income tax expense (reduction)				
Current	153	346	1,542	1,437
Future	(3,766)	(3,056)	(1,784)	(414)
	(3,613)	(2,710)	(242)	1,023
Earnings (loss) for the period	\$ 215	\$ (1,288)	\$ 14,301	\$ 10,764
Earnings (loss) per unit – basic and diluted	\$ 0.01	\$ (0.06)	\$ 0.61	\$ 0.59

Interim Consolidated Statements of Cumulative Earnings

Three and twelve months ended December 31, 2004 and 2003

(thousands)	Three Months		Twelve Months	
	(unaudited)		(audited)	
	2004	2003	2004	2003
Cumulative earnings (deficit), beginning of period	\$ 22,112	\$ 9,314	\$ 8,026	\$ (2,738)
Earnings (loss) for the period	215	(1,288)	14,301	10,764
Cumulative earnings, end of period	\$ 22,327	\$ 8,026	\$ 22,327	\$ 8,026

ARCTIC GLACIER INCOME FUND**Interim Consolidated Statements of Cash Flows**

Three and twelve months ended December 31, 2004 and 2003

(thousands)	Three Months		Twelve Months	
	(unaudited)		(audited)	
	2004	2003	2004	2003
Cash from (used in):				
Operating activities				
Earnings (loss) for the period	\$ 215	\$ (1,288)	\$ 14,301	\$ 10,764
Adjustments for:				
Amortization	3,205	2,656	12,044	10,225
Loss (gain) on disposal of property, plant & equipment	77	331	(286)	387
Unit based compensation expense	51	-	334	-
Unrealized losses (gains) on foreign exchange options	69	-	(200)	-
Non-cash portion of debt settlement expenses	518	-	518	-
Non-cash reduction in cumulative translation adjustment	585	-	585	-
Future income taxes reduction	(3,766)	(3,056)	(1,784)	(414)
Funds from operations	954	(1,357)	25,512	20,962
Changes in working capital items	9,638	7,491	1,518	2,178
	10,592	6,134	27,030	23,140
Investing activities				
Additions to property, plant and equipment	(3,752)	(3,153)	(14,940)	(8,630)
Proceeds from disposal of property, plant and equipment	111	295	908	337
Additions to other assets	(2,725)	(149)	(2,999)	(800)
Additions to intangibles	(13)	(134)	(13)	(137)
Additions to goodwill	(52)	(65)	(196)	(65)
Acquisition of business operations	(51,274)	(16,203)	(63,526)	(50,834)
	(57,705)	(19,409)	(80,766)	(60,129)
Financing activities				
Proceeds from long-term debt	73,550	2,723	100,156	32,570
Principal repayments on long-term debt	(15,914)	(31,267)	(16,073)	(44,905)
Principal payments under capital lease obligations	(12)	(110)	(426)	(338)
Units issued, net of issue costs	213	47,302	816	70,954
Cash distributions paid	(6,246)	(5,783)	(24,950)	(19,038)
	51,591	12,865	59,523	39,243
Foreign exchange loss on cash held in foreign currency	(1,623)	(1,613)	(2,064)	(3,141)
Increase (decrease) in cash	2,855	(2,023)	3,723	(887)
Cash, beginning of period	11,900	13,055	11,032	11,919
Cash, end of period	\$ 14,755	\$ 11,032	\$ 14,755	\$ 11,032

ARCTIC GLACIER INCOME FUND**Schedule of Distributable Cash**

Three and twelve months ended December 31, 2004 and 2003 (unaudited)

(thousands, except per unit amounts)	<u>Three Months</u>		<u>Twelve Months</u>	
	2004	2003	2004	2003
Cash from operating activities	\$ 10,592	\$ 6,134	\$ 27,030	\$ 23,140
Adjustments:				
Changes in working capital items	(9,638)	(7,491)	(1,518)	(2,178)
	954	(1,357)	25,512	20,962
Less sustaining capital expenditures, net of dispositions	(304)	343	(3,221)	(3,168)
Distributable cash	\$ 650	\$ (1,014)	\$ 22,291	\$ 17,794
Weighted average number of units	23,341	22,837	23,312	18,173
Distributable cash per unit	\$ 0.03	\$ (0.04)	\$ 0.96	\$ 0.98
Distributions declared	\$ 6,248	\$ 6,227	\$ 24,957	\$ 19,744
Distributions declared per unit	\$ 0.27	\$ 0.27	\$ 1.07	\$ 1.07