
ARCTIC GLACIER INCOME FUND

Arctic Glacier Posts Second Quarter Sales Record

Acquisitions over past 12 months drive gains

WINNIPEG – August 14, 2007 – Arctic Glacier Income Fund (TSX:AG.UN) today announced results for the second quarter ended June 30, 2007.

Highlights

- Completed 4 tuck-in acquisitions in Canada & northeastern U.S.
- Converted manufacturing plant in Santa Ana, California into a distribution center
- Completed manufacturing capacity increases in California and Ontario
- Completed manufacturing facility upgrade in Pennsylvania
- Completed construction of distribution facility in Albany, New York
- Increased sales 32% to second-quarter record \$79.8 million
- Increased EBITDA 33% to second-quarter record \$27.3 million
- Increased distributable cash 14% to second-quarter record \$18.5 million

“Arctic Glacier’s sales reached a record second-quarter high,” said Keith McMahon, President and CEO of Arctic Glacier Inc., the Fund’s operating company. “Since the end of the second quarter of 2006, the Fund made the major acquisitions of Union Ice in California and Happy Ice in New York, plus the final portion of our largest-ever acquisition – California Ice. In addition, during the first two quarters of 2007 we completed five tuck-in acquisitions. The revenues contributed by these new operations resulted in a 32% gain over the same quarter last year.”

Mr. McMahon added that Arctic Glacier’s program of rationalization and integration measures for acquired operations allowed the company to capture synergies and maximize operational efficiencies. These activities included increasing manufacturing capacity at four plants in California and one in Ontario, completing a drying and packaging equipment upgrade in Pennsylvania and construction of a new distribution facility in Albany, New York.

Doug Bailey, Chief Financial Officer of Arctic Glacier, said Canada’s capital markets have enabled Arctic Glacier to achieve growth measures while maintaining financial strength. “During the first quarter the Fund completed a \$70.1 million offering of new units. This allowed us to complete the acquisition of Union Ice and pay down debt, while maintaining overall leverage at a reasonable level.”

Second Quarter 2007 Review

Sales in the second quarter totaled \$79.8 million, an increase of \$19.3 million or 32% from the same period in 2006. Most of the gain was attributable to California Ice, Happy Ice and Union Ice operations, acquired during 2006 and the first quarter of 2007. Sales in previously serviced

markets increased \$0.7 million or 1% compared to the same quarter in 2006, while the stronger Canadian dollar decreased reported sales by \$1.5 million. For the first six months of 2007, sales increased by 41% to \$106.2 million.

EBITDA during the second quarter was \$27.3 million, an increase of \$6.7 million or 33% from the same period last year. Six-month EBITDA totaled \$21.1 million, up 30% from the first half of 2006. The total for the second quarter was higher than the six month figure because of seasonality in the packaged ice business. During the winter months that comprise the first quarter of the calendar year, sales of packaged ice are slow and EBITDA, earnings and distributable cash are normally negative. As a result, gains during the second quarter are partially offset by negative results from the first quarter and the total for six months is typically lower than the second-quarter figure.

Net income for the most recent quarter increased 31% to \$11.7 million or \$0.30 (basic) and \$0.29 (diluted) compared to \$0.30 (basic and diluted) for the same quarter of 2006. For the first six months of 2007, earnings totaled \$0.8 million or \$0.02 per unit (basic and diluted), versus \$4.6 million, or \$0.16 per unit (basic and diluted) in the same period in 2006. The six-month earnings results were lower than the second quarter for the same reason as EBITDA (above).

Acquisitions during the past year powered a 14% increase in distributable cash, to a second quarter high of \$18.5 million. The increase was partially offset by the stronger Canadian dollar and a non-recurring expense related to clean-up and repair of Arctic Glacier's Mamaroneck manufacturing plant following a severe storm in April. On a per-unit basis that equated to \$0.48, versus \$0.54 in the same 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. The new operations therefore contributed to results only during the busiest portion of the quarter. By contrast, during the second quarter of 2007 these same operations contributed to results during the entire period, including the slower first half of the quarter. This had the effect of reducing distributable cash per unit for the full three-month period just ended.

During the first six months of 2007, distributable cash totaled \$5.7 million or \$0.15 per unit, compared to \$9.5 million or \$0.33 last year. The main reason for the decrease was 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.

The Fund declared distributions to unitholders totaling \$10.6 million during the quarter, up 24% from 2006. That equates to \$0.28 per unit for the second quarter in both years. The Fund's current monthly distribution rate of \$0.0917 per unit amounts to an annualized rate of \$1.10.

Financial Position

As at June 30, 2007, Arctic Glacier's total long-term debt, excluding convertible debentures, was \$177.4 million, compared to \$186.1 million at December 31, 2006. The decrease relates to the reduction of debt from the proceeds of a \$70.1 million equity offering in the first quarter.

The Fund's net debt to EBITDA ratio at June 30, 2007 was 2.6:1 (after adjusting EBITDA by \$3.7 million to reflect the trailing 12-month contribution of acquisitions made during the year). That compares to 2.7:1 at December 31, 2006 (EBITDA adjusted by \$8.8 million). The Fund's intention is to maintain an annual average leverage ratio of less than 2.25:1. The first and second quarter ratios are typically higher due to seasonal operating requirements, while the third and fourth quarter ratios are typically lower.

Outlook

Arctic Glacier's acquisitions over the past year are performing well. Sales and other key performance metrics increased to new highs in the second quarter. In addition, as rationalization and integration initiatives are completed and brought onstream, the Fund benefits from the productivity enhancements, operational synergies and cost reductions they enable. The results point to the prospect of similar benchmarks being achieved in the third and final quarters of 2007.

The growth initiatives over the past year have strengthened Arctic Glacier's position as the second-largest packaged ice company in North America. Management has consolidated Arctic Glacier's leadership in key markets that include all of Canada, the populous northeastern states, Michigan including the greater Detroit area, the central states and California.

The expanded scale of Arctic Glacier, the accretive nature of the Fund's acquisitions and enhanced profitability due to rationalization initiatives will combine to produce record highs at the end of 2007.

In 2007 the Fund will benefit from a full year of contributions from California Ice and Happy Ice, plus 10 months from Union Ice. 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 Fund's accretive acquisitions, rationalized operations and tight focus on overhead will continue to generate distributable cash exceeding monthly requirements for distributions at the current annualized rate of \$1.10 per unit. The Fund will continue to pay unitholder distributions while maximizing unitholder value in the future.

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 37 manufacturing plants and 52 distribution facilities across Canada and the northeast, central and western United States servicing more than 70,000 retail accounts.

Arctic Glacier Income Fund trust units are listed on the Toronto Stock Exchange under the trading symbol AG.UN. There are 38.9 million trust units outstanding.

Conference Call and Webcast

Arctic Glacier will discuss second quarter 2007 results during a conference call with a live audio webcast for investors and analysts on **Tuesday, August 14 at 11 a.m. (EDT)**. To access the simultaneous webcast, log on to Arctic Glacier's website at www.arcticglacierinc.com. Please note the webcast allows participants to listen only.

Forward-Looking Statements

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.

Non-GAAP 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 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.

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Contact Information

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ARCTIC GLACIER INCOME FUND

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	162,995	151,996	171,783
Convertible debentures	81,448	89,999	85,496
Future income taxes	-	4,733	4,696
Unitholders' equity			
Units	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	(41,602)	(23,957)	(12,541)
	255,653	225,947	238,025
	\$ 548,310	\$ 517,605	\$ 543,492

ARCTIC GLACIER INCOME FUND
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	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				
Basic	\$ 0.30	\$ 0.30	\$ 0.02	\$ 0.16
Diluted	0.29	0.30	0.02	0.16

ARCTIC GLACIER INCOME FUND**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	-	-	(293)	-
	<u>369,739</u>	<u>249,925</u>	<u>303,176</u>	<u>249,747</u>
Units issued, net of issue costs	1,476	47,094	68,039	47,272
Balance, end of period	<u>371,215</u>	<u>297,019</u>	<u>371,215</u>	<u>297,019</u>
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	<u>927</u>	<u>775</u>	<u>927</u>	<u>775</u>
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	<u>9,484</u>	<u>10,161</u>	<u>9,484</u>	<u>10,161</u>
Deficit				
Balance, beginning of period	(85,492)	(58,458)	(63,284)	(46,432)
Adoption of new accounting policies	-	-	(1,172)	-
	<u>(85,492)</u>	<u>(58,458)</u>	<u>(64,456)</u>	<u>(46,432)</u>
Earnings for the period	11,730	8,945	789	4,595
Distributions declared	(10,609)	(8,538)	(20,704)	(16,214)
Balance, end of period	<u>(84,371)</u>	<u>(58,051)</u>	<u>(84,371)</u>	<u>(58,051)</u>
Accumulated other comprehensive loss				
Balance, beginning of period	(16,484)	(20,323)	(12,541)	(20,782)
Adoption of new accounting policies	-	-	(397)	-
	<u>(16,484)</u>	<u>(20,323)</u>	<u>(12,938)</u>	<u>(20,782)</u>
Other comprehensive loss	(25,118)	(3,634)	(28,664)	(3,175)
Balance, end of period	<u>(41,602)</u>	<u>(23,957)</u>	<u>(41,602)</u>	<u>(23,957)</u>
Total Unitholders' Equity	<u>\$ 255,653</u>	<u>\$ 225,947</u>	<u>\$ 255,653</u>	<u>\$ 225,947</u>

ARCTIC GLACIER INCOME FUND**Interim Consolidated Statement of Comprehensive Loss**

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

(thousands)	<u>Three Months</u>	<u>Six Months</u>
	<u>2007</u>	<u>2007</u>
Earnings for the period	<u>\$ 11,730</u>	<u>\$ 789</u>
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	<u>27</u>	<u>56</u>
Other comprehensive loss	<u>(25,118)</u>	<u>(28,664)</u>
Comprehensive loss for the period	<u>\$ (13,388)</u>	<u>\$ (27,875)</u>

ARCTIC GLACIER INCOME FUND
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	(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	(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

ARCTIC GLACIER INCOME FUND

Interim Schedule of Distributable Cash

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

<i>(thousands, except per unit amounts)</i>	Three Months		Six Months	
	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