This is exhibit " R " referred to
davit of
McMahon
is 21st day of
20 12
PUBLIC
INCE OF MANITOBA

2009

CONSOLIDATED FINANCIAL STATEMENTS

The management of Arctic Glacier Income Fund is responsible for the preparation and fair presentation of the accompanying consolidated financial statements and Management's Discussion and Analysis ("MD&A"). The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles, applied on a consistent basis. The significant accounting policies, which management believes are appropriate for the Fund, are described in note 2 to the consolidated financial statements. Financial information contained elsewhere in the annual report is consistent with that shown in the consolidated financial statements.

The consolidated financial statements and information contained in the MD&A necessarily include amounts based on best estimates and careful judgments by management of the expected effects of current events and transactions with the appropriate consideration to materiality. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

In meeting our responsibility for the reliability and timeliness of financial information, management has established systems of internal control to properly authorize and record transactions, produce reliable accounting records for the preparation of financial information, and to provide reasonable assurance that assets are safeguarded from loss or unauthorized use.

The board of trustees is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The board of trustees carries out this responsibility principally through its audit committee, composed entirely of outside and unrelated trustees. The audit committee meets regularly with financial management of the Fund and with the independent auditor to discuss internal controls, audit matters, financial reporting issues and reports to the board of trustees thereon. The audit committee also reviews the Fund's consolidated financial statements and MD&A before they are approved by the board of trustees for inclusion in the annual report.

The Fund's independent auditors, KPMG LLP, have been appointed by the unitholders to audit the financial statements and express an opinion thereon. The independent auditor has full and free access to the audit committee, and meets with them at least quarterly to discuss their audit and related matters.

KEITH W. MCMAHON, C.A.
President and Chief Executive Officer

DOUGLAS A. BAILEY, C.A.
Chief Financial Officer

March 12, 2010

To the Unitholders of Arctic Glacier Income Fund

We have audited the consolidated balance sheets of Arctic Glacier Income Fund as at December 31, 2009 and 2008 and the consolidated statements of operations, changes in unitholders' equity, comprehensive loss and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

March 12, 2010

(thousands of U.S. dollars)	2009	2008
ASSETS		
Current assets		
Cash	$ 727	$ 303
Accounts receivable	12,011	11,813
Inventories (Note 5)	8,688	9,032
Prepaid expenses	4,877	4,323
	26,303	25,471
Property, plant and equipment (Note 6)	142,136	148,821
Investments (Note 7)	–	818
Intangible assets (Note 8)	122,547	130,811
Goodwill (Note 9)	146,807	144,416
	$ 437,793	$ 450,337
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 23,169	$ 25,219
Principal due within one year on long-term debt (Note 10)	61,099	1,361
	84,268	26,580
Long-term debt (Note 10)	101,960	167,431
Convertible debentures (Note 11)	81,515	68,023
Future income taxes (Note 16)	8,685	1,511
Unitholders' equity		
Units (Note 12)	325,209	325,207
Contributed surplus	1,848	1,320
Equity portion of convertible debentures (Note 11)	8,358	8,358
Deficit	(155,774)	(139,900)
Accumulated other comprehensive loss	(18,276)	(8,193)
	161,365	186,792
	$ 437,793	$ 450,337

Contingencies (Note 17 and 23)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Trustees by:

JAMES E. CLARK
Trustee

GARY A. FILMON
Trustee

(thousands of U.S. dollars, except per unit amounts)	2009	2008
Sales	$ 227,588	$ 246,982
Cost of sales, selling, general and administration expenses	173,091	186,284
Earnings before the undernoted	54,497	60,698
Amortization	30,277	30,864
Impairment of property, plant and equipment (Note 6)	200	-
Interest (Note 14)	20,533	22,972
Loan amendment fees	2,062	1,172
Acquisition integration expenses (Note 4)	247	384
Loss on disposals (Note 7)	503	57
Loss (gain) on foreign exchange (Note 15)	(2,356)	3,154
Costs of antitrust investigations and related litigation (Note 17)	11,253	7,575
Goodwill impairment (Note 9)	-	31,966
Loss before income taxes	(8,222)	(37,446)
Income taxes (Note 16)		
Current	463	688
Future (reduction)	7,189	(1,275)
	7,652	(587)
Loss	$ (15,874)	$ (36,859)
Loss per unit – basic and diluted (Note 18)	$ (0.41)	$ (0.95)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Unitholders' Equity

Years ended December 31, 2009 and 2008

(thousands of U.S. dollars)	2009	2008
Units		
Balance, beginning of year	$ 325,207	$ 324,191
Units issued, net of issue costs (Note 12)	2	1,016
Balance, end of year	325,209	325,207
Contributed surplus		
Balance, beginning of year	1,320	942
Unit-based compensation expense	528	378
Balance, end of year	1,848	1,320
Equity portion of convertible debentures		
Balance, beginning and end of year	8,358	8,358
Deficit		
Balance, beginning of year	(139,900)	(75,482)
Loss	(15,874)	(36,859)
Distributions declared (Note 13)	-	(27,559)
Balance, end of year	(155,774)	(139,900)
Accumulated other comprehensive loss		
Balance, beginning of year	(8,193)	(21,385)
Other comprehensive income (loss)	(10,083)	13,192
Balance, end of year	(18,276)	(8,193)
Total Unitholders' Equity	$ 161,365	$ 186,792

See accompanying notes to consolidated financial statements.

(thousands of U.S. dollars)	2009	2008
Loss	$ (15,874)	$ (36,859)
Other comprehensive income (loss):		
Net unrealized foreign currency translation gain (loss)	(10,153)	13,119
Amortization of transitional adjustment to loss for the year	70	73
Other comprehensive income (loss)	(10,083)	13,192
Comprehensive loss for the year	$ (25,957)	$ (23,667)

See accompanying notes to consolidated financial statements.

(thousands of U.S. dollars)	2009	2008
Cash from (used in):		
Operating activities		
Loss	$ (15,874)	$ (36,859)
Adjustments for:		
Amortization	30,277	30,864
Impairment of property, plant and equipment (Note 6)	200	-
Amortization of transitional adjustment on interest rate swap	70	73
Amortization of deferred financing	1,421	1,257
Accretion of convertible debenture principal	1,631	1,595
Accretion of long-term debt	125	267
Recognition of rents on a straight-line basis	716	716
Unit-based compensation expense	528	378
Loss on disposals	503	57
Unrealized foreign exchange loss (gain) on long-term debt	(1,936)	2,642
Unrealized loss (gain) on foreign exchange contracts	(515)	1,565
Changes in fair value of interest rate swap	(1,014)	3,223
Costs of antitrust investigations and related litigation (Note 17)	6,264	-
Goodwill impairment (Note 9)	-	31,966
Future income taxes (reduction)	7,189	(1,275)
	29,585	36,469
Changes in non-cash working capital items (Note 19)	(1,426)	1,208
	28,159	37,677
Investing activities		
Additions to property, plant and equipment	(10,991)	(13,980)
Proceeds from disposal of property, plant and equipment	209	535
Proceeds from disposal of investments	733	-
Additions to intangibles and goodwill	(23)	(1,272)
Acquisition of business operations (Note 4)	(228)	(19,622)
	(10,300)	(34,339)
Financing activities		
Proceeds from long-term debt	37,511	64,155
Principal repayments on long-term debt	(55,508)	(40,819)
Units issued, net of issue costs	2	1,016
Distributions paid	-	(31,158)
	(17,995)	(6,806)
Foreign exchange gain (loss) on cash held in foreign currency	560	(914)
Increase (decrease) in cash	424	(4,382)
Cash, beginning of year	303	4,685
Cash, end of year	$ 727	$ 303
Supplementary cash flow information		
Interest paid	$ 19,724	$ 18,116
Income taxes paid	463	688

The net present value of the portion of the purchase price or additional consideration on acquisitions of business operations satisfied by the issuance of deferred consideration in the amount of $269 (2008 - $nil) has been excluded from the financing and investing activities.

See accompanying notes to consolidated financial statements.

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. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and consolidation

The consolidated financial statements include the accounts of the Fund and its subsidiaries, all of which are wholly owned. All significant transactions and balances among group entities have been eliminated.

Change in reporting currency

Effective January 1, 2008, the Fund changed its reporting currency to the U.S. dollar. The majority of the Fund's revenues are in U.S. dollars and the majority of its operations are conducted in the United States. Reporting in U.S. dollars is expected to provide financial statement users with more meaningful information as it will significantly reduce the impact on reported results of fluctuations in the rate of exchange between the U.S. and Canadian dollar relating to these operations. In making this change in reporting currency, the Fund followed the recommendations of the Emerging Issues Committee ("EIC") of the Canadian Institute of Chartered Accountants ("CICA"), set out in EIC-130, Translation Method when the Reporting Currency Differs from the Measurement Currency or there is a Change in the Reporting Currency. The Fund's functional currency continues to be the Canadian dollar.

In accordance with EIC-130, the financial statements for all years and periods presented have been translated into the new reporting currency using the current rate method. Under this method, the statements of operations and cash flows for each year and period have been translated into the reporting currency using the average exchange rates prevailing during each reporting period. All assets and liabilities have been translated using the exchange rate prevailing at the consolidated balance sheet dates. Unitholders' equity transactions since January 1, 2006 have been translated using the rates of exchange in effect as of the dates of the various capital transactions, while unitholders' equity balances on January 1, 2006 have been translated at the exchange rate as at the close of business on the preceding day. All comparative financial information has been restated to reflect the Fund's results as if they had been historically reported in U.S. dollars.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Amortization is provided on the following basis and at the following annual rates:

Asset	Basis	Rate
Buildings	Straight-line	4%
Machinery and equipment	Straight-line	5% - 20%
Merchandisers	Straight-line	6.7% - 10%
Vehicles	Straight-line	13% - 20%
Computer and office equipment	Straight-line	20% - 33%
Leasehold improvements	Straight-line	Term of lease

Intangible assets

Brands, trade names, non-competition agreements, customer relationships and other assets represent intangible assets acquired in business acquisitions that meet the specified criteria for recognition. These assets are recorded at fair value and are amortized on a straight-line basis over the estimated useful life of the assets with periods ranging from two to five years for brands, trade names and non-competition agreements, ten to twenty years for customer relationships and three to five years for other assets.

The Arctic Glacier brand and trademark has an indefinite useful life. Accordingly, it is not amortized and is tested for impairment annually; or more frequently if events or changes in circumstances indicate that the asset may be impaired. Any excess of the carrying value over fair value will be charged to income in the period in which the impairment is determined.

Goodwill

Goodwill is the excess of the purchase price paid for acquired operations over the fair value of the net assets acquired. Amounts recorded in goodwill are not amortized, but are subject to a fair value impairment test to be performed at least annually to ensure that the fair value of goodwill of a reporting unit remains greater than, or equal to, the carrying value. Any excess of the carrying value over fair value of the reporting unit will be charged to income in the period in which the impairment is determined.

Impairment of long-lived assets

The Fund reviews long-lived assets such as property, plant and equipment and intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators of impairment of the carrying value exist, an impairment loss on the long-lived assets to be held and used is recognized. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Asset retirement obligations

Liabilities related to the legal obligations associated with the retirement of tangible long-lived assets are capitalized as part of the carrying amount of the long-lived asset and amortized over the expected useful life of the asset.

Foreign currency translation

The Fund's functional currency is the Canadian dollar and its reporting currency for presentation of its consolidated financial statements is the U.S. dollar.

The financial statements of U.S. subsidiaries, considered self-sustaining, are translated into Canadian dollars in accordance with the current rate method, under which assets and liabilities are translated at the currency exchange rate in effect at the balance sheet date and earnings statement items are translated at the average currency exchange rate for the period. Translation adjustments arising from currency exchange rate fluctuations, including those related to long-term debt denominated in U.S. dollars and designated as a hedge of net investments in self-sustaining foreign operations, are shown in accumulated other comprehensive loss under unitholders' equity until realized, at which time they are transferred to income.

Other monetary assets and liabilities denominated in U.S. dollars have been translated into Canadian dollars at the rate of exchange at the balance sheet date. Gains and losses from translation are recognized in income in the period they occur.

The exchange gains and losses resulting from translating the Fund's consolidated financial statements in Canadian dollars into U.S. dollars are recognized in accumulated other comprehensive loss under unitholders' equity.

Revenue recognition

Revenue is recognized when packaged ice and other products are delivered to and accepted by customers. There is no right of return with respect to such products.

Revenue resulting from leased equipment is recognized as earned under contract terms.

Royalty fees from franchisees and licensees are recognized when the products are purchased from a third party by the franchisee or distributor.

Unit-based compensation

The Fund has an incentive stock option plan and can provide compensation to certain trustees, directors, officers and employees in the form of options to acquire Fund units. Option grants are expensed over the vesting period of the options using a fair-value-based method of accounting with a corresponding credit to contributed surplus.

Income taxes

The Fund is a mutual fund trust as defined under the *Income Tax Act* and accordingly, is not subject to taxation on its income to the extent that its income is distributed to its unitholders. Substantially all taxable income will be allocated to unitholders. Accordingly, under current Canadian income tax legislation, no provision for income taxes is required for the Fund.

The Fund's subsidiaries are subject to tax and follow the asset and liability method for accounting for income taxes. Under this method, future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

Earnings (loss) per unit

Basic earnings (loss) per unit is computed by dividing net earnings by the weighted average units outstanding during the reporting period. Diluted earnings (loss) per unit is calculated based on the weighted average number of units outstanding during the period, plus the effect of dilutive unit equivalents such as convertible debentures or options. The diluted per unit amounts are calculated using the treasury stock method, as if all the unit equivalents where average market price exceeds issue price had been exercised at the beginning of the reporting period, or the period of issue, as the case may be, and that the funds obtained thereby were used to purchase units of the Fund at the average trading price of the units during the period.

Comprehensive income (loss)

Comprehensive income (loss) 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 and foreign currency translation amounts arising from self-sustaining foreign operations. Accumulated other comprehensive income (loss) included in unitholders' equity represents cumulative changes in other comprehensive income (loss).

Financial instruments – recognition and measurement

All financial instruments are initially recorded at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Financial instruments are classified as one of the following: held-for-trading, loans and receivables, held-to-maturity, available-for-sale or other liabilities. Financial instruments held-for-trading are measured at fair value with gains and losses recognized in earnings. Financial instruments held-to-maturity, loans and receivables and other liabilities are measured at amortized cost using the effective interest rate method. Changes in fair value are recognized in earnings only if realized, or impairment of the value of an asset occurs. Available-for-sale instruments are measured at fair value with unrealized gains and losses, net of tax, recognized in other comprehensive income until such time as the asset or liability is derecognized or impaired at which time the amounts would be recorded in earnings. If it is not possible to obtain fair value information, then available-for-sale instruments are measured at cost.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities, other than those classified as held-for-trading, are accounted for as part of the respective asset or liability carrying value at inception and are amortized over the expected life of the financial instrument using the effective interest method.

All derivatives, including embedded derivatives that must be separately accounted for, are recorded at fair value in the consolidated balance sheet.

The Fund has classified its cash, foreign exchange forward and option contracts and interest rate swaps as held-for-trading; accounts receivable as loans and receivables; investments as available-for-sale; accounts payable and accrued liabilities, long-term debt and convertible debentures are other liabilities.

Derivative financial instruments

The Fund uses derivative financial instruments in its management of exposure to fluctuations in foreign exchange rates and interest rates. The Fund's policy is not to utilize derivative financial instruments for trading or speculative purposes.

The Fund uses interest rate swap agreements to manage exposure to fluctuations in interest rates. These agreements are not designated as cash flow hedges and are carried at fair value with resulting gains and losses recorded in income. Prior to January 1, 2007, the Fund applied hedge accounting to account for its interest swap agreements. Payments and receipts under the interest swap agreements, which were designated as effective hedges, were recognized as adjustments to interest expense on the long-term debt in the same period that the underlying hedged transactions were recognized.

The Fund uses foreign exchange forward and option contracts to manage exposure to fluctuations in foreign exchange rates. These contracts have not been designated as hedges for accounting purposes and are carried at fair value with resulting gains and losses recorded in income.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Actual results could differ from those estimates and assumptions.

3. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2009, the Fund adopted the following new Canadian Institute of Chartered Accountants (CICA) accounting standards:

Goodwill and intangible assets

Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets for profit-oriented enterprises. There was no material effect on the Fund's consolidated financial statements as a result of implementing these new standards.

Financial Instruments

In June 2009, the Canadian Accounting Standards Board issued an amendment to CICA Section 3862, *Financial Instruments - Disclosures* in an effort to make Section 3862 consistent with International Financial Reporting Standards Section 7 – *Disclosures*. The purpose was to establish a framework for measuring fair value in GAAP and expand disclosure about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). These standards apply to interim and annual consolidated financial statements relating to fiscal years ending after September 30, 2009. The adoption of the new standard has resulted in additional disclosures in the Fund's consolidated financial statements (note 24).

Future changes in accounting policies

In February 2008, the CICA Accounting Standards Board announced that accounting standards in Canada, as used by public companies, will be converged to International Financial Reporting Standards ("IFRS") over a transition period that will affect fiscal years beginning on or after January 1, 2011. The Fund will convert to these new standards according to the required timetable. The Fund is currently evaluating the impact of these new standards. Additional disclosure of the Fund's IFRS conversion plan and status have been included in the Management's Discussion and Analysis section of this report.

In January 2009, the CICA issued Section 1582, *Business Combinations* replacing former guidance on business combinations. This section establishes principles and requirements of the acquisition method for business combinations and related disclosures. These standards are effective for fiscal years beginning on or after January 1, 2011 and are applicable to the Fund's first quarter of 2011. The Fund is evaluating the impact of this new standard on its consolidated financial statements.

In January 2009, the CICA issued Section 1601, *Consolidated Financial Statements* which replaces existing guidance and establishes standards for the preparation of consolidated financial statements. These standards are effective for fiscal years beginning on or after January 1, 2011 and are applicable to the Fund's first quarter of 2011. The Fund is evaluating the impact of these standards on its consolidated financial statements.

4. BUSINESS ACQUISITIONS

During 2009, the Fund and its subsidiaries acquired the assets of one packaged ice company for aggregate cash consideration of $434, including $269 of deferred consideration to be paid over a three year period. In addition, the Fund has incurred acquisition costs of $63 related to professional fees and other costs associated with the purchase of these assets and operations.

On May 1, 2008, a subsidiary of the Fund acquired certain assets and operations of Koldkist-Beverage Ice, Inc., K, H & P Companies, Inc., and Pacific Cold Storage, Inc. (collectively referred to as "Koldkist Ice") of Portland, Oregon for aggregate cash consideration of $17,433. In addition, the Fund incurred acquisition costs of $1,445 related to professional fees and other costs associated with the purchase of these assets and operations.

During 2008, the Fund and its subsidiaries acquired the assets of three additional packaged ice companies for aggregate cash consideration of $744 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 year ended December 31 are as follows:

		Other		2009
Net assets acquired, at fair value:				
Current assets	$	2	$	2
Property, plant and equipment		32		32
Intangible assets		463		463
Goodwill		–		–
		497		497
Less current liabilities		–		–
	$	497	$	497
Purchase consideration:				
Cash	$	165	$	165
Deferred consideration		269		269
Acquisition costs		63		63
	$	497	$	497

		Koldkist Ice		Other		2008
Net assets acquired, at fair value:						
Current assets	$	831	$	4	$	835
Property, plant and equipment		4,435		530		4,965
Intangible assets		8,201		147		8,348
Goodwill		5,618		76		5,694
		19,085		757		19,842
Less current liabilities		207		13		220
	$	18,878	$	744	$	19,622
Purchase consideration:						
Cash	$	17,433	$	664	$	18,097
Acquisition costs		1,445		80		1,525
	$	18,878	$	744	$	19,622

Costs related to integration of these acquisitions are expensed as they are incurred during the year.

5. INVENTORIES

The components of inventories are as follows:

		2009		2008
Raw materials	$	5,515	$	6,073
Finished goods		3,173		2,959
	$	8,688	$	9,032

During the year ended December 31, 2009, inventories totaling $56,950 were expensed (2008 - $63,007) to cost of sales, selling, general and administration expenses.

6. PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment are as follows:

2009			
	Cost	Accumulated Amortization	Net Book Value
Land	$ 7,948	$ -	$ 7,948
Buildings	38,640	12,142	26,498
Construction in progress	235	-	235
Machinery and equipment	108,192	41,869	66,323
Merchandisers	70,491	38,161	32,330
Vehicles	20,470	15,900	4,570
Computer and office equipment	10,992	8,809	2,183
Leasehold improvements	4,988	2,939	2,049
	$ 261,956	$ 119,820	$ 142,136

2008			
	Cost	Accumulated Amortization	Net Book Value
Land	$ 7,813	$ -	$ 7,813
Buildings	36,889	9,775	27,114
Construction in progress	1,195	-	1,195
Machinery and equipment	98,578	31,952	66,626
Merchandisers	65,308	30,256	35,052
Vehicles	19,621	14,329	5,292
Computer and office equipment	11,411	8,262	3,149
Leasehold improvements	4,856	2,276	2,580
	$ 245,671	$ 96,850	$ 148,821

Amortization in respect of property, plant and equipment for the year ended December 31, 2009 amounted to $21,149 (2008 - $20,470).

During 2009, the Fund recorded an impairment loss of $200 (2008 - $nil) on certain land and building assets located in Michigan that are not in use and listed for sale. The impairment is a result of a decrease in the net realizable value of the assets due to declining real estate values in the region.

7. INVESTMENTS

During 2009, the Fund disposed its non-controlling 9% interest in a captive reinsurance company. As a result of this disposal, the Fund has recognized a loss on disposal for the year ending December 31, 2009 of $85 (2008 - $nil) that is included in loss on disposals.

8. INTANGIBLE ASSETS

The components of intangible assets are as follows:

2009

	Cost	Accumulated Amortization	Net Book Value
Trademark	$ 1,312	$ -	$ 1,312
Brands and trade names with finite lives	500	442	58
Non-competition agreements	2,249	1,127	1,122
Customer relationships	146,316	26,261	120,055
	$ 150,377	$ 27,830	$ 122,547

2008

	Cost	Accumulated Amortization	Net Book Value
Trademark	$ 1,132	$ -	$ 1,132
Brands and trade names with finite lives	2,314	1,811	503
Non-competition agreements	8,519	6,128	2,391
Customer relationships	145,679	18,894	126,785
	$ 157,644	$ 26,833	$ 130,811

The aggregate amortization expense for intangibles for the year ended December 31, 2009 totaled $9,128 (2008 – $10,394). This amount is comprised of amortization of brands and trade names with finite lives of $445 (2008 – $896), non-competition agreements of $1,336 (2008 - $2,204), customer relationships of $7,347 (2008 - $7,180) and other assets of $nil (2008 - $114).

9. GOODWILL

The changes in the carrying amount of goodwill are as follows:

	2009	2008
Balance, beginning of year	$ 144,416	$ 174,491
Acquisitions (Note 4)	-	5,694
Other additions	-	1,272
Reductions	(337)	(1,137)
Goodwill impairment	-	(31,966)
Foreign currency translation	2,728	(3,938)
Balance, end of year	$ 146,807	$ 144,416

Other additions represent a payment of contingent consideration under the terms of a purchase agreement related to business acquisitions completed in a prior year.

Reductions of $337 (2008 - $1,137) represent a revision of the estimated acquisition and restructuring costs accrued related to acquisitions completed in previous years.

Under Canadian GAAP, goodwill is not amortized but is subject to impairment testing. In 2009, no impairment to the value of goodwill, other intangible assets or property, plant and equipment was identified during this impairment testing or during the year, except as disclosed in note 6 related to property listed for sale. At September 30, 2008, the Fund conducted a goodwill impairment test and, as a result, management determined that the recorded value of goodwill for the northeast U.S. reporting unit exceeded the fair value and recorded a goodwill impairment charge of $31,966, comprising 100% of the goodwill balance for that reporting unit. The contributing factors to the impairment of goodwill included reduced operating margins driven by increased input costs, the overall weakened state of the North American economy and markets, a reduction in the valuation of packaged ice companies and the effect of a stronger Canadian dollar in comparison to the value at acquisition date. No impairment to the value of goodwill in other reporting units, other intangible assets or property, plant and equipment was identified during this impairment testing or during 2008.

10. LONG-TERM DEBT

The components of long-term debt are as follows:

	2009	2008
US$60 million 5.35% senior notes, due March 1, 2010	$ 60,000	$ 60,000
Revolving term credit facility	95,498	106,452
Deferred acquisition consideration – Union Ice	1,000	2,427
Deferred acquisition consideration – other	283	439
Other (Note 17 and 25)	6,778	490
	163,559	169,808
Less deferred financing charges	500	1,016
	163,059	168,792
Less principal included in current liabilities	61,099	1,361
	$ 101,960	$ 167,431

At December 31, 2009, the Fund's subsidiaries have issued $60,000 of senior secured five-year notes that are denominated in U.S. dollars and carry a fixed annual interest rate of 5.35% payable monthly. The principal is due upon maturity on March 1, 2010. Subsequent to the end of the year, on February 10, 2010 these notes were repaid in their entirety.

At December 31, 2009, the Fund's revolving term credit facility consisted of a $143,750 commitment and can be drawn in either Canadian or U.S. dollars, bears interest at a floating rate of prime, LIBOR or banker's acceptances plus a credit margin based on the Fund's quarterly leverage ratio, and does not require scheduled principal repayments prior to maturity. The facility was scheduled to mature on May 31, 2011. The balance outstanding on the credit facility at December 31, 2009 was $95,498 (2008 - $106,452), including C$28,900 (2008 - C$31,000) repayable in Canadian funds and $68,000 (2008 - $81,000) repayable in U.S. funds. The balance outstanding carried a weighted average interest rate of 8.7% at December 31, 2009 (2008 – 6.5%).

The Fund is in compliance with all debt covenants as at December 31, 2009.

Subsequent to the end of the year, on February 10, 2010, the Fund entered into a four-year term loan in the amount of US$185,000 (US$138,419 and C$50,000). The loan is secured by a second charge on all assets of the Fund and its subsidiaries and matures on February 10, 2014. The term loan bears interest at a floating rate that is the greater of 11% or a base rate of banker's acceptances or LIBOR plus 9%, plus payment in kind ("PIK") interest of 1%. Interest is payable quarterly, except for PIK interest, which is accrued and payable at maturity. There are scheduled annual principal repayments of US$1,384 and C$500 plus an annual payment based on calculation of excess cash flow, with the remainder due at maturity. In connection with the new loan, the Fund issued warrants to acquire up to 3.0 million units of the Fund of any time prior to February 9, 2014 at an exercise price of $4.00 per unit. The proceeds of this loan were used to repay the senior secured notes, pay fees and expenses related to the debt and reduce the amount outstanding on the revolving term credit facility.

Also on February 10, 2010 the Fund's lenders amended the existing revolving term credit facility to accommodate the new term loan. The facility, which is secured by a first charge on all assets of the Fund and its subsidiaries, was reduced in size to US$70,000 and the maturity date was extended to February 10, 2013. Amounts can be drawn in either Canadian or U.S. dollars, and the facility bears interest at a floating rate of prime, LIBOR or banker's acceptances plus a credit margin based on the Fund's quarterly leverage ratio, and does not require scheduled principal repayments prior to maturity.

The Fund's subsidiaries have unsecured notes payable outstanding of $1,000 at December 31, 2009 (2008 $2,427) to the sellers of Union Ice acquired in March 2007. Under the terms of the purchase agreement, the sellers were entitled to receive additional consideration totaling $5,000. Of this amount, $2,500 was paid in April 2008, $1,500 was paid in January 2009 and $1,000 was paid subsequent to the end of the year in January 2010. The discounted fair market value of the obligation at date of issue was recorded at $4,419 and the discount is accreted to interest expense over the duration of the obligation. The accretion of the discount for the year ended December 31, 2009 totals $73 (2008 - $223).

The Fund's subsidiaries have unsecured notes payable outstanding of $283 at December 31, 2009 (2008 - $439) that come due on July 31, 2012. These loans and notes payable are non-interest bearing and have been discounted at a weighted average rate of 10.9% (2008 – 8.9%).

In October 2009, a subsidiary of the Fund entered into an agreement with the United States Department of Justice ("DOJ") Antitrust Division to settle all charges against it related to the DOJ's antitrust investigation. Under the terms of the agreement, a subsidiary of the Fund agreed to pay a fine of $9,000, payable in installments of $1,000 due 30 days after entry of judgment, which occurred on March 4, 2010; $1,000 at the one-year anniversary date; $1,500 at each of the two, three and four-year anniversary dates; and a final payment of $2,500 at the five-year anniversary date. This obligation has been recorded in other long-term debt at its discounted value of $6,264 (2008 - $nil).

A subsidiary of the Fund has an unsecured note payable of $514 at December 31, 2009 (2008 - $490) representing a retirement allowance to its former President and Chief Executive Officer that is payable in equal quarterly installments to December 2016. This note is non-interest bearing and has been discounted at a weighted average rate of 7.5%. The discount is accreted to interest over the duration of the obligation. The accretion of the discount for the year ended December 31, 2009 totals $38 (2008 - $44).

Principal repayments until maturity are as follows as at December 31, 2009:

		Amount
2010	$	61,449
2011		95,998
2012		1,108
2013		1,127
2014		1,266
2015 and thereafter		2,611
	$	163,559

11. CONVERTIBLE DEBENTURES

The Fund has issued C$100,000 of 6.5% convertible unsecured subordinated debentures that are due on July 31, 2011. The debentures pay interest semi-annually in arrears on January 31 and July 31 of each year, and are convertible at the option of the holders into Fund units at any time prior to maturity at a conversion price of C$12.60 per unit. The debentures cannot be redeemed by the Fund on or before July 31, 2009. They can be redeemed by the Fund after July 31, 2009 and on or prior to July 31, 2010 provided that the market price of Fund units is not less than 125% of the conversion price, and after July 31, 2010 on 30 to 60 days notice. Subject to regulatory approval, the Fund may satisfy its obligation to repay the principal amount of the debentures on redemption or at maturity, in whole or in part, by delivering the number of Fund units equal to the amount due divided by 95% of the 20 day volume-weighted average trading price of the trust units at that time, plus accrued and unpaid interest in cash.

The liability component of the debentures outstanding at December 31, 2009 of $81,515 (2008 - $68,023) represents the present value of the mandatory cash payments of principal and interest due under the terms of the debenture discounted at 9%, being the rate of interest that would have been applicable to a debt only instrument of comparable term and risk. The discount is accreted to interest expense over the term of the debentures.

The equity component of the debentures outstanding at December 31, 2009 of $8,358 (2008 - $8,358) represents the estimated fair value of the holder's conversion option on the date of issue, and was calculated as the difference between the face value of the debenture and the liability component at that time.

Details of the debentures are as follows:

	Number of Debentures		Equity		Liability
Balance at December 31, 2007	**90.6**	$	8,358	$	81,007
Accretion of discount	**-**		-		2,399
Foreign currency translation	**-**		-		(15,383)
Balance at December 31, 2008	**90.6**		8,358		68,023
Accretion of discount	**-**		-		2,486
Foreign currency translation	**-**		-		11,006
Balance at December 31, 2009	**90.6**	$	8,358	$	81,515

The Fund incurred issuance costs of $4,788 related to the convertible debentures. The Fund reclassified the unamortized balance of deferred financing charges outstanding at January 1, 2007 of $3,884 against the actual debt for which they were incurred and will amortize that balance based on the effective interest method. These costs are amortized over the term of the convertible debentures and for the year ended December 31, 2009 totaled $855 (2008 - $804).

There were no conversions of convertible debentures during the years ended December 31, 2009 or 2008.

12. CAPITAL CONTRIBUTIONS

Authorized

The Fund may issue an unlimited number of units pursuant to the Declaration of Trust. Each unit represents an equal fractional undivided beneficial interest in any distributions from the Fund, and in the net assets in the event of termination or wind-up of the Fund. All units are of the same class with equal rights and privileges.

Fund units are redeemable at any time at the option of the holder at a price based on market value as defined in the Declaration of Trust, subject to a maximum of C$50 in cash redemptions by the Fund in any one month. Redemptions in excess of this amount will be paid by way of a distribution of a pro rata number of shares and notes of Arctic Glacier Inc. held by the Fund.

Issued

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

	Number of Units		Amount
Balance at December 31, 2007	38,912.4	$	324,191
Units issued for cash consideration under DRIP Plan [1]	129.8		1,016
Balance at December 31, 2008	39,042.2		325,207
Units issued for cash consideration under stock option plan	1.2		2
Balance at December 31, 2009	39,043.4	$	325,209

[1] Distribution Reinvestment and Optional Cash Purchase Plan

The Fund's Distribution Reinvestment and Optional Cash Purchase Plan allows unitholders to reinvest their distributions in exchange for Fund units at a discount of 5% below the 10 day trailing volume weighted average market price. Participants may also make an optional cash purchase of Fund units of not less than C$1,000 per distribution date and not more than C$12,000 per calendar year at the 10 day trailing volume weighted average market price.

Options

The trustees of the Fund may grant options to acquire Fund units to trustees, officers, consultants and employees of the Fund under the terms of the incentive stock option plan at an exercise price not less than the closing market price of the units on the last business day before the grant date. As well, the exercise price must not be less than the weighted average trading price of the units for the five trading days preceding the grant date. The options vest over periods determined by the trustees and expire over periods not to exceed ten years.

A summary of the stock option plan is as follows:

	2009			2008		
	Units		**Weighted Average Exercise Price (C$)**	Units		Weighted Average Exercise Price (C$)
Balance, beginning of year	**3,856.2**	**$**	**11.29**	3,886.2	$	11.29
Granted	**1,044.5**		**1.68**	–		–
Exercised	**(1.2)**		**1.63**	–		–
Expired	**(1,123.0)**		**11.43**	(30.0)		11.29
Balance, end of year	**3,776.5**	**$**	**8.59**	3,856.2	$	11.29
Exercisable, end of year	**2,541.8**	**$**	**9.91**	2,595.6	$	11.33
Weighted average fair value per unit of options granted during the year		**$**	**0.30**		$	–

The range of exercise prices for options outstanding at December 31, 2009 is as follows:

	Options Outstanding			Options Exercisable	
Exercise Price (C$)	Number	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price (C$)	Number	Weighted Average Exercise Price (C$)
$ 1.63	761.8	4.4 years	$ 1.63	253.2	$ 1.63
1.66	263.5	4.6 years	1.66	87.8	1.66
3.83	18.0	4.8 years	3.83	6.0	3.83
10.60	773.7	0.7 years	10.60	773.7	10.60
11.18	629.5	3.0 years	11.18	314.8	11.18
11.46	895.0	2.0 years	11.46	671.3	11.46
11.92	435.0	0.1 years	11.92	435.0	11.92
	3,776.5	2.3 years	$ 8.59	2,541.8	$ 9.91

The compensation expense related to options granted under the stock option plan totaled $528 for the year ended December 31, 2009 (2008 - $378). 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 with the following weighted average assumptions:

	2009	2008
Expected option life	5 years	5 years
Risk-free interest rate	3.4%	4.0%
Distribution yield	6.8%	9.9%
Expected volatility	20.4%	20.0%

Unitholder Rights Plan

The Fund has a Unitholder Rights Plan, the primary objective of which is to provide the trustees of the Fund with sufficient time to explore and develop alternatives for maximizing unitholder value if any takeover bid is made for the Fund and to provide every unitholder with an equal opportunity to participate in such a bid. The Unitholder Rights Plan encourages a potential acquirer to proceed either by way of a permitted bid, which requires a takeover bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the trustees.

13. DISTRIBUTIONS DECLARED

On September 16, 2008, the Fund's trustees announced an indefinite suspension of the Fund's distributions following the August 2008 distribution. Cumulative distributions for the year ending December 31, 2009 are as follows:

	2009	2008
Balance, beginning of year	$ 170,500	$ 142,941
Distributions	-	27,559
Balance, end of year	$ 170,500	$ 170,500

14. INTEREST

Interest expense is comprised of the following:

	2009	2008
Long-term debt	$ 13,036	$ 10,850
Accretion of long-term debt	125	267
Amortization of transitional adjustment on interest rate swap	70	73
Operating line of credit	80	156
Convertible debentures	5,184	5,551
Accretion of convertible debenture principal	1,631	1,595
Amortization of deferred financing	1,421	1,257
Change in fair value of interest rate swap	(1,014)	3,223
	$ 20,533	$ 22,972

15. LOSS (GAIN) ON FOREIGN EXCHANGE

The Fund uses foreign exchange forward and option contracts to manage the risk associated with fluctuations in the value of the Canadian dollar, its functional currency, relative to the U.S. dollar in the normal course of business. The gain on foreign exchange contracts for the year ended December 31, 2009 totaled $420 (2008 - $512 loss). This amount is comprised of a realized loss of $95 (2008 - $1,053 gain) on the exercise of foreign exchange contracts, and an unrealized gain of $515 (2008 - $1,565 loss) resulting from non-cash mark-to-market adjustments.

Effective January 1, 2007, the Fund ceased applying hedge accounting on the balance of $13,200 of U.S. denominated long-term debt held in its Canadian subsidiary. The Fund recorded an unrealized foreign exchange gain of $1,936 on these U.S. long-term debt holdings during the year ended December 31, 2009 (2008 – $2,642 loss).

Foreign exchange losses totaling $55 were realized on foreign currency transactions during the year ended December 31, 2009 (2008 - $372 gain) and are included in cost of sales, selling, general and administrative expenses.

16. 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 should 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 (the "Safe Harbour Limits").

As the Fund has not exceeded its Safe Harbour Limits, it will become subject to tax on certain Canadian sourced income commencing in 2011. 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 December 31, 2009, there are no future income tax assets or liabilities that are expected to reverse in or after 2011.

Components of income tax provision

The provision for income taxes is comprised of the following:

	2009	2008
Canada:		
Current income taxes	$ 60	$ 147
Future income tax (reduction)	898	(2,480)
	958	(2,333)
United States:		
Current income taxes	403	541
Future income tax	6,291	1,205
	6,694	1,746
Total	$ 7,652	$ (587)

Reconciliation to statutory rate

The overall income tax provision differs from the amount that would be obtained by applying the combined statutory income tax rate to earnings due to the following.

	2009	2008
Net loss before income taxes	$ (8,222)	$ (37,446)
Combined Canadian federal and provincial income tax rate	27.1%	28.7%
Income tax recovery based on statutory income tax rate	$ (2,228)	$ (10,747)
Increase (decrease) resulting from:		
Effect of change in valuation allowance	7,925	14,920
Non-deductible expenses	2,788	527
Capital and state taxes, net of federal tax benefit	281	439
Net earnings of the Fund subject to tax in the hands of unitholders	66	(5,587)
Effect of change in enacted tax rates	63	(78)
Effect of non-taxable portion of goodwill impairment	–	4,665
Effect of difference in tax rates on U.S. income	(1,427)	(4,965)
Non-taxable gains	–	(23)
Other	184	262
Income tax expense (reduction)	$ 7,652	$ (587)

Future income tax liability

Significant components of the net future income tax liability are as follows:

	2009	2008
Future income tax assets:		
Non-capital losses	$ 47,380	$ 43,698
Restructuring charges	45	291
Other temporary differences	548	697
	47,973	44,686
Valuation allowance	(23,272)	(15,334)
	24,701	29,352
Future income tax liabilities:		
Property, plant and equipment, intangible assets and goodwill	(33,386)	(30,863)
Net future income tax liability	$ (8,685)	$ (1,511)

The tax basis of the Fund's assets exceed their carrying value at December 31, 2009 by $1,609 (2008 - $5,050).

17. COSTS OF ANTITRUST INVESTIGATIONS AND RELATED LITIGATION

On October 13, 2009, a subsidiary of the Fund entered into an agreement with the United States Department of Justice ("DOJ") Antitrust Division, settling all charges related to allegations that three former employees conspired with a co-conspirator company from January 2001 through July 2007 to allocate packaged ice customers in southeastern Michigan and the Detroit metropolitan area. Subsequent to the end of the year, on February 11, 2010, the plea agreement was accepted by the United States District Court for the Southern District of Ohio.

Under terms of the agreement, the subsidiary agreed to plead guilty and to pay a fine of $9,000, payable in installments of $1,000 due 30 days after entry of judgment which occurred on March 4, 2010; $1,000 at the one-year anniversary date; $1,500 at each of the two, three and four-year anniversary date; and a final payment of $2,500 at the five-year anniversary date. This obligation has been recorded in long-term debt at its discounted fair market value of $6,264. The Fund has also agreed to cooperate with the DOJ's ongoing investigation of other companies and individuals. The agreement concludes the DOJ Antitrust Division investigation as it relates in any way to the Fund, its board, management and staff in all markets.

Total costs incurred in connection with the ongoing investigations and related litigation for the year ended December 31, 2009 are estimated at $11,253 (2008 - $7,575). For the year ended December 31, 2009, the costs are comprised of the current value of the fine of $6,264 (2008 - $nil) and estimated legal and other costs of $4,989 (2008 - $7,575). See also Note 23.

18. LOSS PER UNIT

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

	2009	2008
Loss and diluted loss available to unitholders	$ (15,874)	$ (36,859)
Basic and diluted weighted average number of units	39,042.3	38,984.9
Basic and diluted loss per unit	$ (0.41)	$ (0.95)

19. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

Changes in non-cash working capital items are as follows:

	2009	2008
Accounts receivable	$ (475)	$ 2,145
Inventories	346	3,270
Prepaid expenses	(554)	(632)
Accounts payable and accrued liabilities	(743)	(3,575)
	$ (1,426)	$ 1,208

20. 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 presents key information by geographic segment:

2009	Canada	U.S.	Total
Total sales	$ 39,161	$ 188,427	$ 227,588
Cost of sales, selling, general and administration expenses	32,354	140,737	173,091
	$ 6,807	$ 47,690	$ 54,497
Earnings (loss)	$ 1,601	$ (17,475)	$ (15,874)
Goodwill	$ 19,885	$ 126,922	$ 146,807
Total assets	$ 54,762	$ 383,031	$ 437,793

2008	Canada	U.S.	Total
Total sales	$ 43,943	$ 203,039	$ 246,982
Cost of sales, selling, general and administration expenses	38,375	147,909	186,284
	$ 5,568	$ 55,130	$ 60,698
Earnings (loss)	$ 11,473	$ (48,332)	$ (36,859)
Goodwill	$ 17,184	$ 127,232	$ 144,416
Total assets	$ 49,104	$ 401,233	$ 450,337

21. EMPLOYEE BENEFIT PLANS

The Fund sponsors a voluntary group registered retirement savings plan and deferred profit sharing plan for certain eligible Canadian employees and a voluntary 401(k) retirement savings plan for certain eligible employees. The expense related to the Fund's contributions to these plans for the year ended December 31, 2009 totaled $876 (2008 - $912).

22. COMMITMENTS

The Fund's subsidiaries rent premises and equipment under long-term operating leases. The following is a schedule by year of rental payments required under operating leases outstanding at December 31, 2009:

2010	$ 12,419
2011	11,645
2012	9,625
2013	7,464
2014	5,869
2015 and thereafter	29,780
Total	$ 76,802

23. CONTINGENCIES

In March 2008, a subsidiary of the Fund and certain members of management received subpoenas issued by a federal grand jury in the Eastern District of Michigan seeking documents and information in connection with an investigation by the Antitrust Division of the United States Department of Justice into possible antitrust violations in the U.S. packaged ice industry. On October 13, 2009, the subsidiary entered into an agreement with the United States DOJ Antitrust Division to conclude the investigation as it relates in any way to the Fund, its board, management and staff in all markets (Note 17). The agreement was accepted by the U.S. District Court on February 11, 2010.

The Fund and its subsidiaries received Civil Investigative Demand notices ("CID") from the Attorneys General for Florida and Arizona seeking information in order to determine if state antitrust laws were violated. The Fund has been informed that 17 other states have signed information sharing agreements with Florida in order to review and share information. A subsidiary of the Fund received an additional CID from the Michigan Attorney General seeking documents and information in order to determine whether Michigan's antitrust laws were violated. The Fund and its subsidiaries are cooperating with authorities in the course of these antitrust investigations. At this time, the Fund is unable to predict the timeline or final outcome of these state investigations or any potential effect they may have on the Fund or its operations.

Following the announcement that the DOJ was undertaking an investigation of the U.S. packaged ice industry, a number of civil actions were instituted by direct and indirect purchasers against several packaged ice companies in the United States, including subsidiaries of the Fund, alleging violations of antitrust laws and seeking damages. Pursuant to an order from the Judicial Panel on Multidistrict Litigation, the civil actions pending in federal courts have been transferred and consolidated for pretrial proceedings in the United States District Court for the Eastern District of Michigan. On September 15, 2009, the plaintiffs in these actions filed consolidated amended complaints. The Fund has filed motions to dismiss all non-Michigan claims in all of these actions.

On July 23, 2008, a former employee of a subsidiary of the Fund commenced an action in the United States District Court for the Eastern District of Michigan purporting to bring antitrust claims as well as state law claims in connection with his termination from employment with the subsidiary and his allegation that the defendant manufacturers illegally conspired to prevent his future employment in the ice industry. On May 29, 2009 the court dismissed the bulk of this case, including antitrust claims relating to both federal and state jurisdictions. The Fund is of the opinion that the claim is without merit and will vigorously contest the resulting and narrowed action in court.

Two civil actions were filed by direct purchasers of packaged ice in state courts in Kansas and Wisconsin, alleging violations of state antitrust laws and related claims and seeking similar damages to those sought in the federal actions described above. On February 26, 2009, the Kansas state court dismissed the action commenced in that state concluding the plaintiff had failed to advance an actionable claim against the Fund. On January 22, 2010, the Wisconsin state court denied that plaintiff's request for class certification. The Wisconsin action is now restricted to a single customer. The Fund is of the opinion that the Wisconsin claim is without merit and it will vigorously contest the action in court.

The DOJ Civil Division is conducting an investigation under the *False Claims Act* to determine if the U.S. federal government was overcharged in its purchases of packaged ice as a result of the conduct being investigated by the DOJ Antitrust Division. The Fund and its subsidiaries are cooperating with authorities in the course of this investigation.

On October 24, 2008, the Fund was named in a class action civil lawsuit filed in Ontario Superior Court representing a class of people or entities that acquired units of the Fund between March 22, 2002 and September 16, 2008 and who held some or all of those units on September 16, 2008. The lawsuit claims damages of C$165 million, alleging the Fund failed to make timely disclosure and misrepresented financial results. The lawsuit was filed against the Fund, its' trustees, a subsidiary, its' directors and certain officers. The Fund denies the allegations and will vigorously contest the action in court. At this time the final outcome of this litigation cannot be predicted or any potential effect it may have on the Fund or its operations. No financial provision has been made regarding this matter and the Fund has notified carriers of its directors and officers' liability insurance of the action.

Class action civil lawsuits have also been filed against a subsidiary of the Fund in Ontario Superior Court and Alberta Superior Court seeking damages on behalf of a class of customers that purchased packaged ice directly from that subsidiary in those jurisdictions. These actions allege anticompetitive behavior by the subsidiary and a number of U.S. manufacturers of packaged ice. The Fund is of the opinion that the claims are without merit and will vigorously defend these actions. The final outcome with respect to this litigation cannot be predicted at the present time and no provision has been made.

Certain other litigation arising in the normal course of business is pending against the Fund and its subsidiaries. While the final outcome with respect to actions outstanding or pending as at December 31, 2009 cannot be predicted with certainty, the Fund is of the opinion that the resolution of such litigation will not have a significant effect on the consolidated financial statements of the Fund and its subsidiaries.

24. FINANCIAL INSTRUMENTS

Fair value

The carrying value and fair value of financial instruments and non-financial derivatives at December 31 is as follows:

	2009		2008	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Carried at cost/amortized cost:				
Accounts receivable	$ 12,011	$ 12,011	$ 11,813	$ 11,813
Investments	-	-	818	n/a
Accounts payable and accrued liabilities	(19,254)	(19,254)	(19,897)	(19,897)
Long-term debt	(163,059)	(167,554)	(168,792)	(169,191)
Convertible debentures	(89,873)	(81,031)	(76,381)	(27,522)
Carried at fair value:				
Cash	727	727	303	303
Foreign exchange contracts liability	-	-	(484)	(484)
Interest rate swap liability	(3,915)	(3,915)	(4,838)	(4,838)

The fair value of a financial instrument is the estimated amount that the Fund would receive or pay to terminate the instrument at the reporting date, based on current markets for instruments with similar risks, principal and remaining maturity.

The carrying value of accounts receivable and accounts payable and accrued liabilities approximates their fair value, since these items fall due in the short-term.

The Fund's investment in a captive reinsurance company is carried at cost, as it is not practicable to estimate the fair value since it is not publicly traded.

The fair value of the Fund's long-term debt has been calculated using the future cash flows (principal and interest) of the actual outstanding debt instruments, discounted at current market rates available to the Fund for the same or similar instruments.

The fair value of the Fund's convertible debentures is based on the current market value of the debentures.

The fair value of the foreign exchange forward and option contracts have been determined by valuing those contracts to market against prevailing forward foreign exchange rates and is recorded in accounts payable and accrued liabilities.

The fair value of the interest rate swap agreements is based on the amount at which they could be settled and is recorded in accounts payable and accrued liabilities.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data.

				2009
	Level 1	**Level 2**	**Level 3**	**Total**
Interest rate swap liability	$ -	$ (3,915)	$ -	$ (3,915)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Fund is exposed to credit risk primarily through its accounts receivable. Credit risk on accounts receivable is minimized as a result of the large customer base. The Fund, in its normal course of business, evaluates the financial condition of its customers on a continuous basis and examines credit history for new customers. The Fund establishes a provision for bad debts based on specific customers' credit risk, historical trends and other information on the economic situation. The Fund believes that its customers are not exposed to a credit risk level higher than normal.

The carrying amount of accounts receivable is reduced through the use of allowance for doubtful accounts and the amount of the charge for accounts deemed uncollectible is recognized in the statement of operations within cost of sales, selling, general and administration expenses.

The aging of accounts receivable at December 31 is as follows:

	2009	2008
Accounts receivable, gross		
Current	$ 8,529	$ 7,891
Past due, over 30 days	4,138	4,729
	12,667	12,620
Less allowance for doubtful accounts	(656)	(807)
Accounts receivable	$ 12,011	$ 11,813

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Fund and its subsidiaries have certain floating rate debt and may be negatively impacted by increases in interest rates, the effect of which would increase interest expense. To the contrary, if interest rates decline, interest expense would be reduced.

The Fund uses interest rate swap agreements in order to fix interest rates on a portion of long-term debt. The interest rate swap agreement entitles a subsidiary to receive interest at floating rates and pay interest at a fixed rate. The Fund entered into the following interest rate swap agreements as at December 31, 2009: (i) notional amount of $30,000 expiring on May 31, 2011, with an effective interest rate of 5.6% resulting in interest charges to the Fund of 5.6% plus applicable credit margin; (ii) notional amount of $20,000 expiring on May 31, 2011, with an effective interest rate of 4.1% resulting in interest charges to the Fund of 4.1% plus applicable credit margin; and, (iii) notional amount of C$10,000 expiring on May 31, 2011, with an effective interest rate of 4.1% resulting in interest charges to the Fund of 4.1% plus applicable credit margin. The non-cash unrealized gain on the interest rate swap agreement for the year ending December 31, 2009 totaled $1,014 (2008 - $3,223 loss).

At December 31, 2009, long-term debt totaling $35,983 (2008 - $48,241) was subject to floating rates and $127,576 (2008 - $121,567) had fixed rates. As a result, a one-percentage point increase in average interest rates would have increased interest expense for the year by approximately $582 (2008 - $823).

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of recognized assets and liabilities or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Fund and its subsidiaries are subject to fluctuations in the value of the Canadian dollar relative to the U.S. dollar in the normal course of business. A substantial portion of cash flows are realized in U.S. dollars. Fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar may have an adverse effect on financial results.

The Fund and its subsidiaries have hedged their debt capability by establishing their debt on a multi-currency basis and funding U.S. acquisitions with debt denominated in U.S. dollars, thereby allowing it to be serviced and repaid directly from U.S. cash flows. In addition, the Fund uses foreign exchange forward and option contracts to manage the risk associated with fluctuations in the value of the Canadian dollar relative to the U.S. dollar in the normal course of business. For the year ended December 31, 2009, the Fund recorded an unrealized gain of $515 (2008 - $1,565 loss) resulting from the mark-to-market adjustments of foreign exchange contracts at the end of the period and cash losses of $95 (2008 - $1,053 gain) realized on the exercise of currency option contracts that matured during the period.

At December 31, 2009, the aggregate amount of foreign exchange forward contracts outstanding was $nil (2008 - $4,650) and the aggregate notional amount of option contracts was $nil (2008 - $4,500).

A $0.01 strengthening in the value of the Canadian dollar in relation to the U.S. dollar would have increased earnings for the year by $14 (2008 - $408).

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity risk is to ensure that, under both normal and stressed conditions, it always has sufficient cash and credit facilities to meet its obligations when due, without incurring unacceptable losses or damage to the Fund's reputation. Typically, the Fund ensures that it has sufficient cash or available room on its revolving term credit facility to meet expected operational expenses, excluding the potential impact of extreme circumstances that cannot reasonably be predicted.

The following are the contractual maturities of the Fund's financial liabilities at December 31, 2009, excluding interest payments:

	Payments Due by Period				
	Total	Within 1 year	2 - 3 years	4 - 5 years	After 5 years
Non-derivative financial liabilities					
Accounts payable and accrued liabilities	$ 19,254	$ 19,254	$ –	$ –	$ –
Long-term debt	163,559	61,449	97,106	2,393	2,611
Convertible debentures	86,204	–	86,204	–	–
Operating leases	76,802	12,419	21,270	13,333	29,780
	345,819	93,122	204,580	15,726	32,391
Derivative financial liabilities					
Interest rate swap	3,915	–	3,915	–	–
Total	$ 349,734	$ 93,122	$ 208,495	$ 15,726	$ 32,391

25. RELATED PARTIES

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 can be extended to 2015 on commercially reasonable terms and includes an option to purchase the facility during the term on commercially reasonable terms. Lease payments for the year ended December 31, 2009 totaled $1,199 (2008 - $915). In addition, there is $20 (2008 - $nil) due from a trustee of the Fund that is included in accounts receivable.

A subsidiary of the Fund has a retirement agreement with a trustee of the Fund, who is the former President and Chief Executive Officer, to provide a retirement allowance in the amount of C$1,000 to be paid in equal quarterly installments over a period of 10 years ending in 2016. As at December 31, 2009 the discounted fair value of the obligation was $514 (2008 - $490) and is reflected in long-term debt. The discount is accreted to interest over the duration of the obligation.

26. CAPITAL

The Fund views its capital as the combination of its debt and equity balances. In general, the overall capital of the Fund is evaluated and determined in the context of its financial objectives and strategic plan, giving consideration to the significant seasonality of cash flows. The Fund typically carries a modest level of cash or bank indebtedness, intended to provide adequate liquidity for pending obligations and short-term changes in non-cash working capital balances.

The Fund determines the appropriate level of debt in the context of its cash flow and overall business risks. The Fund defines net debt as total long-term debt and bank indebtedness, reduced by cash. The Fund typically maintains a level of net debt that provides adequate financial flexibility to meet operating and working capital requirements. Additionally, the Fund has historically generated cash flow in excess of cash distributions to unitholders and has used a portion of the excess funds to pay down net debt. In September 2008, the Fund suspended distributions and plans to use excess funds to pay down debt. The trustees of the Fund do not anticipate paying distributions for the foreseeable future as the new loan agreement entered into in February 2010 effectively prevents payment of distributions through February 2014.

The Fund has senior secured notes of $60 million that mature on March 1, 2010. Subsequent to the end of the year, on February 10, 2010 the Fund used the proceeds from a new term loan facility to retire the entire balance of these senior secured notes prior to maturity.

The Fund's net debt is subject to a number of covenants and restrictions including the requirement to meet certain financial ratios and financial condition tests at a subsidiary level. The primary ratio is the leverage ratio, defined in the Fund's credit agreement as net debt to trailing 12-month EBITDA. The leverage ratio for the 12 month trailing period ending December 31, 2009 was 2.9 to 1 (2008 – 2.9 to 1), compared to the permitted maximum of 3.25 for that period. The Fund is in compliance with all debt covenants at December 31, 2009.

The Fund considers the existing level of equity capital to be adequate in the context of current operations and the Fund's strategic plan. The equity component of capital increases primarily based on earnings (losses) less any cash distributions paid to unitholders. Historically, the Fund would finance major acquisitions with additional equity, however the ability to do this at the present time has been adversely affected by the current financial markets and the lack of certainty over the timing or outcome of the antitrust investigations and related litigation.

27. COMPARATIVE FIGURES

Certain items in the comparative consolidated financial statements have been reclassified from the statements previously presented to conform to the presentation of the 2009 consolidated financial statements.