

March 12, 2007

VICWEST INCOME FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE INTERIM PERIOD ENDED MARCH 31, 2006 (AMENDED)

This Management's Discussion and Analysis ("MD&A") is a review of the financial condition and results of operations of Vicwest Income Fund ("the Fund"). It should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes of the Fund for the period ended March 31, 2006 which have been filed with applicable regulatory authorities and are available through the SEDAR web site (www.sedar.com). All amounts are reported in thousands of Canadian dollars and have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") unless otherwise stated.

This discussion and analysis explains the Fund's financial condition and results of operations for the interim period ended March 31, 2006, and is intended to help holders of units of the Fund ("Unitholders") and other readers understand the Fund's business and the key factors underlying its financial results.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A constitute forward-looking statements. Although management believes that the forward-looking statements reflected in this report are based on reasonable assumptions, such statements involve known and unknown risks and uncertainties and other factors which may cause actual results to be materially different from any future results, performance or achievements of the Fund expressed or implied by such forward-looking statements. Forward-looking statements contain such words as "may", "will", "expect", "believe", "plan" and other similar terminology. Forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including, but not limited to, the factors discussed under "Risks and Uncertainties".

OVERVIEW OF THE FUND

The Fund is an unincorporated, open-ended limited purpose investment trust governed by the laws of the Province of Ontario established pursuant to the Fund Declaration of Trust. The Fund has been created pursuant to a plan of arrangement (the "Arrangement") dated May 20, 2005 for the purpose of investing directly in the securities of VWH Trust and indirectly in the securities of Vicwest Corporation and any other direct or indirect subsidiary or partnership interest of the Fund.

Pursuant to the Arrangement, on July 1, 2005 the conversion from a corporate entity into an income fund was completed. In accordance with the Arrangement, the Fund acquired substantially all of the operations of Vicwest Corporation and the common shares of Vicwest Corporation were exchanged for units of Vicwest Income Fund on the basis of one unit of the Fund per share.

The Fund commenced active operations on July 1, 2005 upon completion of the conversion of Vicwest Corporation to an income fund. The operations of the Fund are engaged in the fabrication, marketing and distribution of a variety of metal construction building components and bulk commodity storage products and are comprised of two business units, Vicwest, Division of Vicwest Operating Limited Partnership ("Vicwest") and Westeel, Division of Vicwest Operating Limited Partnership ("Westeel"). The Fund conducts its business under the trade names Vicwest, Westeel, Mercury Metals, Northern Steel Industries and NSI.

The Fund's Vicwest operating division, headquartered in Oakville, Ontario is Canada's leading manufacturer and distributor of metal roofing, siding and other metal building products. Vicwest fabricates and markets these products across Canada. A small percentage of Vicwest's products are exported, primarily to the United States.

Westeel, the Fund's storage products division, is based in Winnipeg, Manitoba and is Canada's foremost manufacturer of steel containment products for the storage of grain, fertilizer and petroleum products. Westeel's products are manufactured and distributed across Canada. Grain storage products are also exported to international markets beyond North America.

BASIS OF MD&A

The Fund was established on May 20, 2005 and is considered to be a continuation of Vicwest Corporation following the continuity of interest method of accounting, which recognizes the Fund as the successor entity to Vicwest Corporation. Accordingly, the Fund's consolidated financial statements and MD&A reflect the financial position, results of operations and cash flow as if the Fund had always carried on the business formerly carried on by Vicwest Corporation with all assets and liabilities recorded at the carrying values of Vicwest Corporation.

OPERATING STRATEGY

The Fund's goal is to maintain stable and increasing distributions to Unitholders and to provide superior long term financial returns to Unitholders through both yield and appreciation. The Fund's operating strategy is to grow the business at both the top and bottom lines by making investments in higher value added products with greater margin opportunity, by pursuing prudent acquisition opportunities and by increasing internal operating efficiencies.

BUSINESS ACQUISITIONS

On February 28, 2006, the Fund completed the acquisition of the Fabrication Division of Mercury Metals Ltd. ("Mercury") and the operations of Northern Steel Industries Ltd. ("NSI").

Based in Delta, British Columbia, Mercury's Fabrication Division is one of B.C.'s leading suppliers of metal cladding, deck and architectural panel products to the industrial, commercial and institutional construction markets. The acquired business will be managed as part of the Vicwest division building products group under the "Mercury Metals" brand name. The acquisition of Mercury will establish the Fund as the premier supplier of metal building components in a strong western Canadian construction market and will provide access to new markets and new product lines that complement the Fund's existing offerings.

NSI, of Tisdale, Saskatchewan, is one of Western Canada's largest suppliers of above and below ground steel petroleum storage tanks. NSI will be managed as part of the Westeel petroleum storage group under its own brand name. NSI contributes a significant market share, which will strengthen the Fund's position in a growing market, adding additional production capacity and new product offerings.

These acquisitions are consistent with the Fund's operating strategy to grow revenues, net income and distributable cash through the pursuit of prudent acquisition opportunities and by making investments in higher value added products with greater margin opportunity.

OVERALL PERFORMANCE

The Fund's first quarter 2006 operating results reflect improvement in operating margins and earnings due to continued management of gross margins as well as the incremental revenues and earnings from the acquisitions of Mercury and NSI.

First Quarter Financial Highlights

- Net sales of \$63.2 million in 2006 were 3.0% higher than 2005 net sales of \$61.4 million.
- Gross margins were \$12.7 million, representing 20.1% of net sales in 2006 compared to 2005 gross margins of \$10.8 million, which represented 17.6% of 2005 net sales.

- Selling, general and administrative expenses were \$6.7 million, representing 10.7% of net sales in 2006 compared to \$6.2 million representing 10.2% of net sales in 2005.
- Operating income was \$5.3 million in 2006 representing 8.3% of net sales compared to \$4.1 million representing 6.8% of net sales in the prior year.
- Distributable cash of \$3.1 million was generated; cash distributions of \$7.0 million or \$0.36 per unit were declared.

Market Influences on Revenue

The Fund's operating divisions are subject to a variety of market influences. Demand for the Vicwest division's products depend on the construction and agricultural markets, which are seasonal and cyclical due to weather patterns, economic growth, government spending and other factors. Agricultural markets also drive Westeel's agricultural storage products revenues. Oil and gas exploration activity and energy prices have an influence on revenues generated from Westeel's petroleum storage products.

Construction activity in the industrial, commercial and institutional sectors has been declining during 2005, particularly in the fourth quarter, and had negatively impacted the Vicwest building products division's shipments and revenues in 2005. Activity in this sector has improved in the first quarter of 2006 and year over year volume of shipments has increased significantly in this division although at lower selling prices.

Crop volumes, quality and pricing, and farm income influence agricultural products demand. On the domestic storage front, crop-growing conditions were much improved in 2005 with good crop volumes and improved quality, resulting in increased demand for grain storage facilities. As well, higher international export shipments continued to grow grain storage revenue, particularly in Middle Eastern countries. High-energy prices and oil and gas exploration activities continued to have a positive influence on petroleum storage revenue in 2005. In the first quarter of 2006, largely comparable market conditions to 2005 prevailed. However, grain storage revenues were below year ago levels on timing of international orders and shipments and delays in receiving steel inputs affecting domestic shipments. Light commercial products revenues were 5% below year ago revenues on lower selling prices. Petroleum revenues increased with the acquisition of NSI.

The Fund's primary raw material is steel, the price of which fluctuates according to global supply and demand. Flat rolled steel accounts for more than 50% of cost of goods sold annually. Accordingly, the impact of changing steel prices will result in corresponding changes in the selling price of the Fund's products across all product groups. Steel pricing was volatile during 2005, as steel prices dropped through the first three quarters then leveled off and increased toward the end of the year. As a result, selling prices of product sold declined throughout 2005. Although steel pricing was relatively stable in the first quarter of 2006, as expected, seasonal declines in volume and slightly lower selling prices of the Fund's products resulted in lower revenues than the fourth quarter of 2005.

OUTLOOK

The Fund's revenues and earnings fluctuate in conjunction with the seasonality of the construction industry and crop-growing seasons in Canada. Sales generally are lowest in the first quarter, improve in the second quarter as construction activity increases and reach a peak toward the end of the third quarter. The fourth quarter generally remains strong through November but drops off in December due to colder weather.

Internationally, Asian and European steel costs have risen, North American steel supply has experienced consolidation and base metal prices are rising on strong global demand. In combination, supplier advisements are that global steel supply may be tight through 2006 and steel prices will begin to rise in the second quarter. On seasonal influences, selling prices for the Fund's products have been dropping in recent months. With announced and pending steel cost increases, selling activities are underway to reposition selling prices.

The Fund expects the second quarter of 2006 to follow historical patterns with revenues showing a seasonal increase from first quarter levels as construction activity picks up, domestic pre-season storage demands are met and international grain storage shipments

materialize. Revenues will also increase in the second quarter as a result of the acquisitions of Mercury and NSI. Installation of the Fund's foam panel product line is underway in its new home in Hamilton, Ontario and commissioning and testing of the manufacturing facility will take place throughout the second quarter with product shipments and revenues anticipated to begin in the third quarter.

RESULTS OF OPERATIONS

Comparative Statements of Income For the periods ended March 31, 2006 and March 31, 2005 (Thousands of Canadian Dollars)

	Three months ended March 31, 2006	Three months ended March 31, 2005
Sales	\$ 63,167	\$ 61,356
Cost of sales	50,493	50,538
Gross profit	12,674	10,818
Selling, general and administrative	6,735	6,240
Foreign exchange (gain) loss	(24)	19
Non-hedge derivative gain	(43)	-
Amortization of capital assets	710	584
Amortization of intangible assets	32	-
Other income	-	(169)
Operating income	5,264	4,144
Interest income	(110)	-
Interest expense	105	243
Earnings before income taxes	5,269	3,901
Provision for (recovery of) income taxes	(50)	1,403
Net earnings for the period	\$ 5,319	\$ 2,498

Markets and Distribution Channels

The Fund's products are sold through three distinct distribution channels. Westeel's storage products (now including NSI) are sold to farm co-operatives, dealers, original equipment manufacturers, contractors and end users. Vicwest's building products division sales (now including the Mercury Metals product line) are to contractors, owners and developers and serve the industrial, commercial and institutional markets. Vicwest's light commercial products are distributed to building material supply centers and contractors in agricultural and residential markets. The largest portion (approximately 70%) of light commercial product sales is for agricultural building applications with the balance being for light commercial construction and residential renovations.

Revenue by Product Group

(Thousands of Canadian Dollars)

	1 st Quarter	
	2006	2005
Storage products	\$25,732	\$25,487
Building products	22,470	20,196
Light commercial products	14,965	15,673
Total revenue	\$63,167	\$61,356

Revenue - Three Months Ended March 31

Consolidated revenues in the first quarter of 2006 were \$63.2 million, up \$1.8 million, or 3.0% from \$61.4 million in the first quarter of 2005. Variations in each of the Fund's distribution channels are discussed below.

Storage Products (Agricultural and Petroleum Markets)

Storage products revenue improved slightly over the corresponding prior year period. Petroleum storage revenues increased \$2.3 million on sales generated by the acquired NSI business. Agricultural (grain and fertilizer) storage products were down approximately \$2.1 million on timing of international orders and shipments and delays in receiving steel inputs with effect on domestic shipments.

Building Products (Industrial, Commercial and Institutional Construction Markets)

Following a sluggish fourth quarter of 2005, construction activity in the industrial, commercial and institutional markets was improved in comparison to the first quarter of 2005. In spite of lower selling prices, year over year building products sales increased by approximately \$1.1 million on increased shipments of Vicwest products and \$1.2 million of sales from the Mercury Metals product line.

Light Commercial Products (Agricultural, Light Commercial and Residential Renovation Markets)

Light commercial product sales were down 4.5 % compared to the first quarter of 2005. Revenue of \$15.0 million was impacted by lower year over year selling prices. Overall volume of products shipped in the first quarter of 2006 was up from 2005 shipments. Selling prices are lower than the prior year primarily due to lower steel prices and competitive pressures.

Gross Profit

(Thousands of Canadian Dollars)	1 st Quarter	
	2006	2005
Sales	\$63,167	\$61,356
Cost of sales	50,493	50,538
Gross profit	\$12,674	\$10,818
Gross margin	20.1%	17.6%

In 2006, first quarter gross profit was \$12.7 million or 20.1% of sales compared to 2005 gross profit of \$10.8 million and 17.6% of sales. All divisions reported improvements in margins over the prior year, which results primarily from a continued focus on gross margin management and secondarily from changes in product mix due to the addition of Mercury and NSI products. Approximately one third of the increase in gross profit is the incremental impact from these two acquisitions.

Expenses

(Thousands of Canadian Dollars)	1 st Quarter	
	2006	2005
Sales	\$63,167	\$61,356
Selling general & administrative expenses	6,735	6,240
% of Sales	10.7%	10.2%

Selling, general and administration costs were \$6.7 million for the first quarter of 2006 and 10.7% of sales compared to \$6.2 million and 10.2% of sales in first quarter of 2005. Increased costs were associated with the acquired businesses (approximately \$350 thousand) and increased advertising and sales support materials.

Amortization of Capital Assets

Amortization expense of \$0.7 million in the first quarter of 2006 is slightly higher than the \$0.6 million reported in the first quarter of 2005 and is due to the ongoing maintenance capital expenditure requirements of the Fund.

During the second quarter of 2005, negotiations were completed for the purchase of manufacturing equipment that will be used to produce a range of foam panel wall and roofing systems. Capital expenditures for the first quarter of 2006 included approximately \$2.1 million of instalment payments for the foam panel production line. Approximately \$3 million of additional expenditures for this equipment will be made during the next few months as the installation and commissioning of the line is completed. Amortization on the foam panel capital expenditures will begin mid year 2006 when the equipment becomes operational.

Amortization of Intangible Assets

Intangible assets arising from the acquisition of Mercury and NSI consisted primarily of customer lists and trade names which were assigned a value of \$6.9 million, which are being amortized over their estimated lives of 5 to 10 years on a straight line basis. Amortization of \$32 thousand was recorded during the period.

Other Income

Pursuant to an agreement (the "Transition Services Agreement"), other income reported in prior periods consisted of revenue from a formerly related company for certain accounting and data processing services provided by Vicwest. Revenue related to this agreement was \$169 thousand for the first quarter of 2005. The Transition Services Agreement and income associated therewith have terminated effective November 2005 and consequently there is no income from this source in the first quarter of 2006.

Operating Income

Operating income was \$5.3 million in the first quarter of 2006 compared to \$4.1 million in the first quarter of 2005. The improvement is primarily attributable to improved gross margins and operating efficiencies generated by the Vicwest and Westeel operations and from the impact of the Mercury and NSI business acquisitions.

Interest Expense

Interest expense consists of interest on bank debt as well as amortization of debt issuance costs associated with senior credit facilities. Such costs are generally written off over the term of the credit facility. Total interest expense for the first quarter of 2006 was \$105 thousand of which \$13 thousand relates to the amortization of debt issuance costs. During the first quarter of 2005 total interest expense of \$243 was reported, including \$99 of debt issuance cost amortization. Overall interest expense in 2006 was lower than 2005 as a result of reduced debt following a repayment of long term debt of \$10.5 million in the first quarter of 2005.

Earnings before Income Taxes

In the first quarter of 2006 the Fund recorded earnings before income taxes of \$5.3 million compared to \$3.9 million in the corresponding period of 2005. The improvement was attributable to continued year over year improvement in gross margins as well as the impact of reduced interest expense, the generation of interest income on cash reserves and the incremental earnings from business acquisitions.

Income Taxes

The Fund is a mutual fund trust for tax purposes and therefore is not subject to tax on income distributions to Unitholders. Taxes payable on income of the Fund's distribution to Unitholders are the responsibility of the Unitholders.

During the first quarter of 2006, a recovery of income taxes of \$50 thousand was recognized by the Fund's U.S. based subsidiary, which is subject to tax. During the first quarter of 2005 prior to the conversion to an income fund, the tax expenses of Vicwest Corporation were \$1.4 million.

Net Earnings

Net earnings were \$5.3 million or \$0.27 dollars per unit in the first quarter of 2006 based on 19,555,935 units outstanding. For the first quarter 2005, net earnings were \$2.5 million or \$0.13 dollars per share based on 19,405,935 Vicwest Corporation shares outstanding.

SUMMARY OF QUARTERLY RESULTS

The following highlights the Fund's results for the periods ended March 31, 2006, December 31, 2005 September 30, 2005. Previous quarters represent the results of Vicwest Corporation (see previous section Basis of MD&A).

(Thousands of Canadian Dollars except per unit/share amounts)

Three Months Ended	Mar 31, 2006	Dec. 31, 2005	Sept 30, 2005	June 30, 2005	Mar 31, 2005	Dec 31, 2004	Sept 30, 2004	June 30, 2004
Revenue	\$63,167	\$71,575	\$93,592	\$80,880	\$61,356	\$76,622	\$93,903	\$77,487
Net Earnings	5,319	10,084	17,446	7,100	2,498	7,028	7,401	5,347
Net Earnings Per unit/share	\$0.27	\$0.52	\$0.89	\$0.36	\$0.13	\$0.36	\$0.38	\$0.28

The Fund's business is seasonal in nature. Quarterly revenues will fluctuate with agricultural growing and harvesting seasons and industrial, commercial, institutional and residential construction activity. Sales and installation of the Fund's products will also be impacted by weather patterns and crop yields. The first quarter of the year is historically the slowest due to cold weather and reduced seasonal construction activity. Second quarter activity improves as both the pre-season market for storage products and construction activity increases. The third quarter is historically the Fund's strongest quarter as construction activity peaks and agricultural crops are harvested. During the fourth quarter Westeel's storage product revenues typically drop off as the agricultural season ends. Shipments by the Vicwest division typically remain strong through November and decline in December as construction activity winds down.

DISTRIBUTABLE CASH (see NON-GAAP MEASURES)

Distributable cash for the three-month period ending March 31, 2006 was \$3.1 million. During the same period, the Fund declared cash distributions totalling \$7.0 million. The Fund's business is subject to seasonality, and consequently the first quarter 2006 results should not be considered indicative of what might occur over a twelve-month period. Monthly cash distributions are based on the Fund's expectation of annual distributable cash.

Statement of Distributable Cash (unaudited)

(Thousands of Canadian Dollars except per unit amounts)	1 st Quarter 2006
Net earnings	\$ 5,319
Amortization of capital assets	710
Amortization of intangible assets	32
Net interest income	(5)
Income tax recovery	(50)
EBITDA (see Non-GAAP MEASURES)	6,006
Net cash interest income	18
Income tax recovery	50
Purchase of capital assets	(2,973)
Distributable cash	\$ 3,101
Cash distributions declared	\$ 7,040
Net earnings per unit	\$ 0.272
Distributable cash per unit	\$ 0.159
Cash distributions declared per unit	\$ 0.360

Cash distributions for the interim period ended March 31, 2006 were as follows:

Period	Record Date	Payment Date	Distribution Per Unit	Amount ('000)
January 2006	January 31, 2006	February 20, 2006	\$ 0.1200	\$ 2,347
February 2006	February 28, 2006	March 20, 2006	0.1200	2,347
March 2006	March 31, 2006	April 20, 2006	0.1200	2,346
Distributions declared			\$ 0.3600	\$ 7,040

Any income of the Fund that is applied to cash redemptions of Fund units or is otherwise unavailable for cash distributions will, to the extent necessary to ensure that the Fund will not be liable for income taxes, be distributed to Unitholders in the form of additional Fund units.

NON- GAAP MEASURES

“Distributable cash” is not a defined term under Canadian GAAP but is determined by the Fund as net income for the period adjusted to remove non cash items, including amortization, and reduced by capital expenditures. The Fund’s management believes that distributable cash is a useful measure of performance as it provides investors with an indication of the amount of cash available for distribution to Unitholders. Investors are cautioned however that distributable cash should not be construed as an alternate to using net earnings as a measure of profitability or the statement of cash flows. Furthermore, the Fund’s definition of distributable cash may differ from that of other issuers.

References to “EBITDA” are to earnings before interest, taxes (other than capital taxes), depreciation and amortization. The Fund’s management believes that in addition to net earnings or loss, EBITDA is a useful supplemental measure of cash available for distribution prior to debt service, changes in working capital, capital expenditures and taxes. However EBITDA is not a recognized measure under Canadian GAAP. Investors are cautioned that EBITDA should not be construed as an alternative to net earnings or loss determined in accordance with GAAP as an indicator of the Fund’s performance or as an alternative to cash flows from operating, investing and financing activities which measure the Fund’s liquidity and cash flows.

OUTSTANDING UNIT DATA

An unlimited number of Fund units may be issued pursuant to the Fund Declaration of Trust. Each Fund unit is transferable and represents an equal undivided beneficial interest in any distribution from the Fund and in the net assets of the Fund. All Fund units are of the same class with equal rights and privileges. The units are not subject to future calls or assessments and entitle the holder to one vote at all meetings of the Unitholders, for each unit held. Fund units are redeemable at any time on demand by the holders at amounts equal to market prices at the time and subject to certain factors including a maximum of \$50 thousand in cash redemptions in any calendar month. Redemptions in excess of \$50 thousand may be settled with the issuance of notes.

In accordance with the Arrangement, 19,555,935 common shares of Vicwest Corporation were exchanged for units of Vicwest Income Fund on July 1, 2005. The capital contribution assigned to the Fund units consists of the shareholders’ equity of Vicwest Corporation immediately prior to the conversion into an income fund. No additional Fund units have been issued since that date.

Vicwest Corporation implemented a financial restructuring under the Companies’ Creditors Arrangement Act, which was completed in 2003. Proven creditors’ claims arising during the restructuring were settled with the issuance of Vicwest Corporation common shares. In the event that any remaining disputed claims are proven and accepted, the Arrangement provides that Vicwest Corporation may issue up to 1,992,378 redeemable preferred shares in settlement of disputed claims. Each preferred share will be redeemable for one Fund unit.

As of March 31, 2006, the remaining disputed claims pertain to claims from former employees with respect to retirement compensation arrangements. During Vicwest Corporation’s restructuring, these claims were

disallowed by the court appointed monitor and were deemed excessive and unsubstantiated. Management believes that the retirement compensation plan assets are sufficient to provide the required benefits and that the number of preferred shares and Fund units ultimately issued upon resolution of this dispute, if any, will be relatively small.

CASH FLOW

At March 31, 2006, the Fund had cash and equivalents of \$3.4 million and had drawn \$7.8 million on its revolving line of credit. Consequently the net debt position of the Fund at March 31, 2006 was \$4.4 million compared to cash of \$22.4 million at December 31, 2005. The total change of \$26.8 million from cash to net debt is primarily due to business acquisitions, capital expenditures and distributions to Unitholders in excess of Distributable Cash generated.

Due to the seasonal nature of the business, the Fund's operations typically generate most of their cash flow in the second half of the year. Working capital requirements, particularly accounts receivable, decrease in the first quarter, increase throughout the construction and growing seasons from early spring until late fall, and then decline again toward the end of the year.

Comparative Statements of Cash Flows For the periods ended March 31, 2006 and March 31, 2005 (Thousands of Canadian Dollars)

	Three months ended March 31, 2006	Three months ended March 31, 2005
NET (OUTFLOW) INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Net earnings	\$ 5,319	\$ 2,498
Amortization and other items not affecting cash	713	832
	6,032	3,330
Net (increase) decrease in non-cash operating working capital	489	(5,193)
Cash provided (used) by operating activities	6,521	(1,863)
INVESTING		
Business acquisitions	(21,310)	-
Proceeds from sale of capital assets	21	-
Additions to capital assets	(2,973)	(418)
Cash used in investing activities	(24,262)	(418)
FINANCING		
Distribution to unitholders	(8,996)	-
Repayment of long term loan	-	(10,531)
Increase in revolving credit facility	7,696	3,252
Cash used in financing activities	(1,300)	(7,279)
DECREASE IN CASH	(19,041)	(9,560)
CASH BEGINNING OF PERIOD	22,424	11,161
CASH END OF PERIOD	\$ 3,383	\$ 1,601

Cash Flow – Three Months Ended March 31

Due to the improvement in net earnings, cash provided by operating activities before changes in non-cash working capital was \$6.0 million compared to \$3.3 million for the first quarter of 2005. Non-cash working capital changes provided \$489 thousand compared to consumption of \$5.2 million in 2005, primarily due to income tax payments made in the first quarter of 2005 and the absence of tax payments in 2006 under the income fund structure. Consequently, cash provided by operating activities was \$6.5 million in the first quarter of 2006 compared to consumption of \$1.9 million in the first quarter of 2005.

Investing activities consisted of \$21.3 million of cash consideration on the acquisition of Mercury and NSI, as well as net capital additions of \$3.0 million including \$2.1 million relating to the Fund's new foam panel manufacturing line.

Financing activities of \$2.4 million consist of \$9.0 million cash distributions paid for the periods December 2005 to February 2006, offset by draws of \$7.7 million on the revolving credit line. Cash distributions for March, 2006 have been accrued and will be paid in April 2006.

The total decrease in cash during the first quarter of 2006 was \$19.0 million, compared to a decrease in cash of \$9.6 million during the first quarter of 2005.

FINANCIAL INSTRUMENTS

In conjunction with its plan to introduce a foam panel manufacturing facility, the Fund has entered into a Euro dollars commitment to purchase manufacturing equipment. The total commitment was 3.220 million Euros and will be disbursed through the second quarter of 2006. To insulate the remaining cost of this project from the potential impact of foreign exchange fluctuations, the Fund entered into forward contracts to provide 1.18 million Euros at various rates with delivery dates through the second quarter of 2006. At March 31, 2006, forward rates with corresponding delivery dates had increased and the Fund recognized a \$43 mark-to-market unrealized gain on these contracts.

FINANCIAL CONDITION

As of March 31, 2006, total assets of the Fund were \$127.7 million compared to \$115.6 million at the December 31, 2005 year-end. The increase in total assets is primarily due to the net assets acquired from business acquisitions, positive net earnings and working capital improvements, offset by cash distributions to Unitholders. Working capital at March 31, 2006 was \$33.7 million compared to \$53.2 million at December 31, 2005. The decrease in working capital is largely due to the reduction in cash balances resulting from the acquisitions of Mercury and NSI.

LIQUIDITY AND CAPITAL RESOURCES

The Fund renegotiated its senior secured credit facility effective July 1, 2005. The amended and restated credit facility consists of a maximum \$30 million revolving line of credit, collateralized by substantially all of the assets of the Fund's subsidiaries and operating divisions. Subject to the stated maximum, the credit available under the amended revolving credit facility at any one time is variable and is based on the value of the underlying collateral, primarily accounts receivable and inventories. At March 31, 2006, the Fund had \$19.4 million of availability on the revolving line of credit.

The Fund's annual maintenance capital expenditure needs, primarily for machinery and equipment upgrades at its existing facilities, are approximately \$3.5 million. The Fund expects to be able to fund seasonal working capital and capital expenditures from cash provided by operations and through draw downs under the senior credit facility.

RISKS AND UNCERTAINTIES

The Fund is subject to various risks and uncertainties including: cyclicality, steel supply and pricing, seasonality, supply and install contracts, labour, competition, customer concentration, foreign exchange, interest rates, environmental, growth challenges, and uninsured risks. These business risks are described in detail in the Vicwest Income Fund Annual Information Form for the year ended December 31, 2005 dated March 8, 2006. All of these factors remain substantially unchanged since the December 31, 2005 period end.

DISCLOSURE CONTROLS AND PROCEDURES

The Fund is committed to providing timely and accurate disclosure of material transactions and events to its Unitholders and the capital markets in general.

Canadian companies that are reporting issuers have certain continuous disclosure obligations that are defined by the Canadian Securities Administrators under various pronouncements known as Multilateral Instruments.

Multilateral Instrument 52-109 (“MI 52-109”) Certificate of Disclosure in Issuers’ Annual and Interim Filings is a national instrument requiring companies to certify the company’s interim and annual filings acknowledging responsibility for establishing disclosure controls and procedures. The objective of MI 52-109 is to ensure that no material omissions or misstatements have occurred in the issuer’s regulatory filings.

The interim filing of Form 52-109F2 provides certification that the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) have reviewed the interim filings of the Fund and based on their knowledge, the interim filings do not contain any untrue statements of a material fact and that the interim financial statements together with other financial information fairly represents in all material respects, the financial condition, cash flow and operating results of the issuer. In addition, the certification acknowledges that the CEO and CFO have the responsibility for establishing and maintaining disclosure controls and procedures over financial reporting for the issuer.

The Fund has implemented a program to ensure all operating and functional managers are aware of the Fund’s obligations as a reporting issuer. Senior managers are required to certify on a quarterly basis that they are aware of all Fund policies and procedures, that they are in compliance with such policies and that any information that could have a material effect on the results of the Fund’s operations have been communicated to the CEO and CFO on a timely basis. The Fund’s CEO and CFO have a thorough knowledge of all of the Fund’s operations and have implemented a process whereby management will meet and otherwise communicate on a regular basis to ensure that continuous disclosure obligations are fulfilled on an ongoing basis.

The Chief Executive Officer and the Chief Financial Officer, together with management, have designed and evaluated the effectiveness of the Fund’s disclosure controls and procedures for the interim period ending March 31, 2006, and have concluded that they are reasonably assured that such disclosure controls and procedures were effective and that material information relating to the Fund was made known to them within the time periods specified under applicable securities legislation.