

VICWEST INCOME FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2005

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 initial period ended September 30, 2005 which have been filed with applicable regulatory authorities and are available through the SEDAR web site (www.sedar.com). Results are reported in thousands of Canadian dollars unless otherwise stated and have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

This discussion and analysis explains the Fund's financial condition and results of operations for the interim period ended September 30, 2005, and is intended to help shareholders 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 "Risk 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 dated 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 steel containment products and are conducted under the trade names Vicwest, Division of Vicwest Operating Limited Partnership ("Vicwest") and Westeel, Division of Vicwest Operating Limited Partnership ("Westeel").

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 and, 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 commenced operations on July 1, 2005 following the conversion of Vicwest Corporation to an income fund. Accordingly, there is no comparative information for the Fund's initial period of operation. To provide meaningful information to the reader, the following discussion and the balance of this MD&A will compare the Fund's operating results for the three month period ended September 30, 2005 to those of Vicwest Corporation for the corresponding three month period ended September 30, 2004, and will compare the combined Fund and Vicwest Corporation results for the nine month period ended September 30, 2005 to those of Vicwest Corporation for the period ended September 30, 2004.

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.

RESULTS OF OPERATIONS

Comparative Interim Statements of Income

For the periods ended September 30, 2005 and September 30, 2004
(Thousands of Canadian Dollars)

	Three months ended September 30, 2005	Three months ended September 30, 2004	Nine months ended September 30, 2005	Nine months ended September 30, 2004
Sales	\$ 93,592	\$ 93,903	\$ 235,828	\$ 221,746
Cost of sales	68,629	74,349	182,032	183,386
Gross profit	24,963	19,554	53,796	38,360
Selling, general and administrative	6,374	6,808	19,374	18,374
Foreign exchange loss	89	27	90	122
Non- hedge derivative loss	185	-	185	-
Amortization of capital assets	608	576	1,790	1,760
Other income	(200)	(193)	(308)	(529)
Operating income	17,907	12,336	32,665	18,633
Interest income	-	-	(44)	(110)
Interest expense	323	312	673	1,152
Earnings before income taxes	17,584	12,024	32,036	17,591
Provision for income taxes	138	4,623	4,993	4,935
Net earnings for the period	\$ 17,446	\$ 7,401	\$ 27,043	\$ 12,656

Markets and Distribution Channels

The Fund's products are sold through three distinct distribution channels. Vicwest's operations have separate distribution channels for each of building products and light commercial products. Vicwest's building products division sales are to contractors, owners and developers and serve the industrial, commercial and institutional markets, while Vicwest's light commercial products are distributed to buying group chains and large lumberyards. The largest portion of light commercial product sales is for agricultural building applications. Westeel's storage products are sold to farm co-operatives, dealers and direct to end-users.

Revenue by Product Group

(Thousands of Canadian Dollars)	3rd Quarter		Year to Date	
	2005	2004	2005	2004
Storage products	\$24,423	\$21,692	\$77,206	\$56,096
Building products	30,596	33,982	76,941	79,056
Light commercial products	38,573	38,229	81,681	86,594
Total revenue	\$93,592	\$93,903	\$235,828	\$221,746

Revenue - Three Months Ended September 30

Consolidated revenues in the third quarter of 2005 were \$93.6 million, down \$0.3 million, or approximately 0.3% from \$93.9 million in the third quarter of 2004. Although total revenues are flat to the third quarter of 2004, there are variations within each of the Fund's distribution channels as discussed below.

Storage Products

Storage products revenue continued to show improvement over the corresponding prior year period with third quarter revenue of \$24.4 million, surpassing 2004 by 13%. Grain storage revenue led the improvement with shipments of \$16.8 million, an increase of \$2.5 million or 18% above the results achieved in the third quarter of 2004. Petroleum revenue at \$5.8 million was up 28% over 2004, while fertilizer storage revenue showed a small decline. On the domestic storage front, crop-growing conditions are much improved from 2004 with good crop volumes and improved quality, resulting in increased demand for grain storage facilities. As well, higher international export shipments continue to support grain storage revenue, particularly in Middle Eastern countries. High energy prices and oil and gas exploration activities have continued to have a positive influence on petroleum storage revenue.

Building Products

Overall construction activity in the industrial, commercial and institutional market increased over the second quarter of 2005 with the onset of the construction season and Vicwest's volume increased in line with market activity. Compared to the same period in 2004, volume of products shipped during the third quarter was flat. However, on similar volumes, building products revenue for the third quarter decreased to \$30.6 million from \$34.0 million in 2004, which represents a \$3.4 million or 10% decline. Approximately half of this decline was due to further reductions in installation revenues as Vicwest continued its exit strategy from the installation business. The balance of the revenue decline relative to the third quarter of 2004 was due to lower selling prices, driven in part by declining steel input costs and product mix.

Light Commercial Products

Light commercial product sales were flat compared to the third quarter of 2004. Revenue of \$38.6 million was held back by low farm commodity prices that have lead, in part, to the increased demand for storage products but at the same time have diverted agricultural spending away from other building applications. Overall volume of products shipped in the third quarter of 2005 was almost equal to 2004 shipments. Selling prices declined somewhat during the quarter in response to lower steel input costs and competitive pressures, but remained marginally higher than the third quarter of 2004 thus offsetting the small volume decline.

Steel comprises the major cost element of the Fund's manufactured products. Following steel price increases in excess of 40% during 2004, prices have retreated by approximately 15% during the first nine months of 2005. As a result, selling prices of Vicwest manufactured products have been declining in response to lower steel costs. The current expectation is for steel prices to rise in the short term, partly in response to increased scrap and energy costs but also due to steel shortages and increased demand for construction materials, particularly in the southern United States. Where earlier in the year customers were delaying awarding orders on the expectation of steel cost decreases, expectations have changed and order intake is now improving. The combination of these factors suggests that selling prices should be relatively stable and volume of shipments should achieve plan expectations through the fourth quarter. The Fund's storage products market demand will continue at high levels for petroleum products and at seasonally adjusted levels for agricultural products.

Revenue - Nine Months Ended September 30

Consolidated revenues for the first nine months of 2005 were \$235.8 million, up \$14.1 million, or 6.4% from \$221.7 million in the first nine months of 2004. Sales of storage products continued to outpace 2004 levels on increased demand from both domestic and international grain storage markets and domestic demand for petroleum storage products. Increased selling prices driven by 2004 steel cost increases continue to support building products and light commercial revenues, partially offsetting the impact of lower shipments.

The frequency and magnitude of recurring steel price increases in 2004 caused the market to accelerate orders as customers attempted to lock in their costs and reduce their exposure to further selling price increases. Consequently, Vicwest's volume in the first half of 2004 was much higher than historical levels. In the first half of 2005, the opposite occurred as customers delayed orders in anticipation of price decreases. While volume of Vicwest manufactured products shipped to the end of the third quarter lags behind 2004 levels, this gap has narrowed as the year progresses.

Gross Profit

(Thousands of Canadian Dollars)

	3rd Quarter		Year to Date	
	2005	2004	2005	2004
Sales	\$93,592	\$93,903	\$235,828	\$221,746
Cost of sales	68,629	74,349	182,032	183,386
Gross profit	<u>\$24,963</u>	<u>\$19,554</u>	<u>\$53,796</u>	<u>\$38,360</u>
Gross margin	<u>26.7%</u>	<u>20.8%</u>	<u>22.8%</u>	<u>17.3%</u>

In 2005, third quarter gross profit was \$25.0 million or 26.7% of sales compared to 2004 gross profit of \$19.6 million and 20.8% of sales. Gross profit and margin were sustained and improved through a disciplined approach to selling price management.

Gross profit for the nine months ended September 2005 was \$53.8 million or 22.8% of sales, up from \$38.4 million and 17.3% for the first nine months of 2004.

Steel prices began to decline in the first quarter of 2005 on certain grades of unpainted steel. This trend continued in the second and third quarters of 2005 with cost declines occurring on both unpainted as well as painted steel. However, fourth quarter steel price increases have been announced for certain grades of bare and painted steel and margins are expected to compress. These price increases may not be absorbed by the market.

Expenses

(Thousands of Canadian Dollars)	3rd Quarter		Year to Date	
	2005	2004	2005	2004
Sales	\$93,592	\$93,903	\$235,828	\$221,746
Selling general & administrative expenses	6,374	6,808	19,374	18,374
% of Sales	6.8%	7.3%	8.2%	8.3%

Selling, general and administration costs were \$6.4 million for the third quarter of 2005 and 6.8% of sales compared to \$6.8 million and 7.3% of sales in third quarter of 2004. Increased costs associated with variable compensation plans were offset by controlled spending on travel, advertising and various other operating expenses. The net result was a decrease in spending of \$0.4 million.

For the first nine months of the year, selling general and administration expenses were \$19.4 million and 8.2% of sales compared to \$18.4 million and 8.3% of sales in the first nine months of 2004. The \$1.0 million increase over 2004 relates primarily to incremental costs associated with the income trust conversion. These costs were incurred for the most part in the first six months of 2005, prior to the July 1 conversion.

Amortization of Capital Assets

Amortization expense of \$0.6 million in the third quarter of 2005 is consistent with the third quarter of 2004. 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 in the third quarter of 2005 included approximately \$1.0 million of instalment payments for the foam panel production line. Approximately \$4 million of additional expenditures for this equipment will be made over the balance of 2005 and in the first six months of 2006. Amortization will begin mid year 2006 when the equipment becomes operational.

Amortization of capital assets for the first nine months of 2005 of \$1.8 million is comparable to the \$1.8 million reported in 2004.

Other Income

Pursuant to an agreement (the "Transition Services Agreement"), other income consists of revenue from a formerly related company for certain accounting and data processing services that Vicwest provides. Revenue related to this agreement was \$200 thousand for the third quarter of 2005 compared to \$193 thousand for the same period in 2004. The Transition Services Agreement and associated income are expected to terminate prior to the end of 2005. Management anticipates that this income will not be replaced subsequent to the termination of the agreement.

Operating Income

Operating income was \$17.9 million in the third quarter of 2005 compared to \$12.3 million in the third quarter of 2004. The improvement is primarily attributable to the strong demand for grain and petroleum storage products as well as selling price discipline and improved gross margins.

Operating income for the first nine months of 2005 was \$32.7 million, an improvement of \$14.1 million over the \$18.6 million reported in the corresponding period for 2004.

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. Since the Fund renegotiated its credit facilities effective July 1, 2005, \$233 thousand of debt issuance costs

remaining from the previous credit facility were written off. Amortization of \$13 thousand was recognized in respect of the new credit facility during the third quarter. Interest expense incurred on borrowings during the third quarter of 2005 was \$77 thousand. Total interest expense for the third quarter of 2005 was \$323 thousand. The \$312 thousand interest expense reported in the third quarter of 2004 consisted of interest on borrowings of \$288 thousand and amortization of \$24 thousand. Interest expense in 2005 was lower than 2004 as a result of lower debt load following a repayment of long term debt of \$10.5 million in the first quarter of 2005.

For the nine months ended September 30, 2005, interest expense was \$673 thousand compared to \$1.15 million in the first nine months of 2004.

Earnings before Income Taxes

In the third quarter of 2005 the Fund recorded earnings before income taxes of \$17.6 million compared to \$12.0 million in the corresponding period of 2004. The improvement is largely attributable to continued year over year improvement in building products and light commercial gross margins and grain and petroleum storage demand.

For the nine months ended September 2005, earnings before income taxes were \$32.0 million compared to \$17.6 million in the first nine months of 2004.

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 initial period of the Fund's operations ending September 30, 2005, a provision for income taxes of \$138 thousand was recognized for income taxes payable by the Fund's U.S. based subsidiary, which is subject to tax.

Net Earnings

Net earnings were \$17.4 million or \$0.89 dollars per unit in the third quarter of 2005 based on 19,555,935 units outstanding. For the third quarter 2004, net earnings were \$7.4 million or \$0.38 dollars per share based on 19,405,935 shares outstanding.

SUMMARY OF QUARTERLY RESULTS

The following presents the results of the Fund for the initial period ended September 30, 2005. Previous quarters represent the results of Vicwest Corporation (see Basis of MD&A).

Three Months Ended

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

	Sept 30, 2005	June 30, 2005	Mar 31, 2005	Dec 31, 2004	Sept 30, 2004	June 30, 2004	Mar 31, 2004	Dec 31, 2003
Revenue	\$93,592	\$80,880	\$61,356	\$76,622	\$93,903	\$77,487	\$50,355	\$76,441
Net Earnings (loss)	17,446	7,100	2,498	7,028	7,401	5,347	(92)	(117)
Net Earnings (loss) per unit/share	\$0.89	\$0.36	\$0.13	\$0.36	\$0.38	\$0.28	\$0.00	(\$0.01)

The Fund's business is seasonal in nature and 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 increases as the pre-season market for storage products begins and

construction activity increases. The third quarter is the Fund's strongest quarter as construction activity peaks and agricultural crops are harvested. During the fourth quarter storage product revenues drop off as the agricultural season ends. Vicwest shipments remain strong through November and decline in December as construction activity winds down.

NON- GAAP MEASURES

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. The Fund's method of calculating EBITDA may differ from the methods used by other issuers and, accordingly, the Fund's EBITDA calculation may not be comparable to similarly titled measures used by other issuers.

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.

DISTRIBUTABLE CASH (see Non-GAAP MEASURES)

Distributable cash for the initial period ending September 30, 2005 was \$16.9 million, from which the fund declared three distributions totalling \$5.8 million. Distributions for each of the months ending July 2005 and August 2005 were \$0.0925 per unit. The distribution for the month of September 2005 was \$0.11 per unit. The number of outstanding units throughout the period from July 1, 2005 to September 30, 2005 was 19,555,935. The Fund's business is subject to seasonality, consequently the third quarter results should not be considered representative of what might occur over a twelve-month period.

Interim Statement of Distributable Cash (see Non-GAAP MEASURES)

(Thousands of Canadian Dollars except per unit amounts)

	3rd Quarter 2005
Net earnings	\$17,446
Amortization of capital assets	608
Amortization of deferred financing costs	246
Interest expense	77
Income taxes	138
EBITDA (see Non-GAAP MEASURES)	<u>18,515</u>
Interest expense	(77)
Income taxes	(138)
Purchase of capital assets	<u>(1,395)</u>
Distributable cash	<u>\$16,905</u>
Distributions declared	<u>\$5,769</u>
Net earnings per unit	\$0.892
Distributable cash per unit	\$0.864
Distributions declared per unit	\$0.295

FINANCIAL CONDITION

As of September 30, 2005, total assets of the Fund were \$133.2 million compared to \$117.8 million at the July 1, 2005 date of conversion and \$126.7 million at September 30, 2004. Working capital at September 30, 2005 was \$60.1 million compared to \$48.2 million at the conversion date and \$38.1 million at September 30, 2004. The increase in working capital is due to cash balances on hand which have increased by \$11.2 million in the third quarter due to strong earnings and improvements in non-cash operating working capital items.

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 September 30, 2005, the Fund had \$27.5 million of availability on the revolving line of credit.

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 this amount 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 were issued during the initial period ended September 30, 2005.

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 allows for Vicwest Corporation to 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 September 30, 2005, 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

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 Interim Statements of Cash Flows

For the periods ended September 30, 2005 and September 30, 2004
(Thousands of Canadian Dollars)

	Three months ended September 30,2005	Three months ended September 30,2004	Nine months ended September 30,2005	Nine months ended September 30, 2004
NET (OUTFLOW) INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Net Earnings	\$ 17,446	\$ 7,401	\$ 27,043	\$ 12,656
Amortization and other items not affecting cash	248	213	2,323	1,439
	17,694	7,614	29,366	14,095
Net (increase) decrease in non-cash operating working capital	(904)	(5,452)	(8,252)	(1,193)
Cash provided by operating activities	16,790	2,162	21,114	12,902
INVESTING				
Cash provided (used) in investing activities	430	(141)	(87)	(1,284)
FINANCING				
Debt issuance cost	(266)	-	(266)	-
Distribution to unitholders	(5,769)	-	(5,769)	-
Exercise of stock options	-	-	374	-
Debt repayment	-	(5,733)	(10,531)	(15,593)
Cash used in financing activities	(6,035)	(5,733)	(16,192)	(15,593)
INCREASE (DECREASE) IN CASH	11,185	(3,712)	4,835	(3,975)
CASH BEGINNING OF PERIOD	4,811	3,724	11,161	3,987
CASH END OF PERIOD	\$ 15,996	\$ 12	\$ 15,996	\$ 12

Cash Flow – Three Months Ended September 30

Due to the improvement in net earnings, cash provided by operating activities before changes in non-cash working capital was \$17.7 million compared to \$7.6 million for the corresponding quarter in 2004. Non-cash working capital changes consumed \$904 thousand compared to \$5.4 million in 2004, primarily due to improved cash flow related to accounts receivable and inventories. Consequently, cash provided by operating activities was \$16.8 million in the third quarter of 2005 compared to \$2.2 million in 2004.

Investing activities consisted of net capital proceeds of \$0.4 million during the third quarter of 2005. Capital asset additions of \$1.4 million included \$1.0 million related to the Vicwest foam panel manufacturing initiative. The \$0.4 million balance of expenditures was primarily maintenance related. Offsetting these additions were proceeds of \$1.8 million on the disposal of a non-operating property.

Financing activities of \$6.0 million included \$266 thousand of debt issuance costs associated with the Fund's new five-year revolving credit facility, which came into effect July 1, 2005, as well as \$5.8 million of distributions declared to unitholders.

Total increase in cash during the third quarter of 2005 was \$11.2 million, compared to a decrease in cash of \$3.7 million during the third quarter of 2004.

Cash Flow - Nine Months ended September 30

For the first nine months of 2005, improved earnings resulted in cash provided by operating activities before changes in working capital of \$29.4 million compared to \$14.1 million during the first nine months of 2004.

Changes in non-cash working capital consumed cash of \$8.2 million in the first nine months of 2005 compared to cash consumed of \$1.2 million in the first nine months of 2004. The \$6.9 million year over year difference is attributable to changes in accounts payable and income tax payments.

Investing activities include capital asset additions of \$2.2 million, which were offset for the most part by disposals of assets, primarily the \$1.8 million disposal of a non-operating property that was completed in the third quarter.

Financing activities for the nine months ended September 2005 of \$16.2 million consist of debt issuance costs, distributions to unitholders, the exercise of stock options and retirement of long-term debt. During the first nine months of 2004 \$15.6 million was used to repay term loans and revolving credit facilities.

FINANCIAL INSTRUMENTS

In conjunction with its plan to introduce a foam panel manufacturing facility, the Fund has entered into a commitment, denominated in Euro dollars, to purchase certain manufacturing equipment. The total commitment is 2.95 million Euros and is expected to be disbursed from the second quarter of 2005 through the second quarter of 2006. To insulate the cost of this project from the potential impact of exchange fluctuations, the Fund has entered into a series of forward contracts to provide 2.36 million Euros at rates ranging from \$1.4757 CAD to \$1.4867 CAD and will take delivery of the Euros through the fourth quarter of 2005 to the second quarter of 2006. At September 30, 2005, forward rates with the same delivery dates had dropped to a range of \$1.3977 CAD to \$1.4080 CAD. Accordingly, the Fund recognized a \$185 thousand mark-to-market unrealized loss on these contracts.

OUTLOOK

Third quarter results continued to show improvement over prior periods in terms of earnings and margins, even though revenues were flat to the prior year. Storage products revenues continued to outpace prior periods while the pace of third quarter shipments of building products and light commercial products showed improvement and matched prior year results. Steel price declines, which began to impact the market in the second quarter and continued into the third quarter, resulted in selling price declines for some products. Nonetheless, the Fund effectively managed the relationship between steel costs and selling prices and posted improved gross profit and margin levels.

The third quarter is traditionally the strongest quarter due to the seasonality of the construction industry and growing season 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 for October and November but drops off in December due to colder weather. The Fund expects the fourth quarter of the year to follow the historical pattern with revenues showing a seasonal decline from third quarter levels. Profit margins are expected to remain strong, but could compress with increased steel costs. Cash balances will be used to support business initiatives including potential acquisitions as well as continued distributions to unitholders.

RISKS AND UNCERTAINTIES

The Fund is subject to various risks and uncertainties including: cyclical, 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 Corporation Notice of Annual and Special Meeting of the Shareholders and Management Information Circular dated May 20, 2005. With the exception of fixed price supply and install contracts, all of these factors remain substantially unchanged. The Company's exit from installation services in Ontario and Western Canada will continue to reduce exposure to risk on fixed price supply and install contracts.

Income Tax Matters

On September 8, 2005 the federal Department of Finance released a consultation paper and launched public consultations on tax and other issues related to publicly listed flow-through entities, including income funds. The Department of Finance has indicated that it will continue to evaluate the development of the income trust market as part of its ongoing monitoring and assessment of Canadian financial markets and the Canadian tax system. The Department of Finance's focus is on the assessment of the tax and economic implications of income trusts and to determine if the current tax system is appropriate or should be modified. Accordingly, legislative changes in this area are possible. Such changes could result in income

taxes being materially and possibly adversely different in certain respects and may affect the Fund's cash flow available for distribution.