

Unaudited Consolidated Interim Financial Statements of

VICWEST INCOME FUND

March 31, 2006

VICWEST INCOME FUND

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VICWEST INCOME FUND

Consolidated Balance Sheets

As at March 31, 2006 and December 31, 2005
(Stated in thousands of dollars)

	March 31, 2006	December 31, 2005
	(unaudited)	
ASSETS		
CURRENT		
Cash	\$ 3,383	\$ 22,424
Accounts receivable	45,592	42,526
Inventories	36,558	26,417
Prepaid expenses and other current assets	2,188	1,976
	87,721	93,343
CAPITAL ASSETS	28,186	20,703
GOODWILL (Note 5)	3,510	-
INTANGIBLE ASSETS (Note 6)	6,822	-
OTHER ASSETS (Note 7)	1,491	1,507
	\$ 127,730	\$ 115,553
LIABILITIES		
CURRENT		
Bank debt (Note 8)	\$ 7,839	\$ 143
Accounts payable and accrued liabilities	43,429	35,552
Distribution payable	2,346	4,302
Income taxes payable	443	164
	54,057	40,161
DEFERRED CREDITS (Note 9)	157	155
FUTURE INCOME TAXES (Note 10)	397	397
	54,611	40,713
UNITHOLDERS' EQUITY		
UNITHOLDERS' CAPITAL (Note 12)	43,225	43,225
RETAINED EARNINGS	29,894	31,615
	73,119	74,840
	\$ 127,730	\$ 115,553

The accompanying notes are an integral part of these consolidated financial statements.

VICWEST INCOME FUND

Consolidated Interim Statements of Earnings and Retained Earnings

For the three month period ended March 31, 2006 and 2005

(Unaudited)

(Stated in thousands of dollars, except per unit amounts)

	Three months ended Mar 31,	
	2006	2005
Sales	\$ 63,167	(Note 1) \$ 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 loss (Note 13)	(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
(Recovery of) provision for income taxes (Note 10)	(50)	1,403
Net earnings for the period	5,319	2,498
Retained earnings, beginning of period	31,615	21,204
Distributions (Note 11)	(7,040)	-
Retained earnings, end of period	\$ 29,894	\$ 23,702
Weighted average units outstanding - basic	19,555,935	19,405,935
- diluted	19,555,935	19,517,602
Net earnings per unit - basic and diluted	\$ 0.27	\$ 0.13

The accompanying notes are an integral part of these consolidated financial statements.

VICWEST INCOME FUND

Consolidated Interim Statements of Cash Flows

For the three month period ended March 31, 2006

(Unaudited)

(Stated in thousands of dollars)

NET (OUTFLOW) INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES	Three months ended Mar 31,	
	2006	2005
		(Note 1)
OPERATING		
Net earnings for the period	\$ 5,319	\$ 2,498
Items not affecting cash		
Amortization of capital assets	710	584
Amortization of debt issuance	13	99
Amortization of intangible assets	32	-
Non-hedge derivative gain	(43)	-
Gain on disposal of capital assets	(4)	-
Deferred credits	2	(154)
Stock compensation expense	-	31
Future income taxes	-	272
Other	3	-
	6,032	3,330
Net (increase) decrease in non-cash operating working capital		
Accounts receivable	2,007	6,563
Inventories	(2,847)	(2,366)
Prepaid expenses and other current assets	(106)	177
Accounts payable and accrued liabilities	1,662	(1,849)
Income taxes	(227)	(7,718)
	489	(5,193)
Cash provided by operating activities	6,521	(1,863)
INVESTING		
Business acquisitions	(20,396)	-
Proceeds from sale of capital assets	21	-
Additions to capital assets	(2,973)	(418)
Cash used in investing activities	(23,348)	(418)
FINANCING		
Distributions paid to unitholders	(8,996)	-
Repayment of debt assumed on acquisitions	(914)	-
Repayment of long term loan	-	(10,531)
Net change in revolving credit facility	7,696	3,252
Cash used in financing activities	(2,214)	(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
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 87	\$ 159
Cash paid for income taxes	\$ 177	\$ 8,432

The accompanying notes are an integral part of these consolidated financial statements.

VICWEST INCOME FUND

Notes to Consolidated Interim Financial Statements

March 31, 2006

(Unaudited)

(Stated in thousands of dollars, except per unit amounts)

1. ORGANIZATION AND NATURE OF BUSINESS

Vicwest Income 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, the conversion from a corporate entity into an income fund was completed on July 1, 2005. In accordance with the Arrangement, the Fund acquired substantially all of the operations of Vicwest Corporation. 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.

Following the share for unit exchange, the previous shareholders of Vicwest Corporation maintained their pro rata ownership through units of the Fund. Consequently, the conversion does not constitute a change of control and, accordingly, the assets and liabilities of Vicwest Corporation were transferred to the Fund at their July 1, 2005 carrying values and were not subjected to revaluation.

The Fund 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, these annual consolidated financial statements reflect the financial position, results of operations and cash flows as if the Fund has always carried on the business formerly carried on by Vicwest Corporation with all assets and liabilities recorded at the carrying values of Vicwest Corporation.

These interim financial statements have been re-issued to reflect the continuity of interest method of accounting. Previously, the unaudited consolidated interim financial statements of the Fund were presented as a new entity without comparative financial information.

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 and Westeel.

The Fund's business is subject to seasonality and results for the three month period ended March 31, 2006 are not necessarily indicative of what might occur over a twelve month period. The Fund's revenues and earnings fluctuate with the seasonality of the construction industry and crop-growing seasons in Canada. Sales are generally 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.

2. BASIS OF PRESENTATION

These unaudited consolidated interim financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The disclosures contained in these unaudited consolidated interim financial statements do not contain all disclosures required by

VICWEST INCOME FUND

Notes to Consolidated Interim Financial Statements

March 31, 2006

(Unaudited)

(Stated in thousands of dollars, except per unit amounts)

2. BASIS OF PRESENTATION (continued)

Canadian GAAP for annual financial statements. Accordingly, these financial statements should be read in conjunction with the audited financial statements of the Fund for the year ended December 31, 2005.

3. HEDGING RELATIONSHIPS

The Fund has entered into a commitment, denominated in Euro dollars, to purchase certain manufacturing equipment. Accordingly, the Fund has entered into forward purchase contracts to hedge exposure to fluctuations in the Euro exchange rate. These instruments are not designated as hedges for accounting purposes and unrealized gains or losses arising from changes in fair value are recognized in the period of the change as a non-hedge derivative loss/gain.

4. BUSINESS ACQUISITIONS

On February 28, 2006 the Fund completed two business acquisitions under separate share purchase agreements at a total projected purchase price of \$23,530 including transaction costs. The final purchase price of each acquisition is subject to certain adjustments that will be determined approximately three months after each respective closing date.

The Fabrication Division of Mercury Metals Ltd. ("Mercury") was acquired for a projected purchase price of \$9,267 including transaction costs. Northern Steel Industries Ltd. ("NSI") was acquired for a projected total purchase price of \$14,263 including the assumption of long-term debt and transaction costs.

These acquisitions have been accounted for using the purchase method and the results of the operations have been consolidated with the Fund from the date of acquisition. Asset valuations by a third party appraiser are underway but are not yet complete and therefore the purchase price may be subject to change.

The transaction details are as follows:

Net assets acquired

Current assets	\$	12,473
Capital assets		5,237
Goodwill		3,510
Intangible assets		6,854
Current liabilities		(4,544)
Assumed debt		(914)
Net assets acquired	\$	22,616

Consideration

Initial cash consideration and costs paid on closing	\$	20,396
Due post closing		2,220
Total consideration	\$	22,616

VICWEST INCOME FUND

Notes to Consolidated Interim Financial Statements

March 31, 2006

(Unaudited)

(Stated in thousands of dollars, except per unit amounts)

5. GOODWILL

Goodwill is the excess of the cost of a business acquisition over the net value assigned to the assets acquired and liabilities assumed. The acquisitions of Mercury and NSI have resulted in a preliminary assignment of values that includes goodwill of \$3,510. Goodwill is not subject to amortization and will be tested for impairment annually by comparing the carrying value of goodwill to its fair value. When the carrying value of goodwill exceeds the estimated fair value, an impairment loss is recognized in net earnings.

6. INTANGIBLE ASSETS

Intangible assets are assets acquired that lack physical substance and that meet the specified criteria for recognition apart from goodwill. Intangible assets arising from the acquisitions of Mercury and NSI consisted primarily of customer lists and trade names assigned a value of \$6,854, which are being amortized over their estimated lives of 5 to 10 years on a straight line basis. Amortization of \$32 was recorded during the period.

For amortizable intangible assets the Fund reviews the carrying value of these assets at least annually for evidence of impairment. Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value may be greater than fair value. An impairment loss is recognized when the estimate of undiscounted future cash flows generated by such assets is less than the carrying value. Measurement of the impairment loss is based on the fair value of the asset. Fair value is measured using discounted cash flows when quoted market prices are not available. For indefinite lived intangible assets, the Fund performs an impairment test at least annually by comparing the carrying value to its fair value

7. OTHER ASSETS

	March 31, 2006	December 31, 2005
Debt issuance costs, net of amortization	\$ 227	\$ 240
Accrued benefit asset (Note 9)	1,129	1,110
Other long term assets	135	157
	\$ 1,491	\$ 1,507

Debt issuance costs

During 2005, debt issuance costs of \$267 were paid to establish the Fund's new senior credit facility. These costs will be amortized over the five-year life of the credit facility; accordingly amortization of \$13 was recognized during the period and recorded as interest expense.

8. BANK DEBT

On July 1, 2005, Vicwest Corporation, the Fund's subsidiary company, and Vicwest Operating Limited Partnership, the Fund's partnership interest, entered into a new five-year revolving senior credit facility with a maximum borrowing limit of \$30,000, Canadian dollars. This senior credit

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(Stated in thousands of dollars, except per unit amounts)

8. BANK DEBT (continued)

facility is secured by substantially all of the assets of the Fund's subsidiaries and partnership interests. The facility bears interest that is dependent on certain financial conditions and varies in accordance with borrowing rates in Canada and the U.S. The credit facility requires the Fund to maintain certain financial ratios linked to the operations of the Fund and imposes restrictions relating to distributions and investment. As at March 31, 2006 the Fund was in compliance with all of the provisions of the agreement and there was \$7,839 outstanding on the revolving credit facility.

9. PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The Fund has a number of defined benefit plans providing pension, other retirement, post-retirement and post-employment benefits to certain of its employees and former employees.

Pension

During the three month period ended March 31, 2006, the expense associated with the defined benefit pension plans was \$37. The net accrued pension benefit asset for these plans was \$1,129 and is included in other assets as at March 31, 2006.

Post-Employment Benefits

The expense relating to post employment benefits was \$2 for the three months ended March 31, 2006. The value of these accrued benefits is \$157 and is recorded as a deferred credit on the balance sheet.

10. 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 distributions to unitholders is the responsibility of the unitholders.

The Fund's subsidiaries apply the liability method of accounting for income taxes. Under this method, future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are likely to reverse. If on the basis of available evidence it is more likely than not that all or a portion of a future tax asset will not be realized, the future tax asset is reduced by a valuation allowance. During the period a recovery for income taxes of \$50 was recognized by the Fund's subsidiaries which are subject to tax.

11. DISTRIBUTIONS

The Fund makes regular monthly distributions to its unitholders of record as of the last business day of each month. Distributions to unitholders are calculated and recorded when declared. Distributions for the period ending March 31, 2006 are as follows:

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(Stated in thousands of dollars, except per unit amounts)

11. DISTRIBUTIONS (continued)

Period	Record Date	Payment Date	Distribution Per Unit	Amount
January 2006	Jan. 31, 2006	Feb. 20, 2006	\$ 0.12	\$ 2,347
February 2006	Feb. 28, 2006	Mar. 20, 2006	0.12	2,347
March 2006	Mar. 31, 2006	Apr. 20, 2006	0.12	2,346
Distributions declared			\$ 0.36	\$ 7,040

Any income of the Fund that is unavailable for cash distribution 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.

12. UNITHOLDERS' CAPITAL

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 date of the conversion into an income fund.

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 aggregate redemption of \$50 in any calendar month. Redemptions in excess of \$50 may be settled with the issuance of notes.

Vicwest Corporation implemented a financial restructuring (the "Plan") 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 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 March 31, 2006 the remaining disputed claims pertain to claims from former employees with respect to retirement 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.

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(Unaudited)

(Stated in thousands of dollars, except per unit amounts)

12. UNITHOLDERS' CAPITAL (continued)

	Units/Shares	Amount
Common Shares – December 31, 2004	19,405,935	\$ 37,392
Issued for stock options exercised	150,000	531
Shares cancelled under the plan of arrangement (Note 1)	(19,555,935)	(37,923)
Trust Units issued – July 1, 2005 (Note 1)	19,555,935	37,923
Special non-cash distribution	-	5,302
Trust Units outstanding as at December 31, 2005 and March 31, 2006	19,555,935	\$ 43,225

13. FINANCIAL INSTRUMENTS

The Fund has entered into a commitment to purchase certain manufacturing equipment. To insulate the remaining cost of this project from the potential impact of foreign exchange fluctuations, the Fund has entered into a series of 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.

14. LONG-TERM INCENTIVE PLAN

The Fund has adopted a long-term incentive plan ("LTIP") which provides benefits to certain employees based on the amounts if any, by which annual distributable cash exceeds certain specified threshold amounts.

If distributable cash per unit exceeds threshold amounts, a percentage of the excess distributable cash is contributed by the Fund into a long-term incentive pool. The funds in this pool are used to purchase units of the Fund in the open market, to be provided to eligible employees as bonus compensation. The units vest evenly over a three-year period. As a result of the 2005 distributable cash exceeding threshold targets, an LTIP entitlement of \$522 was approved with the acquisition of units to be completed in April 2006.

The associated expense will be recognized over the three-year vesting period using the graded amortization method. The expense recognized in the period ended March 31, 2006 is \$55.

15. SUBSEQUENT EVENT

On April 18, 2006 a \$0.12 per unit cash distribution payable to unitholders in respect of April 2006 was declared.