Armtec Infrastructure Income Fund

To Our Unitholders

In the third quarter, the Fund set another record with financial results which include strong contributions from our recent acquisitions. These transactions are well on the way to growing the scale and diversity of our business through expansion across regions and product lines. The Fund made good progress in integrating these new operations and maximizing business efficiencies with the goal of establishing a national precast platform and growing a stronger standard products revenue base. We have also increased our share of the active public infrastructure market across Canada and the agricultural market in Central Canada. The focus for the remainder of the year will be to capitalize on the many opportunities that exist in our expanded base to build a strong and resilient business now and into the future.

Highlights:

- Successfully closed seven acquisitions during 2008 executing on the Fund's growth strategy.
- Revenues were the highest in the Fund's history, increasing 116% in the third quarter, and 103% year to date over 2007, as a result of the Con-Force acquisition in 2007 and the Fund's seven acquisitions in 2008.
- EBITDA[1] also set a record at $25.9 million for the quarter, compared to $12.9 million in the comparable period of 2007. Year to date, EBITDA was $43.1 million, compared to $21.1 million in the prior year.
- Distributable cash[1] increased to $22.4 million or $1.32 per unit in the quarter, from $12.2 million, or $1.19 per unit, in the second quarter of 2007. Year to date, distributable cash was $35.4 million or $2.25 per unit, up from $19.3 million or $1.87 per unit in the comparable period in 2007.
- Declared distributions were $9.1 million, or $0.53 per unit, in the third quarter of 2008 up from $4.0 million, or $0.39 per unit in the same period of the prior year. Year to date, declared distributions were $23.3 million, or $1.47 per unit for 2008 up from $12.1 million, or $1.17 per unit in the comparable period of 2007.

This has been a very active year for the Fund, with the acquisition of the Durisol division and building depth within the Con-Force division through the acquisition of businesses supporting our strategic growth strategy. At the same time, the industry outlook remains positive in spite of the current uncertainties in global financial markets. Governments continue to reiterate support for infrastructure spending, following multi-year commitments announced in provincial budgets. This support for public infrastructure spending is expected to be augmented through public-private partnerships, which are growing in popularity as a preferred means of project financing.

Looking forward, we will continue to build on the Fund's fundamentals and pursue opportunities that will advance the Fund's strategic growth, generate stable cash flow and create value for our unitholders.

We look forward to updating you on our progress at the end of the year.

Sincerely,

Robert J. Wright Chair, Board of Trustees	Charles M. Phillips President and Chief Executive Officer

November 5, 2008

[1] For more information, refer to the Non-GAAP measures section of the attached Management's Discussion and Analysis.

Armtec Infrastructure Income Fund

Management's Discussion and Analysis
For the three and nine months ended September 30, 2008

The following Management's Discussion and Analysis ("MD&A") of Armtec Infrastructure Income Fund for the three and nine months ended September 30, 2008, should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes thereto as well as the audited consolidated financial statements for the year ended December 31, 2007, and accompanying notes thereto and other public disclosures available. In this MD&A, the term "the Fund" means Armtec Infrastructure Income Fund, together with its portion of the joint venture, Fixon-Armtec Ltd., and its subsidiaries: Armtec Operating Trust, Armtec Exchangeable Partnership ("AEP"), Armtec AEP GP Limited, Armtec Holdings Limited, Armtec Limited Partnership Corp., Armtec Limited Partnership, Durisol Inc., Durisol Consulting Services Inc., Mitchell Wood Recycling Inc., A.E. Concrete Precast Products Ltd., Boucher Precast Concrete Ltd. and 1219316 Alberta Ltd.

This MD&A has been prepared as at November 5, 2008. Additional information regarding the Fund, including continuous disclosure materials such as the Annual Information Form, is available on the Fund's website at www.armtecincomefund.com or through SEDAR at www.sedar.com. The Fund's units trade on the Toronto Stock Exchange under the symbol ARF.UN.

The financial information contained herein has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"); however, reference is made to earnings before interest, taxes (other than capital taxes), depreciation and amortization ("EBITDA") and distributable cash, including references to sustaining and generative capital expenditures that are not a measure of financial performance under Canadian GAAP. The Fund has included this information as it is used by management as a measure of financial performance, and management believes it is used by certain investors and analysts as a measure of the Fund's financial performance. These measures are not necessarily comparable to similarly titled measures used by other income funds or companies and should not be construed as an alternative to net earnings or cash flow from operating activities as determined in accordance with Canadian GAAP or as a measure of liquidity. See the sections entitled "Liquidity, Distributable Cash and Distributions" and "Non-GAAP Measures" for further information.

Unless indicated otherwise, all dollar amounts, except per unit amounts, are expressed in thousands of Canadian dollars. All prior period results have been reclassified to conform to the current presentation.

Overview of the Fund

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated June 15, 2004, as amended and restated on July 27, 2004. The Fund commenced active operations on July 27, 2004.

The Fund is a leading manufacturer and marketer of a comprehensive range of infrastructure products and engineered construction solutions for customers in a diverse cross-section of industries that are located in every region of Canada, as well as in selected markets in North America and worldwide. These markets include Canada's national and regional public infrastructure markets and private sector markets in agricultural drainage, commercial building, residential construction and natural resources. Operating through its three divisions and with a network of offices and production facilities across the country, the Fund is Canada's only national multi-material manufacturer. The Armtec division specializes in high density polyethylene and corrugated steel pipe products for drainage and bridge applications, and water management systems. The Con-Force division offers a wide variety of precast and pre-stressed concrete products, as well as advanced construction components and high-value engineered solutions to large project customers. The Durisol division provides a full suite of highway noise barriers and related infrastructure products to the transportation sector.

Results of Operations

(in thousands of Canadian dollars unless otherwise noted) (unaudited)	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Revenue	**$ 137,794**	**$ 63,847**	**$ 274,979**	**$ 135,458**
Cost of sales	92,481	42,210	189,376	90,833
Amortization of property, plant and equipment	2,493	911	5,609	2,704
Gross margin	**42,820**	**20,726**	**79,994**	**41,921**
As a % of revenue	31.1%	32.5%	29.1%	30.9%
Distribution and warehousing	8,154	3,214	12,560	6,776
Selling, general and administrative	11,215	5,490	29,926	16,743
Amortization of intangible assets	2,745	656	8,590	1,969
Earnings from operations	**20,706**	**11,366**	**28,918**	**16,433**
Interest and financing expenses	(2,707)	(550)	(4,956)	(1,409)
Earnings before taxes	**17,999**	**10,816**	**23,962**	**15,024**
Interest and financing expenses	2,707	550	4,956	1,409
Total amortization	5,238	1,567	14,199	4,673
EBITDA	**$ 25,944**	**$ 12,933**	**$ 43,117**	**$ 21,106**
As a % of revenue	18.8%	20.3%	15.7%	15.6%

Overview

Armtec Infrastructure Income Fund has taken several important steps in executing its growth strategy in 2008. Since the acquisition of Con-Force in 2007, the Fund has focused its acquisition efforts towards: (i) growing a national precast platform, (ii) developing a stronger precast standard products revenue base, (iii) introducing new products and (iv) seeking “bolt-on” opportunities. The seven acquisitions completed by the Fund this year have been consistent with this strategy and have increased the scale and diversification of the business across both product lines and geographical locations.

In line with the strategy of developing a stronger precast standard products revenue stream within the Con-Force division, the Fund acquired the outstanding shares of A.E. Concrete Precast Products Ltd. (“AE Concrete”). A market leader in the British Columbia marketplace, AE Concrete manufactures utility vaults and a versatile precast retaining wall system.

In August 2008, the Con-Force division closed the acquisition of the outstanding shares in 1219316 Alberta Ltd. (Con-Force Concrete Products – “CFCP”), a subsidiary of Burnco Rock Products Limited. CFCP is based in Alberta and provides products to both the infrastructure and residential markets and is a leading producer of industrial wall panels; a new product for the Fund. This acquisition also adds the ability to produce hollow core products in Alberta. Previously, Con-Force offered this product in British Columbia and Manitoba only. Hollow core components offer a lighter product used in sustainable building practices.

On July 31, 2008, the Fund acquired the assets of the Brooklin Concrete division (“Brooklin”) of Clearford Industries Inc. (“Clearford”). Brooklin is a leading manufacturer of septic tanks and other standard precast concrete products in Ontario. Brooklin also expands the Con-Force division’s standard products strategy in Ontario through an extensive product line of paving stones and small retaining wall systems.

The Con-Force division has expanded geographically through the acquisition of the outstanding shares in Boucher Precast Concrete Ltd. (“Boucher”) in Ottawa, Ontario. Boucher currently supplies many of the Armtec division’s existing customers. Products manufactured by Boucher include box culverts and segmental rings used in tunneling, pipe rehabilitation and public transit systems.

The Fund also expanded its agricultural business in Ontario through the August 2008 acquisition of the assets of Oxford Plastics Inc. (“Oxford”), a tubing manufacturer in Southern Ontario. Under this agreement, the Armtec division acquired inventory and equipment used in the manufacture of high density polyethylene (“HDPE”) drainage tile for the agricultural and building trades markets.

The Oxford acquisition, along with the March 2008 acquisition of Bruce Tile has increased the Armtec division's geographic and customer coverage for drainage tile applications in Southern Ontario.

A new division was established on June 5, 2008, with the acquisition of the outstanding shares of Durisol Inc. and its related companies ("Durisol"). The Fund now operates in three divisions, primarily serving the infrastructure market. Durisol manufactures highway noise barriers and related infrastructure products, such as retaining walls and acoustic enclosures. The noise barrier products are lighter and more sound absorptive than competing products. The most common application is in highway construction, particularly near residential areas.

For the balance of 2008, management will remain focused on the integration of the acquired operations and realizing the cross divisional opportunities that are now possible through the expanded geographic and product offerings of the Fund.

Third Quarter Results

REVENUE

For the three month period ended September 30, 2008, revenues more than doubled to $137.8 million, representing an increase of $74.0 million over the comparable period in 2007. The Con-Force division, acquired in October 2007, expanded significantly during the quarter through the acquisitions of Brooklin, Boucher, CFCP and AE Concrete. This division contributed $51.3 million in revenues. Revenues related to ongoing structural projects were slightly less than the second quarter as a result of lower shipments to the Golden Ears Bridge in B.C and the Tecumseh parkade in Manitoba which are nearing completion. The Calgary airport project which recently commenced production, did not have significant shipments in the quarter.

Revenues for the Armtec division were $74.9 million, an increase of $11.0 million in the quarter compared to the same period in 2007. The division experienced increased activity in the building trades, agricultural drainage, commercial construction and infrastructure markets across all regions, including International which had experienced slower sales activity in 2007. The acquisitions of Bruce Tile and Oxford contributed to the growth experienced in Central Canada.

The Fund's newest division, Durisol, generated revenues of $11.6 million in the quarter from a number of transportation infrastructure projects. Projects in the quarter included the first revenues from the recently awarded Golden Ears Bridge project in British Columbia.

EARNINGS FROM OPERATIONS

Earnings from operations for the three months ended September 30, 2008, were $20.7 million compared to $11.4 million; an increase of $9.3 million or 81.6% over the same period of 2007. Gross margin for the three months ended September 30, 2008, was $42.8 million; an improvement of $22.1 million over $20.7 million in 2007, representing an increase of 106.8%. As a percentage of revenues, gross margin decreased to 31.1% as compared to 32.5% in 2007. The Con-Force and Durisol divisions contribute a slightly lower margin percentage than the Armtec division has historically achieved, however, their margins have remained consistent in 2008. Amortization of property, plant and equipment increased to $2.5 million from $0.9 million in 2007 due to the recent acquisitions, including Con-Force in October 2007.

Distribution and warehousing costs vary with the volume and mix of products sold, as well as customer delivery requirements. The increase in third quarter shipping activity at both the Durisol and Armtec divisions, as well as the type of projects, resulted in an increase of $5.0 million over the $3.2 million recorded in the same period for 2007.

Selling, general and administrative expenses were $11.2 million as compared to $5.5 million for 2007. The largest increase relates to the addition of Con-Force in 2007 along with the acquisitions in 2008, including Durisol. On a combined basis, these acquisitions contributed $5.9 million of the increase in the quarter. Selling and administrative costs in the Armtec division were consistent with 2007 levels.

Amortization of intangible assets was $2.7 million, an increase of $2.1 million over 2007, and was related to the amortization of the intangible assets acquired with the October 2007 acquisition of Con-Force and the 2008 acquisitions of AE Concrete and Durisol. Further intangible assets subject to amortization may be allocated on the finalization of the purchase price allocation related to Durisol, AE Concrete, Brooklin, Boucher, CFCP and Oxford. Amortization of the new intangible assets commences subsequent to their respective acquisition dates.

Year to Date Results

REVENUE

Revenues for the nine months ended September 30, 2008, were $275.0 million, an increase of $139.5 million, or a 103.0% increase over the same period in 2007. The Con-Force division generated incremental revenues of $114.5 million inclusive of the acquisitions of Brooklin, Boucher, AE Concrete and CFCP. The newly acquired operations enhanced the standard product line revenues. In 2008, structural revenues have been derived from many large projects carrying over from 2007 related to parkade and bridge projects. Some of these projects are coming to and end and the production facilities are converting over to newer projects such as the $40 million Calgary airport parkade project and the recent athletic complex awarded by the Canadian Olympic Development Association.

The Armtec division revenues increased by $8.0 million or 5.9% for the nine months ended September 30, 2008, from a year ago, due to a strong third quarter. Central and Eastern Canada experienced sales growth in pipe products for the residential, agricultural and infrastructure markets. In spite of improvements in the third quarter, there was still a year over year decline in revenue from Western Canada; however, this has been offset by growth in Central and Eastern Canada. Sales into natural resource applications, particularly in the west, continued to decline. Spending on oil and gas projects were influenced by the current volatility in the price of oil, and declining housing starts, primarily in the U.S., continue to impact the forestry business. International project activity has increased to historical levels in the first nine months of 2008 after slower engineered product sales in 2007.

Since the acquisition on June 5, 2008, the Fund has recognized revenues of $17.0 million from the Durisol division related to a strong backlog of projects in Canada and the U.S. The division continues to seek a number of new opportunities in Western Canada. In conjunction with the Con-Force facilities and utilizing both the Armtec and Con-Force existing sales force, the Fund plans to expand the Durisol product line outside of its current geographic footprint. The recent success on the Golden Ears bridge project in B.C is an early example of this strategy.

EARNINGS FROM OPERATIONS

Earnings from operations for the nine months ended September 30, 2008, were $28.9 million compared to $16.4 million; an increase of $12.5 million, or 76.2%, over the same period in 2007. Gross margin for the period was $80.0 million or $38.1 million over the 2007 results of $41.9 million. As a percentage of revenues, gross margin decreased to 29.1% as compared to 30.9% in 2007. The Con-Force and Durisol divisions contributed incremental revenues and gross margin in 2008 versus 2007, though at a somewhat lower percentage of revenue than historically achieved by the Armtec division. The Armtec division also experienced lower margins as a percentage of revenue in 2008, primarily related to product mix. Amortization of property, plant and equipment increased to $5.6 million from $2.7 million in 2007 mainly due to the addition of Con-Force assets in October 2007.

Distribution and warehousing costs were $12.6 million compared to 2007 costs of $6.8 million. These costs vary with the sales mix and volume of products sold, and delivery service requirements to the end customer. Increased sales volumes at both Durisol and Armtec, particularly in the third quarter, coupled with rising fuel costs, accounted for the increase in distribution costs.

Selling, general and administrative expenses were $29.9 million as compared to $16.7 million for 2007. Most of the increase relates to the addition and expansion of the Con-Force division and the June 5, 2008 acquisition of Durisol. Additional costs were incurred at the Fund level related to the strengthening of the management team to support the current and future growth in the new multi-divisional organization. A division President was appointed to the Armtec division and the Chief Financial Officer position was filled in March of 2008. As well, a Vice-President of Information Technology was added to support the growing needs of an expanding business platform.

Amortization of intangible assets increased by $6.6 million over 2007 due principally to the amortization of the intangible assets acquired through the 2007 addition of Con-Force and the 2008 acquisitions. Significant intangible assets have been added for customer-based intangibles, trade names and know how. Amortization of intangibles related to customer orders in place at the time of acquisition represented $3.7 million year to date. Approximately $0.8 million remains to be amortized over the balance of 2008 and throughout 2009.

Results by Segment

ARMTEC DIVISION

Results of Operations (in thousands of Canadian dollars) (unaudited)	Three Months Ended		Nine Months Ended	
	September 30, 2008	**September 30, 2007**	**September 30, 2008**	**September 30, 2007**
Revenues to external customers	$ 74,859	$ 63,847	$ 143,480	$ 135,458
Earnings from operations	$ 12,308	$ 11,366	$ 13,475	$ 16,433

Revenue

Revenues for the three and nine months ended September 30, 2008, were $74.9 million and $143.5 million, respectively. Revenues increased $11.0 million or 17.2% for the quarter compared to the same period in 2007. The improvement was the result of increased activity in the building trades, agricultural drainage, commercial construction and infrastructure markets across all regions, including International which had experienced slower sales activity in 2007. The acquisitions of Bruce Tile and Oxford have contributed to the growth experienced in Central Canada. Both acquisitions are performing to management's expectations. The natural resource market, particularly in Western Canada, continues to experience declines. Forestry has been impacted by the downturn in the U.S. housing markets while spending on oil and gas projects was impacted by the volatility in oil prices.

In the third quarter, sales increased across all pipe products, engineered steel applications as well as standard products in the division. The seasonal pattern of revenue was impacted by the long winter which significantly shortened the spring installation season, particularly with respect to drainage applications. As expected, the third quarter reflects a pick up in installations that were not possible earlier in the year. Engineered product sales in the quarter improved as well. These projects are large in nature and depend on customer scheduling requirements. 2008 shipments are consistent with historical delivery patterns, whereas 2007 shipments included an unusually large proportion of early winter work.

Revenues increased by $8.0 million for the nine months ended September 30, 2008, from a year ago due a strong third quarter. Central and Eastern Canada experienced sales growth in pipe products for the residential, agricultural and infrastructure markets. As noted above, the decline in the natural resource market, in Western Canada, was offset by improved third quarter sales of pipe products, water control gates and engineered products used in infrastructure applications in the region. International project activity returned to historical levels in the first nine months of 2008 after slower engineered product sales in 2007.

Earnings from Operations

The earnings from operations for the three months ended September 30, 2008, were $12.3 million, representing a $0.9 million increase as compared to the third quarter of 2007. Gross margin as a percentage of revenues declined in the quarter with changes in product and geographic mix. The Armtec division experienced substantial raw material price increases in the third quarter; particularly in the steel market; along with higher freight costs most of which were passed on in higher end market prices. Distribution and warehousing costs were $2.2 million over the same quarter in 2007. These costs vary with product mix and customer requirements and also reflect higher fuel costs. Selling, general and administrative costs were consistent with the same quarter of 2007.

The year over year improvement in third quarter earnings from operations narrowed the shortfall in full year earnings to $2.9 million from the same period one year ago. Lower margins as a result of product and geographical mix as well as higher input costs all had an impact on the nine month period. Sales in Eastern and Central Canada have grown in 2008 while Western Canada has experienced a slight decline compared to 2007 levels.

Distribution and warehousing costs were up $2.8 million over the same nine month period in 2007. Most of the increase relates to increased transportation rates, product mix, volumes and customer requirements shipped in the third quarter of 2008 which contributed $2.2 million of the increase.

Selling, general and administrative expenses for the nine months ended are comparable to the same period ended in September 2007. The amortization of intangible assets was slightly higher than 2007 as a result of the additional customer based intangibles related to the acquisitions of Bruce Tile and Oxford.

CON-FORCE DIVISION

Results of Operations (in thousands of Canadian dollars) (unaudited)	Three Months Ended		Nine Months Ended	
	September 30, 2008	**September 30, 2007**	**September 30, 2008**	**September 30, 2007**
Revenues to external customers	$ 51,346	$ -	$ 114,490	$ -
Earnings from operations	$ 6,752	$ -	$ 13,214	$ -

Revenue

Con-Force's revenues in the three and nine months ended September 30, 2008, continued to be derived from a number of bridge projects, architectural precast solutions and parkade projects. Revenues for the three and nine months ended September 30, 2008, were $51.3 million and $114.5 million, respectively. Revenues in the third quarter increased $16.8 million over the second quarter of 2008 as a result of the recent acquisitions completed by the Fund. AE Concrete was acquired on June 27, 2008 contributing a full quarter of additional revenues. In addition, effective July 31 2008, Brooklin, Boucher and CFCP were also acquired.

Con-Force revenues are generated from two distinct areas: the concrete products group and the concrete structures group. AE Concrete and Brooklin have formed part of the standard products group; Boucher manufactures products consistent with the structures group and CFCP has operations servicing both groups. The revenues related to ongoing structural projects were slightly less than in the second quarter. The Golden Ears Bridge project is nearing completion as is the Tecumseh parkade in Manitoba. The division is getting set up to work on new projects such as the athletic complex project for the Calgary Olympic Development Association and the Calgary parkade which began shipping late in the third quarter.

For the nine months ended September 30, 2008, revenues from the Con-Force division were $114.5 million. Recent acquisitions, coupled with the large backlog of projects, contributed to the division's revenue for the first three quarters of 2008. The Con-Force division's revenues continue to be driven by public infrastructure investment primarily in Western Canada.

Earnings from Operations

Con-Force's earnings from operations for the three and nine months ended September 30, 2008, were $6.8 million or 13.2% of revenues and $13.2 million or 11.5% of revenues, respectively. The operating earnings for the nine months ended September 30, 2008, adjusted for the amortization of intangible assets, were $19.0 million or 16.6% of revenues.

The earnings from operations achieved in the third quarter improved over the second quarter of 2008 by $2.6 million. The acquisitions of AE Concrete, Brooklin, Boucher and CFCP accounted for this increase to operating earnings and were able to offset slightly lower earnings from structural projects in the quarter. While many of the current large projects come to an end, the facilities will transition the production process to new projects.

The Con-Force division is continuing with a capital improvement plan to automate part of the production process and allow for a more effective use of current facilities. The division will continue to make capital improvements for the remainder of 2008. The division continues implementation of the lean manufacturing program and has recognized some of the benefits in the current year. The business units acquired in the third quarter have commenced the initial steps in their implementation of the lean process during the quarter. Selling general and administrative expenses have increased as a result of the recent acquisitions but have remained at a consistent level relative to revenues.

Through the acquisition of AE Concrete, the Fund acquired $7.4 million of intangible assets primarily related to customer based intangibles. Approximately $0.1 million of amortization was recorded during the third quarter of 2008. The Fund also acquired $59.0 million of goodwill associated with Brooklin, Boucher and CFCP during the third quarter of 2008. The 2008 acquisition purchase price allocations are subject to adjustment and are expected to be finalized in 2008.

Associated with the 2007 acquisition of Con-Force, significant intangible assets were identified. Contracts in backlog were initially assigned an intangible value of $5.7 million. Based on the underlying contracts recognized in revenues, $0.7 million was amortized in the third quarter bringing to a total of $5.3 million amortized since acquisition. The remaining balance of $0.4 million is expected to be fully amortized in 2008.

DURISOL DIVISION

Results of Operations (in thousands of Canadian dollars) (unaudited)	Three Months Ended		Nine Months Ended	
	September 30, 2008	**September 30, 2007**	**September 30, 2008**	**September 30, 2007**
Revenues to external customers	$ 11,589	$ -	$ 17,009	$ -
Earnings from operations	$ 1,646	$ -	$ 2,229	$ -

Revenue
Durisol's revenues for the three and nine months ended September 30, 2008, were $11.6 million and $17.0 million, respectively. During the quarter the division recognized revenues from a number of transportation infrastructure projects, including supplying sound barriers to a wall project being installed along Highway 403 in Ontario and from the recently awarded Golden Ears Bridge project in British Columbia.

Since its acquisition on June 5, 2008, the Fund has recognized revenues for Durisol from the Golden Ears Bridge, various sound panel installations in Canada and the U.S., as well as a resurfacing project for a major highway in Ontario. Durisol has historically served Central Canada and the Midwest U.S. In 2008, Durisol became an approved supplier in Alberta and British Columbia. The division continues to seek a number of new opportunities in Western Canada. In conjunction with the Con-Force facilities and utilizing both the Armtec and Con-Force existing sales force, the Fund anticipates expanding the Durisol product line outside of its current base in Southern Ontario.

Earnings from Operations
Earnings from operations for the Durisol division were $2.2 million or 13.1% of revenues since the acquisition on June 5, 2008. For the three months ended September 30, 2008, earnings from operations, were $1.6 million or 14.2% of revenues. A significant portion of Durisol's revenues are derived from the U.S. The recent weakness of the Canadian Dollar versus the U.S. Dollar has improved gross margin as a percentage of revenues during the quarter. As a percent of revenues, product distribution costs, as well as selling general and administrative costs, are consistent with the year to date results.

Durisol recently completed the manufacture of a portable Durisol batch plant which will expand the geographic market in which its technologies can be used to produce its products. The batch plant can be used in Con-Force or other precast locations to manufacture products for use in Western Canada or other areas of the U.S. Freight costs make manufacturing and shipping from the Durisol facility in Southern Ontario prohibitive. The Durisol operations are continuing with the initial stages of the Fund's lean manufacturing program and will continue to implement changes to improve operational effectiveness.

Through the Durisol acquisition, the Fund acquired $13.6 million of intangible assets and commenced amortization subsequent to June 5, 2008. The intangible assets acquired include trademarks and tradenames, licences, customer contracts, and customer lists. Contracts in backlog were initially assigned an intangible asset value of $0.9 million. Based on the underlying contracts recognized in revenues, $0.2 million was amortized in the quarter while $0.4 million has been amortized since acquisition.

EBITDA

For the three and nine month periods ended September 30, 2008, EBITDA was $25.9 million and $43.1 million, respectively, compared to $12.9 million and $21.1 million in the comparable periods of 2007. The increases of $13.0 million in the quarter and $22.0 million for the year to date were a result of strength in the core businesses and the contributions from the seven acquisitions completed by the Fund; five of which closed in the third quarter.

The Armtec division's results improved during the quarter when compared to the same period of 2007, which narrowed the shortfall in the year to date results compared to the performance at this point in 2007. Earnings this year have been affected by the change in the timing of product shipments as well as in the product and geographic mix of its business.

The Con-Force division recorded positive contributions from the acquisitions of AE Concrete, Brooklin, Boucher and CFCP. Performance of these new business units is in line with management's expectations to date. The newest division, Durisol, has also had a strong start as a result of the large backlog of projects the company had at the time of acquisition.

Interest and Financing Expenses

For the three and nine month periods ended September 30, 2008, interest and financing fees incurred on borrowings were $2.7 million and $5.0 million, respectively, as compared to $0.6 million and $1.4 million during the same periods in 2007. On October 1, 2007, term facility borrowing levels increased $48.0 million to $65.0 million related to the Con-Force acquisition. As part of the acquisition, the Fund also assumed capital leases related to certain manufacturing equipment. In June of 2008, the Fund increased its term borrowing facilities to $110.0 million in connection with the acquisitions of Durisol and AE Concrete, and further increased term borrowing facilities to $140.0 million in connection with the third quarter acquisitions of Brooklin, Boucher, and CFCP.

Effective in the second quarter of 2008, the Fund entered into an interest rate swap to mitigate exposure to floating exchange rates. The swap instrument qualifies for and has been designated as a hedge. As a result, the revaluation on the swap is reflected in the Interim Consolidated Statements of Comprehensive Income in the separately disclosed interim financial statements. During the first three quarters of 2007, the Fund incurred nominal losses, reflected as interest expense, on the revaluation of the Fund's interest rate swap. The swap matured during the third quarter of 2007.

Income Taxes

As the Fund is a mutual fund trust for Canadian income tax purposes, income allocated to unitholders effectively reduces the Fund's current income tax liability to nil. On June 12, 2007, previously announced tax proposals pertaining to the taxation of income distributed by specified investment flow-through trusts ("SIFTs") and the tax treatment of trust distributions by SIFTs to their unitholders were substantively enacted.

On July 14, 2008, the Canadian Department of Finance published draft legislative proposals and explanatory notes which are intended to facilitate the conversion of a SIFT into corporate form without undue tax effects. The Fund is currently reviewing the proposed options. To date, management has not made a final determination of the effect of conversion to corporate form. Management anticipates that the Fund will not be subject to income tax until January 1, 2011.

Future income taxes are recognized as a result of temporary differences related primarily to the amortization of intangible assets present in the subsidiaries of the Fund. With the October 2007 Con-Force acquisition, the Fund acquired $53.6 million of intangible assets subject to amortization. With the 2008 acquisitions of Bruce Tile, Durisol, AE Concrete, and Oxford, the Fund added further intangible assets of $23.7 million subject to amortization, creating a future tax recovery in the quarter of $1.7 million and $3.2 million for the nine months ended September 30, 2008.

Cash Flow

(in thousands of Canadian dollars) (unaudited)	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Cash provided by (used in):				
Operating activities	$ 6,848	$ 9,344	$ 7,552	$ 5,720
Investing activities	(122,121)	656	(174,883)	(2,002)
Financing activities	115,632	(10,095)	155,111	(3,608)
Effect of translation adjustment	(1)	(7)	(6)	(17)
Net increase (decrease) in cash	358	(102)	(12,226)	93
Cash – beginning of period	44	221	12,628	26
Cash – end of period	**$ 402**	**$ 119**	**$ 402**	**$ 119**

As at September 30, 2008, the Fund's cash and cash equivalents amounted to $402 as compared to $119 in the same period in 2007. The Fund had working capital of $109.9 million at September 30, 2008, an increase of $71.0 million compared to working capital of $38.9 million at June 30, 2007 and $80.2 million over the December 31, 2007 balance of $29.7 million. In addition to the impact of the Con-Force acquisition in October 2007 and the recent acquisitions of Bruce Tile, Durisol, AE Concrete, Brooklin, Boucher, CFCP and Oxford, working capital has increased as a result of increased accounts receivables and inventories partially offset by increased accounts payable and accrued liabilities. Due to the seasonal nature of its business, the Armtec division's inventory and accounts receivables are typically higher during the summer months. Management is of the opinion that the level of working capital is sufficient to meet short-term obligations.

Operating Activities

For the three months ended September 30, 2008, the Fund provided $6.8 million of cash from operations compared to cash provided of $9.3 million in the comparative 2007 period. Before the change in non-cash working capital, $23.5 million was generated as compared to cash provided of $12.8 million in the third quarter of 2007. This improvement was primarily the result of higher earnings excluding non-cash items. In the third quarter of 2008, non-cash items were $3.8 million, comprised mainly of the amortization of property, plant and equipment and intangible assets, compared to $1.8 million for the same period in 2007. The increase in amortization relates to the 2007 acquisition of Con-Force and the 2008 acquisitions of Bruce Tile, Durisol, AE Concrete, Brooklin, Boucher, CFCP and Oxford.

Non-cash working capital utilized $16.6 million of operating cash flows in the quarter, representing an increase of $13.1 million over the $3.5 million utilized in the prior year. Contributing to the increased working capital in the quarter is an increase in receivables associated with higher revenue levels. The Fund continues with its lean manufacturing initiatives intended to improve management of working capital, and this will remain a focus in 2008.

For the nine months ended September 30, 2008, the Fund provided $7.6 million of cash from operations compared to $5.7 million provided in the comparable period in 2007. Cash of $38.6 million was generated before the change in non-cash working capital for the nine months ended September 30, 2008, which was an increase of $18.4 million over the comparable period in 2007. Growth in the Armtec division, combined with earnings derived from the acquired Con-Force division in the fourth quarter of 2007 and with the 2008 acquisitions accounted for the increase. Non-cash working capital utilized in the nine months ended September 30, 2008, was $31.0 million compared to $14.5 million in the same period of 2007. This was a result of increased accounts receivable related to the increased revenues, and higher inventory balances, primarily in the Armtec division, partially offset by higher accounts payable. The building of inventory and receivables during the period relates to the timing and volume of shipments normally expected during the heavier summer months. The Fund's revolving credit facility is available to finance these temporary increases in working capital needs. On a year to date basis, non cash items were $11.4 million in 2008 as compared to $4.6 million in 2007. The increase in amortization relates to the 2007 acquisition of Con-Force and the 2008 acquisitions of Bruce Tile, Oxford, Durisol, AE Concrete, Brooklin, Boucher and CFCP.

Investing Activities

The Fund utilized $122.1 million related to investing activities during the third quarter of 2008 as compared to the $0.7 million of cash provided in the third quarter of 2007. Of this increase, $120.5 million was utilized for the acquisitions of Brooklin, Boucher, CFCP and Oxford.

Purchases of property, plant and equipment and intangible assets totalled $1.7 million for the third quarter of 2008 with $1.1 million considered sustaining capital expenditures and $0.6 million considered generative for the purposes of determining distributable cash.

The Fund utilized $174.9 million related to investing activities during the nine month period ending September 30, 2008 as compared to the $2.0 million of cash used in the same period of 2007. The increase in investing activities for the nine months ended September 30, 2008, was primarily the result of acquisitions of $179.8 million of which non–cash consideration was $17.5 million. Acquisitions included Bruce Tile in March 2008, Durisol and AE Concrete in June 2008, Brooklin, Boucher and CFCP effective July 2008, and Oxford in August 2008. Also in 2008 was the final payment of $5.9 million, related to the October 1, 2007 acquisition of Con-Force. This final installment was made during the first quarter of 2008. The purchase prices for the 2008 acquisitions are subject to adjustment and are expected to be finalized in 2008.

Contingent consideration in the form of cash, to a maximum of $15.0 million, may be payable to the vendor of Durisol in 2010 upon the acquired operations exceeding a set threshold of earnings before interest, taxes, depreciation and amortization adjusted for certain inclusions and exclusions.

Purchases of property, plant and equipment and intangibles totalled $6.8 million for the nine months ended September, 30 2008, with $3.1 million considered sustaining capital expenditures. Generative expenditures included $0.7 million related to an expansion of a Con-Force plant and $2.2 million related to the purchase of an HDPE corrugator which are both considered generative for the purposes of determining distributable cash. Of the $2.8 million of net funds expended for the nine months ended September 30, 2007, $1.8 million related to manufacturing equipment for the South Korean joint venture.

Financing Activities

Cash provided by financing activities in the third quarter of 2008 was $115.6 million as compared to $10.1 million utilized in the third quarter of 2007. During the quarter, the Fund borrowed $89.4 million on its credit facility as

compared with a repayment of $6.1 million on its credit facility during the same quarter of 2007. In addition, 1,552,800 additional units of the Fund were issued for net proceeds of $35.8 million. The proceeds from the credit facility and the unit issuance were used to acquire Brooklin, Boucher, and CFCP in addition to funding the increase in working capital.

During the third quarter of 2008, distributions paid to unitholders amounted to $8.6 million. In the same period for 2007, $4.0 million was paid to unitholders. Regular distributions paid in the period were $0.17 per unit for July 2008 and $0.18 per unit for August and September 2008 compared to $0.13 per unit per month for the three months ended September 30, 2007. Distributions were paid on units outstanding which ranged from 15,372,762 to 17,140,133 for the third quarter of 2008 compared to 10,304,000 units outstanding for 2007. Additional exchangeable partnership units were issued as partial consideration to the vendors of Brooklin. A note payable was issued as partial consideration to the vendors of Boucher.

During the nine month period ended September 30, 2008, financing activities provided $155.1 million in cash compared to $3.6 million utilized in 2007. During the first nine months of 2008, distributions paid to unitholders amounted to $24.9 million, of which $4.7 million was declared and payable in respect of 2007 but paid in January 2008. Regular distributions paid during the nine months ended September 30, 2008, were $0.15 per unit from January 2008 through April 2008, $0.17 per unit from May 2008 through July 2008 and $0.18 per unit for August and September 2008. These distributions were paid on units outstanding which ranged from 15,076,073 to 17,140,133 compared to 10,304,000 units outstanding for the first nine months of 2007. The first nine months of 2007 saw $13.8 million paid on 10,304,000 units outstanding at $0.13 per unit.

During 2008, the Fund borrowed $146.2 million on its credit facilities as compared to $10.2 million in 2007. In addition to funding the increase in working capital, the Fund used the proceeds from the credit facilities together with the $35.8 million in net proceeds from the issuance of additional units of the Fund to acquire Bruce Tile, Durisol, AE Concrete, Brooklin, Boucher and CFCP. The Fund also paid $1.9 million related to debt transaction costs. Additional exchangeable partnership units were issued as partial consideration to the vendors of Bruce Tile, Durisol and Brooklin. A note payable for $5.0 million was issued as partial consideration to the vendors of Boucher.

Outlook

This has been a very active year for the Fund. The full year impact of the Con-Force acquisition, and the partial year impact of the Durisol and other business acquisitions, will support the growth of the Fund in 2008 over 2007 levels. All of the 2008 acquisitions are off to a strong start and the focus has now switched to the productivity enhancing opportunities inherent in the various facilities.

The industry outlook for the Fund remains positive. Governments continue to reiterate their previously announced multi-year commitments for infrastructure spending along with new commitments in 2008. Infrastructure spending for repairs and improvements, announced by Provincial transportation ministries, is expected to strengthen over 2007 levels. Support for the infrastructure spending across the country is coming not only from various levels of government but continues to be augmented through the use of public-private partnerships.

Activity in Canada's commercial and residential building market has been strong, however declines are anticipated for the remainder of this year and 2009. New products introduced through the acquisitions of Brooklin and CFCP are expected to mitigate the impact of a slow down in new home construction. Commercial building activity remains strong, particularly with the activity in Western Canada.

No improvements are anticipated in the natural resources markets in the near term. The Fund does not have significant exposure to investment activity in the mining and oil and gas industries, and has reduced it's relative exposure to the forestry industry. While the record declines in the U.S. housing market have contributed to a significant decline in the demand for forestry products, this has been mitigated by the increased diversity of the Fund's business. The agriculture market continues to be influenced by the historically high level of crop prices, and the increased demand for commodities is translating into increased demand for yield enhancing drainage products.

In response to problems in the credit markets and deteriorating global economic conditions, management of the Fund has reviewed its current order backlog and bidding activities and has not noted any changes in timing or intent due to economic conditions. While it is impossible to predict what impact the increased cost of capital and reduced access to credit markets will have on future activity, there is no current indication of changes in the large projects management is aware of.

During the quarter, Robert Dryburgh resigned his position as Trustee of the Fund. Mr. Dryburgh has been appointed President and Chief Executive Officer of Strongco Limited Partnership. Also during the quarter Ron Adams, Senior

Vice-President and President, Con-Force Division confirmed that he will not be renewing his two year employment contract which expires in September 2009. The Fund will be actively searching for a replacement for Mr. Adams.

The majority of the Fund's revenues and purchases are in Canadian dollars. Some products are sold and purchases are sourced internationally in U.S. dollars, however management does not expect fluctuations in the Canadian dollar to have a significant impact on the overall results of the Fund.

Liquidity, Distributable Cash and Distributions

Definition and Disclosure of Distributable Cash
Distributable cash is not a defined term under Canadian GAAP but is determined by the Fund as cash flows provided by or used in operating activities adjusted for items not affecting cash, expenditures required to sustain the current state of operations, and the change in non-cash working capital.

Management believes that distributable cash is a useful supplemental measure of performance as it provides investors with an indication of the amount of cash available for distribution to unitholders of the Fund by adjusting for the seasonality of the business via changes in non-cash working capital, adjusting for sustaining capital purchases and other items not affecting cash. Investors are cautioned, however, that distributable cash should not be construed as an alternative to using net earnings and comprehensive earnings as a measure of profitability or the statement of cash flows. Furthermore, the Fund's method of calculating distributable cash may not be comparable to other similarly named calculations from other issuers.

Distributable cash for the three and nine months ended September 30, 2008, and 2007 is as follows:

(in thousands of Canadian dollars except unit and per unit amounts)	**Three Months Ended**		**Nine Months Ended**	
	September 30, 2008	**September 30, 2007**	**September 30, 2008**	**September 30, 2007**
Cash provided by operating activities	**$ 6,848**	**$ 9,344**	**$ 7,552**	**$ 5,720**
Items not affecting cash:				
Non-cash post-employment benefits expense	27	(7)	(23)	(28)
Loss on sale of property, plant and equipment	(67)	(357)	(90)	(378)
Items not affecting operating cash flow:				
Sustaining capital purchases	(1,062)	(208)	(3,107)	(576)
Net increase in non-cash working capital	16,617	3,450	31,045	14,524
Distributable cash	**$ 22,363**	**$ 12,222**	**$ 35,377**	**$ 19,262**
Distributable cash per unit	$ 1.32	$ 1.19	$ 2.25	$ 1.87
Distributions declared	$ 9,068	$ 4,019	$ 23,331	$ 12,056
Distributions declared per unit	$ 0.53	$ 0.39	$ 1.47	$ 1.17
Net earnings for the period	$ 19,670	$ 11,026	$ 27,150	$ 15,664
Basic and diluted earnings per unit	$ 1.16	$ 1.07	$ 1.72	$ 1.52
Weighted average number of units outstanding	16,902,412	10,304,000	15,742,133	10,304,000

Distributions declared for the nine months ended September 30, 2008, were $23.3 million, representing a 94% increase over distributions for the same period in 2007. Distributions declared for the three and nine months ended September 30, 2008 and 2007, were less than both distributable cash and net earnings. Distributions declared were more than cash provided by operating activities during the three and nine months ended September 30, 2008 and for the nine months ended September 30, 2007, due to the effect of seasonality on the Fund's working capital. Historically, by the fourth quarter of each year, cash provided by operating activities exceed both distributions declared and distributable cash.

The Fund does not believe that any portion of the distributions declared would be regarded as an economic return of capital as its business is seasonal and historically the annual cash provided by operating activities is in excess of annual distributions as is the case in December each year. The Fund expects cumulative cash provided by operating activities for the foreseeable future to exceed cumulative future distributions. The Fund expects cumulative distributions for the foreseeable future to exceed net earnings as a result of the nature of the temporary differences between net income and taxable income present in the Fund's subsidiaries.

Working Capital Policies and Effects on Distributable Cash
The Fund's business is seasonal, with sales and working capital ramping up during the spring months and generally reaching peak levels during the summer and early autumn months. This build-up of working capital during the first half of the year is comprised of receivables and inventory which are partially offset by increased accounts payable. This increase in working capital ensures that the Fund can meet the increased business volumes during the summer and autumn months. As such, cash provided by operating activities and distributable cash may be negative until receivables are collected and inventory is reduced, partially offset by the settlement of accounts payable. This results in the Fund historically generating positive cash from operating activities nearing the end of the fiscal year. In order to maintain consistent distributions and sufficient working capital, the Fund draws upon its revolving credit facility during the first three quarters.

Relationship between Distributions, Investing and Financing Activities
The changes in working capital affecting cash provided by or used in operating activities, when supplemented by net borrowings under the revolving portion of the credit facility, provide cash for the Fund's regular distributions to unitholders. Other changes affecting the Fund's ability to fund the regular distributions are investments in capital assets including property, plant and equipment and intangible assets as well as business acquisitions. When the Fund makes an acquisition, proceeds may be drawn from credit facilities, additional Fund units may be issued, or a combination of both may be used.

The Fund's unfunded post-employment obligation was $6.7 million and $6.6 million at September 30, 2008, and 2007, respectively. Post-employment obligations are expected to be settled as incurred. See sections entitled "Capital Resources" and "Off-Balance Sheet Arrangements" of this interim MD&A, as well as the Fund's annual MD&A for a five-year schedule of "Contractual Obligations" for information about items that may affect distributable cash in the future.

Definition, History and Management Strategy of Productive Capacity
The Fund's business is seasonal and, due to the nature of the products, is often affected by the distance from manufacturing location to installation site. The Con-Force and Durisol divisions are less affected by seasonality but are significantly affected by proximity to the customer and as a result, the Con-Force and Durisol facilities may not run at full capacity depending on the timing of construction contracts underway. The Armtec division is more affected by seasonality and schedules production with regard to the installation season. Typically the facilities are at minimal production levels during the winter months. As a result of these factors, management does not measure total productive capacity.

Management's strategy of investing in productive capacity is intended to both maintain existing capacity and to continually seek ways to improve operational efficiencies in the Fund's various operations. Initiatives affecting productive capacity are the continuous improvements obtained from lean manufacturing activities. Management estimates that approximately $5.0 million will be spent on an annual basis for sustaining capital expenditures in order to maintain the Fund's manufacturing ability. Management expands productive capacity by making generative capital purchases, defined as those investments in property, plant and equipment and intangible assets that add to manufacturing capacity or further diversify the Fund's product offerings.

The following table reconciles the purchases of sustaining and generative capital expenditures to the purchases of property, plant and equipment, as well as intangible assets:

	Three Months Ended		Nine Months Ended	
(in thousands of Canadian dollars)	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Sustaining capital purchases	$ 1,062	$ 208	$ 3,107	$ 576
Generative capital purchases	610	24	3,716	2,193
Total purchases	**$ 1,672**	**$ 232**	**$ 6,823**	**$ 2,769**
Purchase of property, plant and equipment	$ 1,583	$ 209	$ 6,162	$ 2,571
Purchase of intangible assets	89	23	661	198
Total purchases	**$ 1,672**	**$ 232**	**$ 6,823**	**$ 2,769**

Generative expenditures for the nine months ended September 30, 2008, included: $0.7 million related to an expansion of a Con-Force plant and $2.2 million related to the purchase of an HDPE corrugator. For the nine months

ended September 30, 2007, the generative related expenditures included $1.8 million related to manufacturing equipment to be used in the South Korean joint venture.

See the section entitled "Risks and Uncertainties" of the Fund's annual MD&A for further information about various risks potentially affecting productive capacity.

Financing Strategy and Compliance with Financial Covenants

The Fund has credit facilities that provide the cash resources necessary to fund changes in working capital needs as well as acquisitions. Armtec anticipates continually renewing current debt facilities as required. See the section entitled "Capital Resources" for further discussion.

The Fund regularly monitors current and forecasted debt levels to ensure debt covenants are not violated. Generally, the most significant financing restrictions relate to permitted investments and distributions, as well as the maintenance of certain financial ratios. These financial ratios are primarily linked to trailing operating earnings before interest, taxes, depreciation and amortization adjusted for certain inclusions and exclusions. Currently, the Fund must maintain a ratio, on a rolling four quarters basis, of below 3.25:1 of debt over adjusted earnings as referred above from January 1 through September 30 and 2.75:1 from October 1 to December 31. The Fund must also maintain a ratio above 4:1 of adjusted earnings as referred to above over interest paid. The Fund met all financial covenants for the nine months ended September 30, 2008.

On June 12, 2007, previously announced tax proposals pertaining to the taxation of income distributed by SIFTs and the tax treatment of trust distributions by SIFTs to their unitholders were substantively enacted. Currently, the Fund does not pay tax on income which it distributes to its unitholders. As a result of the SIFT legislation passed in June 2007, the Fund is subject to certain equity growth restrictions referred to as Normal Growth Guidelines. These Guidelines limit the amount of unitholders' capital that can be issued by the Fund from November 1, 2006 to December 31, 2010 and is generally limited to the greater of 20% of the market capitalization of the Fund on October 31, 2006 or $50.0 million per year. The Fund's limit is $50.0 million per year. Any unused balance up to the 20% yearly limit may be carried forward for use in future periods. If the maximum Normal Growth limit is exceeded at any time, the Fund may be subject to tax prior to 2011.

The Fund has fully utilized its $50.0 million balance under Normal Growth Guidelines for 2008. The equity was allocated as follows: $4.5 million in exchangeable partnership units issued for the acquisition of certain tangible and intangible assets and liabilities of Bruce Tile, $5.0 million in exchangeable partnership units issued as part of the acquisition of Durisol, $37.5 million in additional units of the Fund issued to finance the acquisitions of Brooklin and Boucher, and $3.0 million in exchangeable partnership units issued to fund the acquisition of Brooklin.

In addition to capital growth restrictions, the Fund also monitors its foreign ownership levels. In order to maintain its status as a mutual fund trust under the Tax Act, the Fund must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, the Declaration of Trust provides that at no time may non-residents of Canada be the beneficial owners of more than 49% of the units then outstanding. The Fund is in compliance with this requirement as at September 30, 2008.

Distributions

The Fund makes regular monthly distributions to unitholders of record on the last business day of each month. Distributions to unitholders were calculated and recorded when declared.

Regular distributions of $9.1 million and $23.3 million were declared for the three and nine month periods ended September 30, 2008 as compared to $4.0 million and $12.1 million for 2007. Distributions are financed through cash from operations and seasonal borrowings under the revolving credit facility.

Distributions for the nine months ended September 30, 2008, were as follows:
(in Canadian dollars)

Period	Record date	Payment date		Per unit		Amount
January 2008	January 31, 2008	February 15, 2008	$	0.15	$	2,261,411
February 2008	February 29, 2008	March 14, 2008		0.15		2,261,411
March 2008	March 31, 2008	April 15, 2008		0.15		2,274,586
April 2008	April 30, 2008	May 15, 2008		0.15		2,274,586
May 2008	May 31, 2008	June 15, 2008		0.17		2,577,864
June 2008	June 30, 2008	July 15, 2008		0.17		2,613,370
July 2008	July 31, 2008	August 15, 2008		0.17		2,897,299
August 2008	August 29, 2008	September 15, 2008		0.18		3,085,224
September 2008	September 30, 2008	October 15, 2008		0.18		3,085,224
			$	**1.47**	**$**	**23,330,975**

Capital Resources

During 2008, the fund made two amendments to its existing credit facilities. On June 5, 2008, the first principal amendment to the credit facilities included an increased term facility from $65.0 million to $110.0 million and available revolving facility was increased from $40.0 million to $50.0 million. Proceeds from the increased term facility, net of transaction costs, were used to finance the acquisitions of Durisol and AE Concrete during the second quarter of 2008.

On July 31, 2008, the Fund completed the second amendment, which increased the term facility from $110.0 million to $140.0 million, to assist in the acquisition of Brooklin, Boucher and CFCP. A new non-revolving bridge term facility of $50.0 million was utilized to assist in the acquisition of CFCP. The revolving credit facility remained unchanged at $50.0 million. Maturity dates for both the term and revolving credit facilities remain at October 2012 whereas the bridge term credit facility matures in June 2009.

The facilities each bear interest at rates that depend on certain financial ratios of the Fund and vary in accordance with borrowing rates in Canada and the United States. There are no mandatory principal repayments on the term or revolving facilities prior to maturity. Effective during the second quarter of 2008, the Fund entered into an interest rate swap on $32.5 million of its term credit facility converting the interest expense from a floating interest rate to a fixed interest rate of 3.85% plus pricing margin.

As at September 30, 2008, as required under the credit agreement, the $140.0 term facility and $50.0 million bridge term facility were fully drawn. Approximately $17.1 million was outstanding on the revolving credit facility. Due to the seasonality of the business, the revolving credit facility is available to support temporary cash requirements for working capital and distributions.

Also in conjunction with the acquisition of Boucher, the Fund has issued a $5.0 million promissory note to the vendor, payable over a five-year period bearing interest at 8%.

Although anticipated cash distributions to unitholders are not commitments, the Fund is required to distribute an amount equal to or greater than its taxable income in order to eliminate the Fund’s income tax liability.

Financial Instruments

The Fund has classified its cash and cash equivalents as held for trading, accounts receivable and long-term notes receivable have been classified as loans and receivables; and accounts payable and long-term debt have been classified as other financial liabilities.

From time to time, the Fund may enter into forward contracts to reduce its exposure to fluctuations in foreign exchange rates. The Fund may also enter into interest rate swaps to reduce its exposure to fluctuations in interest rates. The Fund may elect to apply hedge accounting for foreign exchange forward contracts and interest rate swaps if certain criteria are met, including documenting all relationships between the hedging instruments and the hedged items, as well as the Fund’s risk management objective and strategy for undertaking various hedge transactions. The Fund may, at its discretion, decide to discontinue hedge accounting for a specific hedging relationship by terminating the designation of that relationship. If the Fund does not account for forward contracts and interest rate swaps using hedge accounting, these instruments are measured at fair value with changes recognized in earnings and the fair value of the interest rate swap would be included with current assets.

The Fund does not use any derivative financial instrument for speculative purposes.

The carrying values of cash and cash equivalents, accounts receivable, other assets, and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturity of these financial instruments. The fair value of the Fund's long-term debt approximates its carrying value as it bears interest at a floating rate.

The Fund has exposure to movements in interest rates primarily due to the Fund's credit facilities that vary in accordance with borrowing rates in Canada and the United States. The Fund may enter into interest rate swaps to mitigate the exposure to floating interest rates. Effective during the second quarter of 2008, the Fund entered into an interest rate swap on $32.5 million of its term credit facility converting the interest expense from a floating interest rate to a fixed interest rate of 3.85% plus pricing margin. As this swap qualifies for accounting as a cash flow hedge and the Fund has designated the swap as a hedge, the fair value of unrealized gains and losses were included in other comprehensive income, net of taxes, and the fair value of the interest rate swap designated as a hedge was included in long-term debt. The Fund is required under its credit agreement to enter into an interest rate swap for a minimum of 50% of the term facility outstanding by the end of December 2008. During 2007, the Fund applied mark-to-market accounting for its interest rate swap as it did not apply hedge accounting to this instrument. The swap matured during the third quarter of 2007. In 2007, the fair value of the interest rate swap not designated as a hedge was included in current assets.

The Fund's exposure to interest rate risk relates to the floating interest rate on its term, bridge and revolving credit facilities. The increase or decrease in interest expense for the nine month period ending September 30, 2008, on the floating rate credit facilities could amount to $659 for each 1% absolute change in the floating interest rate.

Off-Balance Sheet Arrangements

The Fund's off-balance sheet arrangements consist of operating leases. Operating leases are for facilities and vehicles with market terms and do not have associated escalating rent or make-good provisions that materially affect the interim consolidated financial statements. Please see note 19 of the separately issued annual consolidated financial statements of the Fund for the year ended December 31, 2007, for disclosure of these operating leases.

Outstanding Unit Data

An unlimited number of trust units may be issued by the Fund pursuant to the Fund's Declaration of Trust. Each unit is transferable and represents an equal, undivided beneficial interest in any distributions from the Fund and in the net assets of the Fund. Each unit entitles the holder to one vote at all meetings of unitholders. Concurrent with the acquisition of Brooklin and Boucher, an additional 1,552,800 units of the Fund were issued on July 31, 2008. As at November 5, 2008, there were 15,561,800 trust units issued and outstanding.

An unlimited number of exchangeable partnership units may be issued by AEP. Holders of each exchangeable partnership unit are entitled to distributions from AEP at the same time and in the same amount, on a unit-for-unit basis, as distributions made by the Fund to holders of Fund units. Each exchangeable partnership unit is non-transferable without approval from the general partner, Armtec AEP GP Limited. All exchangeable partnership units are of the same class with equal rights and privileges. Exchangeable partnership units are non-voting. Exchangeable partnership units are exchangeable into units of the Fund on a unit-for-unit basis provided that the holder of the exchangeable partnership units must exchange at least 1/6 of the original number of exchangeable partnership units issued to such holder at a time.

On March 20, 2008, 87,834 exchangeable partnership units of AEP were issued as part of the consideration for certain tangible and intangible assets and liabilities of Bruce Tile. As part of the consideration for the acquisition of the shares of the Durisol companies on June 5, 2008, the Fund issued 208,855 exchangeable partnership units of AEP. These exchangeable partnership units or, in the event that such units are exchanged for units of the Fund, are subject to the terms of an escrow arrangement entered into in connection with these acquisitions. On July 31, 2008, the Fund acquired all of the tangible and intangible assets and liabilities of Brooklin. As part of the consideration paid, 117,371 exchangeable partnership units of AEP were issued to Clearford. Two-thirds of these securities will be held in escrow for two years to support Clearford's obligations under the purchase agreement. On August 15, 2008, the Fund purchased the property at the Armtec division's Bruce Tile location. As consideration paid, 97,200 exchangeable partnership units of AEP were issued.

As at November 5, 2008, there were 1,578,333 exchangeable partnership units issued and outstanding. As at November 5, 2008, the number of units issued and outstanding using the "if converted" method was 17,140,133.

Summary of Quarterly Results

(in thousands of Canadian dollars except for unit data)
(unaudited)

Three months ended	Sep 30, 2008	Jun 30, 2008	Mar 31, 2008	Dec 31, 2007	Sep 30, 2007	Jun 30, 2007	Mar 31, 2007	Dec 31, 2006
Revenue	$137,794	$ 90,758	$ 46,427	$ 70,768	$ 63,847	$ 49,763	$ 21,848	$ 35,825
Net earnings (loss)	$ 19,670	$ 10,271	$ (2,791)	$ 7,225	$ 11,026	$ 6,950	$ (2,312)	$ 2,938
Basic and diluted earnings (loss) per unit	$ 1.16	$ 0.67	$ (0.18)	$ 0.48	$ 1.07	$ 0.67	$ (0.22)	$ 0.30

The Fund's business is seasonal, with sales ramping up in the spring months and generally reaching peak levels in the summer months. As such, losses in the first quarter are not unexpected with the Fund historically generating positive net earnings throughout the remainder of the year. A revolving credit facility is available to allow for the payment of regular distributions and working capital investments during slower quarters.

Non-GAAP Measures

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")
References to EBITDA are to earnings before interest, taxes (other than capital taxes), depreciation and amortization. Management believes that in addition to net earnings, EBITDA is a useful supplemental measure of cash available for distributions prior to debt service, changes in working capital, capital expenditures and income 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 and comprehensive earnings 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 as a measure of 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 may not be comparable to similarly named measures used by other issuers.

(in thousands of Canadian dollars) (unaudited)	Three Months Ended		Nine Months Ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Earnings for the period	**$ 19,670**	**$ 11,026**	**$ 27,150**	**$ 15,664**
Recovery of future income taxes	(1,671)	(210)	(3,188)	(640)
Amortization of property, plant and equipment	2,493	911	5,609	2,704
Amortization of intangible assets	2,745	656	8,590	1,969
Interest and financing expenses	2,707	550	4,956	1,409
EBITDA	**$ 25,944**	**$ 12,933**	**$ 43,117**	**$ 21,106**

See the section entitled "Liquidity, Distributable Cash and Distributions" of this MD&A for the disclosure of the definition of distributable cash that is not a recognized measure under Canadian GAAP.

Critical Accounting Estimates

The Fund's discussion and analysis of its financial condition and results of operations, including the discussion on liquidity and capital resources, is based upon the Fund's interim consolidated financial statements, which have been prepared in accordance with Canadian GAAP except where noted. The preparation of these interim consolidated financial statements requires the Fund to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates and judgments, particularly those related to the determination of the estimated recoverable amount of accounts receivable, inventory, goodwill and intangible assets, post-employment benefit liabilities and future income taxes. Management bases its estimates on historical experience and on various other assumptions, which are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

Please refer to the Fund's annual MD&A for a detailed discussion of the more significant judgments and estimates used in the preparation of the Fund's interim consolidated financial statements. No known trends, commitments, events or other uncertainties are currently believed to materially affect the assumptions used. There are no material updates to these estimates based on events from January 1, 2008 to November 5, 2008.

Accounting Policy Changes Including Initial Adoptions

INITIAL ADOPTIONS AND APPLICATIONS OF ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2008, the Fund adopted Canadian Institute of Chartered Accountants ("CICA") Section 1535, "Capital disclosures", Section 3862, "Financial Instruments – Disclosures", Section 3863, "Financial Instruments – Presentation"; and Section 3031, "Inventories". The principal changes due to the adoption of these accounting standards are described below.

a) **Capital disclosures**
This section requires the disclosure of both qualitative and quantitative information regarding the entity's objectives, policies and processes for managing capital, and what the entity regards as capital. Other than disclosure, the adoption of CICA Section 1535 had no effect on the Fund's consolidated financial condition on the date of adoption.

b) **Financial instruments – disclosures and presentation**
These sections revise and enhance certain disclosure requirements including the significance of financial instruments on the entity's financial condition, the nature and extent of risks arising from financial instruments and how these risks are managed. Other than disclosure, the adoption of CICA Sections 3862 and 3863 had no effect on the Fund's consolidated financial condition on the date of adoption.

c) **Inventories**
This section requires inventory to be measured at the lower of cost and net realizable value. The standard provides guidance on the types of costs that can be included and requires the reversal of previous inventory write-downs if economic circumstances change. Other than disclosure, the adoption of CICA Section 3031 had no effect on the Fund's consolidated financial condition on the date of adoption.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

a) **Goodwill and intangible assets**
The CICA issued Section 3064, "Goodwill and Intangible Assets", which establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The standard is effective and the Fund will adopt it for interim and annual periods commencing in the Fund's 2009 fiscal year. The Fund has not yet determined the impact of the adoption of this standard on its consolidated financial condition.

b) **International financial reporting standards**
The Canadian Accounting Standards Board confirmed in February 2008 plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS") over a transition period expected to be effective for interim and annual periods commencing January 1, 2011. The transition date of January 1, 2011 will require reconciliations between Canadian GAAP and IFRS for the interim and annual periods during the year ended December 31, 2010. Under IFRS, there is significantly more disclosure required and while IFRS uses a conceptual framework similar to Canadian GAAP, there appears to be significant differences in accounting policies that must be addressed. The Fund is continuing to monitor and review CICA plans to make the transition to IFRS. The Fund has not yet determined the impact on its consolidated financial condition.

Proposed Transaction

In July 2007, the Fund signed an agreement with the City of Saskatoon for the expropriation of part of the Armtec division's Saskatoon location for proceeds of $1.2 million with an original closing date of November 2007. The closing date has been delayed pending the City's completion of the severance of the property to be sold. The current operations will not be required to move to a new location until May 2009. On April 14, 2008, the Fund received $1.1 million of proceeds related to this transaction. The funds will remain in a trust account until all conditions of sale, including the severance of the parcel of land, have been satisfied.

Forward-Looking Statements

This MD&A may contain "forward-looking" statements within the meaning of applicable securities legislation which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Fund or industry results, to be materially different from any future results, events, expectations, performance or achievements expressed or implied by such forward-looking statements. All such forward-looking statements are made pursuant to the “safe harbour” provisions of applicable Canadian securities legislation. Forward-looking statements may include comments with respect to the Fund’s objectives, strategies to achieve those objectives, expected financial results, and the outlook for the Fund’s business. Forward-looking statements typically contain such words or phrases such as "may", "outlook", "objective", "intend", "estimate", "anticipate", "should", “could”, “would”, "will", "expect", "believe", "plan" and other similar terminology suggesting future outcomes or events. These statements reflect current expectations regarding future events and operating performance and are based on information currently available to the Fund's management.

Forward-looking statements involve numerous assumptions, and significant and inherent risks and uncertainties, 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. You should not unduly rely on forward-looking statements as a number of factors, many of which are beyond the control of the Fund, could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to the factors listed below and those discussed in the Fund's materials filed with the Canadian securities regulatory authorities from time to time including the Annual Information Form and the Annual MD&A. Those risks and uncertainties include, but are not limited to: industry cyclicality; competition; acquisition and expansion risk; capital and liquidity risk; reductions in demand for the Fund’s products; information management; credit risk; relationships with suppliers; lack of long-term agreements; expiration of rights under license and distribution arrangements; availability and price volatility of raw materials; product liability; intellectual property; reliance on key personnel; labour markets; environmental; collective bargaining; currency fluctuations; interest rates; uninsured and underinsured losses; operating hazards; risk of future legal proceedings; securities laws compliance and corporate governance standards; geographical risk; seasonality and adverse weather; geopolitical; and certain risks associated with the structure of the Fund including dependence of the Fund on Armtec entities; income tax matters; leverage and restrictive covenants; credit facilities; nature of units; distribution of securities on redemption or termination of the Fund; restrictions on potential growth; effect of market interest rates on the price of units; undiversified and illiquid holdings in Armtec Operating Trust; as well as potential dilution. These and other factors may cause the Fund’s performance to differ materially from that contemplated by forward-looking statements. Cash distributions are not guaranteed.

There have been no material changes to the Fund's business or other events or circumstances from January 1, 2008 to November 5, 2008, that require an update to the discussion of the applicable risks or forward-looking statements. Although the forward-looking statements contained in this report are based upon what management of the Fund believes are reasonable assumptions, the Fund cannot assure investors that actual results will be consistent with these forward-looking statements. All forward-looking statements in this MD&A are qualified by these cautionary statements. These forward-looking statements and outlook are made as of the date of this MD&A and, except as required by applicable law, the Fund assumes no obligation to update or revise them to reflect new events or circumstances.