



INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

For the period ended March 31, 2009

Armtec Infrastructure Income Fund

Management's Discussion and Analysis For the three months ended March 31, 2009

The following Management's Discussion and Analysis ("MD&A") of Armtec Infrastructure Income Fund for the three months ended March 31, 2009, should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes thereto as well as the audited consolidated financial statements and MD&A for the year ended December 31, 2008, 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 and Durisol Consulting Services Inc. Unless otherwise stated, external economic and industry factors remain substantially unchanged from the most recent annual MD&A.

The financial information contained herein has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The Fund has included certain non-GAAP measures which are used by management as a measure of 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. 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.

This MD&A has been prepared as at May 13, 2009. 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.

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 "Declaration of Trust"). 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 ("HDPE") and corrugated steel pipe products for drainage, bridge applications and water management systems. The Con-Force division offers a wide variety of precast and pre-stressed concrete products, that includes 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	
	March 31, 2009	March 31, 2008
Revenue	\$ 63,747	\$ 46,427
Cost of sales	49,049	34,224
Amortization of property, plant and equipment	2,794	1,454
Gross margin	11,904	10,749
As a % of revenue	18.7%	23.2%
Distribution and warehousing	2,844	1,229
Selling, general and administrative	11,510	9,173
Amortization of intangible assets	2,480	2,779
Loss from operations	(4,930)	(2,432)
Interest and financing expenses	(2,882)	(1,076)
Loss before taxes	(7,812)	(3,508)
Interest and financing expenses	2,882	1,076
Total amortization	5,274	4,233
Non-recurring restructuring expenses	521	-
Fair value increments of acquired inventory	41	-
EBITDA	\$ 906	\$ 1,801
As a % of revenue	1.4%	3.9%

Overview

Following a sharp decline in the fourth quarter of 2008, economic activity in North America remained very slow in the first quarter of 2009. This was particularly true in the forestry, residential and commercial construction sectors as well as new investment activity in mining, oil and gas. This economic weakness was most pronounced in Alberta. While governments have announced plans for major infrastructure stimulus, funding has been slow to be allocated to specific projects. Also, a lack of available credit has delayed some public-private infrastructure projects.

Many of the Fund's products require outdoor installation and, therefore the timing of the installation is subject to seasonal variations. The Fund historically generates higher levels of revenue during the summer months in the second and third quarters, while the first and fourth quarters are characterized by lower levels of construction activity. This pattern is particularly pronounced in the Armtec division. The larger engineered projects, typically in Con-Force and Durisol, can be impacted by weather but not to the same extent as standard product installations.

Certain businesses acquired by Con-Force in 2008 (the "2008 Con-Force Acquisitions") have a more seasonal revenue pattern and are more dependent on weather conditions for installation than the traditional large engineered projects. As a result of the seasonal revenue pattern, the gross margin typically achieved by the Fund's divisions in the first quarter may not fully offset distribution and warehousing, amortization of intangible assets and selling, general and administrative expenses. These seasonal factors impacted the first quarter as expected.

Revenues in the quarter were \$17.3 million higher than the prior year. Growth from the 2008 acquired businesses (the "2008 Acquisitions") was approximately \$20.0 million. The offsetting decline related to the delayed installation timing of the Calgary Airport Parkade in the Con-Force division. The loss from operations was \$4.3 million as compared to \$2.4 million in the same quarter of 2008. The seasonal impact of the business was further exacerbated by the impact of 2008 volatile raw material prices in the Armtec division which negatively impacted the results in the first quarter of 2009.

During the first quarter of 2009, the Fund entered into an agreement with a syndicate of underwriters under which 3,100,000 additional units of the Fund were issued, representing gross proceeds of \$55.0 million. The funds, net of expenses, were used to repay the Fund's \$50.0 million bridge term loan on April 1, 2009. This equity issuance, together with revisions to the credit agreement, has provided additional financial flexibility to the Fund.

First Quarter Results

Revenue

During the first quarter of 2009, the Fund achieved revenues of \$63.7 million, an increase of \$17.3 million over the same period of 2008, and reflected the results of the 2008 Acquisitions. Revenue from these acquisitions offset a slight decline in revenue related to Con-Force's large structural precast projects. The Armtec division's revenues were consistent with the prior year and reflected the normal seasonal nature of the division's revenue pattern. Durisol, which contributed \$7.2 million of revenue in the first quarter of 2009, was acquired in June of 2008. Geographically, increases in revenues were experienced across all regions served by the Fund.

Increased revenues in the infrastructure, agricultural, residential and commercial end-use markets offset declines in natural resources. Con-Force realized revenues from the continuing large structural businesses and the 2008 Con-Force Acquisitions which expanded the standard products offering of the division serving the infrastructure, residential and commercial marketplaces. The Armtec division earned revenues on highway improvement projects for municipalities and provinces, particularly in Central and Eastern Canada. The Durisol division continued work on the significant sound barrier project on the Queen Elizabeth Way in St. Catharines, Ontario and various projects in the Midwestern United States ("U.S.").

The revenues derived from the agricultural drainage market increased slightly when compared to the first quarter of 2008 due to the geographic and customer base expansion associated with the 2008 acquisitions of Bruce Tile and Oxford.

The expected softness in the residential and commercial end-use markets was mitigated by new revenues from the businesses acquired in the second part of 2008. The natural resource market continues to experience softness, particularly in the forestry sector, due to the reduction in pulp and paper prices, mill closures and the downturn in the U.S. housing market.

Loss from Operations

Loss from operations for the three months ended March 31, 2009, was \$4.9 million compared to \$2.4 million in the same period of 2008. Gross margin for the first quarter of 2009 was \$11.9 million, an increase of \$1.2 million, over the same period of 2008. As a percentage of revenues, gross margin decreased to 18.7% as compared to 23.2% in 2008.

The Armtec division experienced lower gross margins during the first quarter of 2009 as compared to prior years due to the planned reduction in production levels and the impact and timing of volatile raw material prices throughout 2008 which impacted 2009. The mix of products within the Con-Force division changed, due the introduction of a wider selection of standard products through the 2008 Con-Force Acquisitions. Standard products are more influenced by seasonal installation conditions, contributing lower gross margins in the winter months. The structural projects maintained gross margins as a percent of revenues at the 2008 levels; however, due to the timing of these large projects, slightly lower revenues in the quarter resulted in lower gross margin dollars over 2008 levels.

Distribution and warehousing costs increased in 2009 by \$1.6 million over the first quarter of 2008 to \$2.8 million or 4.5% of revenues. These costs vary with the sales mix and volume of products sold. As a percentage of revenues, the costs in the first quarter were consistent with the fourth quarter of 2008.

Selling, general and administrative expenses for the first quarter of 2009 were \$11.5 million or 18.1% of revenues compared to \$9.2 million or 19.8% of revenues for 2008. The dollar increase primarily relates to the 2008 Acquisitions.

Amortization of intangible assets of \$2.5 million decreased by \$0.3 million versus the first quarter of 2008 due principally to the customer contract intangibles acquired with Con-Force in 2007, which were fully amortized in 2008. This decrease was partially offset by additional amortization in the first quarter of 2009 related to the 2008 Acquisitions.

Results by Segment

ARMTEC DIVISION

Results of Operations (in thousands of Canadian dollars) (unaudited)	Three Months Ended	
	March 31, 2009	March 31, 2008
Revenues	\$ 17,829	\$ 17,774
Loss from operations	\$ (6,426)	\$ (4,732)

Revenue

Revenues for the Armtec division totalled \$17.8 million for both the three months ended March 31, 2009 and 2008. Increased revenues realized in the infrastructure and agricultural markets offset declines in residential and commercial construction markets. Regionally, growth in Central and Eastern Canada offset continuing soft demand in the Western Canadian market and various international marketplaces. Activity in the first quarter of both 2008 and 2009 reflect the traditional seasonal pattern of the Armtec division's revenues.

Increased infrastructure spending by municipalities and provinces for highway improvement projects, along with demand for agricultural drainage products, was strong in the current quarter. Offsetting this strength was weakness in the natural resource markets, particularly the forestry sector, and commercial and residential activity.

Loss from Operations

Loss from operations for the three months ended March 31, 2009, was \$6.4 million representing an increase in the loss of \$1.7 million from 2008 levels. Gross margins were impacted by the extreme volatility in commodity prices that was experienced throughout 2008, resulting in higher material costs in the first quarter of 2009, when compared to the first quarter of 2008. During the current quarter, management reduced production levels in response to the economic uncertainty; however, this exacerbated the traditional seasonal impact whereby operating costs were not fully offset.

Distribution and warehousing costs remain consistent at 7.0% of revenues, comparable to the same period in 2008. Selling, general and administrative expenses decreased, as a percentage of revenues, by two percentage points year over year. Included in selling, general and administrative costs for the first quarter of 2009 were restructuring costs of \$0.5 million. The amortization of intangible assets, as a percentage of revenues, was also consistent with 2008 at 4%, although increased slightly in dollar terms as a result of the additional customer-based intangibles obtained through Armtec's 2008 acquisitions of Bruce Tile and Oxford.

CON-FORCE DIVISION

Results of Operations (in thousands of Canadian dollars) (unaudited)	Three Months Ended	
	March 31, 2009	March 31, 2008
Revenues	\$ 38,684	\$ 28,653
Earnings from operations	\$ 1,025	\$ 2,300

Revenue

The Con-Force division's revenues for the three months ended March 31, 2009, were \$38.7 million compared to \$28.7 million in the same period of 2008. Contributing to the increase was \$13.0 million related to the 2008 Con-Force Acquisitions. This increase was partially offset by lower revenues from structural projects. In 2009, the Calgary Airport Parkade project and WinSport Canada Athletic Complex were in full production. The installation of the Calgary Airport Parkade was delayed during the quarter due to poor weather conditions. Facilities in Edmonton, Alberta were under conversion for the 2009 commencement of the Anthony Henday Drive expansion.

Across end-use markets, the 2008 Con-Force Acquisitions supported increased revenues in infrastructure as well as the residential and commercial construction markets as a result of the expanded product offerings available. Geographically, revenues increased in all regions. Softer revenue conditions in the west were offset by the additions of CFCP and AE Concrete. Central Canada recognized new contributions from the division's Brooklin and Boucher locations. Sales into the Northwestern U.S. increased due to a new multi-unit residential project.

Earnings from Operations

Earnings from operations for the three months ended March 31, 2009, were \$1.0 million or 2.6% of revenues, compared to \$2.3 million or 8.0% of revenues, in the same period of 2008. In dollar terms, gross margins improved in the first quarter of 2009 due to the impact of the 2008 Con-Force Acquisitions. The increase was partially offset by lower gross margins on the structural precast products related to the lower project volumes in British Columbia and installation delays in Alberta. As a percentage of revenues, gross margin was lower than 2008 as a result of the change in the product mix to standard products that contributed lower gross margins as a percentage of sales in the first quarter than the structural precast business.

Amortization of property, plant and equipment increased over 2008 due to the 2008 Con-Force Acquisitions. Selling, general and administrative expenses increased as expected during the first quarter of 2009 due to the addition of the 2008 Con-Force Acquisitions. Operational management remains focused on the further integration of the new business units.

As a percentage of revenues, amortization of intangible assets has decreased to 3.8% for the first quarter of 2009 compared to 7.2% for the same period of 2008, due to amortization in 2008 of intangible assets related to Con-Force contracts in backlog.

DURISOL DIVISION

Results of Operations (in thousands of Canadian dollars) (unaudited)	Three Months Ended	
	March 31, 2009	March 31, 2008
Revenues	\$ 7,234	\$ -
Earnings from operations	\$ 471	\$ -

Revenue

Durisol's revenues continue to be driven by strong infrastructure spending in Central Canada and the Midwestern U.S. Revenues for the Durisol division totalled \$7.2 million for the three month period ended March 31, 2009 with several projects under construction in the U.S. as well as installations for the division's largest sound barrier project along the Queen Elizabeth Way in St. Catharines, Ontario. Weather conditions adversely impacted revenues in the quarter resulting in a combination of lost production and delayed delivery of materials required for panel installation at project sites. Management expects a return to original schedules in the second and third quarters of 2009.

Earnings from Operations

The Durisol division's earnings from operations were \$0.5 million or 6.5% of revenues. During 2008, Durisol completed the building of a portable Durisol batch plant and used it for the production of its U.S. projects during the quarter. This allowed the division to continue work on a large project outside its normal economic shipping radius. The Durisol operations continue to make progress with the Fund's lean manufacturing program and expect to realize benefits in its manufacturing processes.

Interest and Financing Expenses

During the three months ended March 31, 2009, interest and financing fees incurred on borrowings were \$2.9 million as compared to \$1.1 million in the same period of 2008 due to the increased level of debt that was incurred in connection with the 2008 Acquisitions. Swap instruments converting the interest rate from a floating rate to a blended fixed rate of 2.9% plus pricing margin are in place on \$70.0 million of the Fund's term facility.

Income Taxes

The \$0.6 million recovery of future income taxes related to the changes in the temporary differences primarily associated with the amortization of intangible assets of the Fund. There have not been any changes to tax legislation which materially affect the Fund in the first quarter of 2009. Please refer to the annual MD&A for discussions regarding the taxation of income trusts.

Cash Flow

(in thousands of Canadian dollars) (unaudited)	Three Months Ended	
	March 31, 2009	March 31, 2008
Cash provided by (used in):		
Operating activities	\$ 5,769	\$ (3,334)
Investing activities	(6,277)	(14,960)
Financing activities	41,667	5,737
Net increase (decrease) in cash	41,159	(12,557)
Cash – beginning of period	8,883	12,628
Cash – end of period	\$ 50,042	\$ 71

As at March 31, 2009, the Fund's cash and cash equivalents amounted to \$50.0 million as compared to \$0.1 million in the same period of 2008. The Fund had working capital of \$77.1 million at March 31, 2009, \$5.1 million less than at December 31, 2008 and an increase of \$32.3 million compared to \$44.8 million at March 31, 2008. Working capital has increased as at March 31, 2009 compared with March 31, 2008 as a result of the 2008 Acquisitions. 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 March 31, 2009, the Fund generated \$5.8 million of cash from operations compared to a use of \$3.3 million in 2008. Cash of \$2.4 million was used before the change in non-cash working capital for the first quarter of 2009 compared to \$0.8 million generated in the same period of 2008, due to a \$4.4 million decrease in earnings over 2008 and a \$1.0 million increase in the amortization of property, plant and equipment and intangible assets.

Non-cash working capital decreased \$8.2 million in the first quarter of 2009 compared to an increase of \$4.2 million in the same period of 2008. The management of working capital levels will continue to be a focus during 2009.

In accordance with the seasonal trends of the business, the Fund anticipates building working capital during the first half of 2009 to meet the increased business volumes during the installation season. The Fund's revolving credit facility is available to finance temporary increases in working capital needs.

Investing Activities

Cash used in investing activities totalled \$6.3 million for the three months ended March 31, 2009, compared to \$15.0 million used in the same period of 2008. During the first three months of 2009, the Fund made final payments of \$3.3 million to certain vendors associated with the 2008 Acquisitions. During the first quarter of 2008, the Fund acquired Bruce Tile for \$8.2 million in cash and \$2.0 million of exchangeable partnership units and the final payment of \$5.9 million, related to the 2007 acquisition of Con-Force.

Purchases of property, plant and equipment and intangibles totalled \$3.1 million for the three months ended March 31, 2009, with \$2.1 million considered sustaining capital expenditures for the purposes of determining distributable cash. Generative expenditures included \$0.5 million related to ongoing Con-Force plant expansion and \$0.4 million related to the purchase of HDPE manufacturing equipment. Purchases of property, plant and equipment totalled \$0.8 million for the first quarter of 2008 with \$0.6 million considered sustaining capital expenditures and \$0.2 million considered generative related to the expansion of a Con-Force plant.

Financing Activities

Cash provided by financing activities for the three months ended March 31, 2009, was \$41.7 million as compared to \$5.7 million provided for the same period of 2008. During the first quarter of 2009, the Fund issued additional units, for net proceeds of \$51.3 million. The funds were primarily used to repay the \$50.0 million bridge facility on April 1, 2009. During the first quarter of 2008, the Fund drew on \$14.9 million of its credit facilities to fund the seasonal increase in working capital and acquisition of Bruce Tile.

Distributions paid to unitholders amounted to \$10.7 million, of which \$3.9 million was declared and payable in respect of 2008 but paid in January 2009. Distributions for first three months of 2009 were \$0.18 per unit per month and paid on units outstanding which ranged from 17,140,133 to 20,213,133. Distributions paid to unitholders in the first quarter of 2008 were \$0.15 per unit per month or \$9.2 million. Units outstanding for the first quarter of 2008 ranged from 15,076,073 to 15,163,907.

Outlook

After significant declines in economic activity in Canada in the fourth quarter of 2008 and the first quarter of 2009, there is little consensus amongst economists about the timing of a recovery and a return of confidence amongst consumers and businesses. These challenging economic conditions have a disproportionate impact on the private construction markets served by the Fund. The period of economic contraction coincided with the seasonally slow winter months. It remains difficult to get a clear sense of the level of activity particularly in Western Canada where natural resource markets have slowed dramatically.

Various levels of government have committed to stimulus programs that include increased infrastructure spending however the incremental impact of these initiatives and the timing of new spending is not clear. Support for infrastructure spending across the country also continues to be maintained through the use of public-private partnerships, though these are dependent on securing financing. As such, it is difficult to determine which projects will move forward in 2009 and accordingly, when these initiatives will impact the Fund.

As anticipated, activity in commercial and residential markets has decreased and the Fund expects this to continue throughout 2009. The Fund aims to mitigate the downturn in these markets by expanding, geographically, its product lines. The Federal government support for residential renovation and repair is also expected to have a modest beneficial impact in 2009.

The agriculture market continues to be influenced by the improved financial strength of its end use customers. Management believes that this has and will continue to translate into stable demand for yield enhancing drainage products though success in this market is heavily dependent on weather conditions during the limited installation periods. No improvements are anticipated in the natural resources markets in the near term.

In May 2009, the Fund completed the acquisition of the assets of Groupe Tremca Inc. ("Groupe Tremca") for approximately \$45.0 million. Based in Saint-Jean-Sur-Richelieu, Quebec, Groupe Tremca is a manufacturer of precast concrete and infrastructure products. Groupe Tremca's product specialties include concrete pipe, architectural and structural elements, highway noise barriers, retaining walls, precast amenities and steps. The transaction was funded in part by an increase in the Fund's committed Credit Facilities. The renegotiations of the Fund's Credit Facilities and the recently completed equity offering have provided additional balance sheet flexibility.

The Groupe Tremca acquisition supports the Fund's growth strategy by significantly strengthening its competitive position in the Quebec marketplace. The current year impact of the Fund's acquisition of Groupe Tremca in addition to the 2008 Acquisitions will result in increased revenues over 2008 levels. Key to the revenue enhancing opportunities are the continued development of a consistent, coast to coast product line and realizing on synergies associated with the Fund's larger scale of operations. The ongoing growth in the Fund contributes to the strength realized through diversity across regional markets, product lines and end-use markets.

Management's emphasis remains on revenue growth, productivity enhancing activities, cost control and the management of working capital levels. The long term outlook for the Fund remains positive due to the inherent strength of the infrastructure market in conjunction with the boost expected from government stimulus measures later this year and into 2010.

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, non-recurring expenses, 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 months ended March 31, 2009, and 2008 was as follows:

(in thousands of Canadian dollars except unit and per unit amounts) (unaudited)	Three Months Ended	
	March 31, 2009	March 31, 2008
Cash provided by operating activities	\$ 5,769	\$ (3,334)
Items not affecting cash:		
Non-recurring restructuring expenses	521	-
Other	91	(48)
Items not affecting operating cash flow:		
Sustaining capital purchases	(2,066)	(552)
Net (decrease) increase in non-cash working capital	(8,156)	4,165
Distributable cash	\$ (3,841)	\$ 231
Distributable cash per unit	\$ (0.21)	\$ 0.02
Distributions declared	\$ 10,367	\$ 6,797
Distributions declared per unit	\$ 0.54	\$ 0.45
Net loss for the period	\$ (7,193)	\$ (2,791)
Basic and diluted loss per unit	\$ (0.39)	\$ (0.18)
Weighted average number of units outstanding	18,408,877	15,087,656

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:

(in thousands of Canadian dollars) (unaudited)	Three Months Ended	
	March 31, 2009	March 31, 2008
Sustaining capital purchases	\$ 2,066	\$ 552
Generative capital purchases	985	316
Total purchases	\$ 3,051	\$ 868
Purchase of property, plant and equipment	\$ 2,993	\$ 793
Purchase of intangible assets	58	75
Total purchases	\$ 3,051	\$ 868

Generative expenditures for the three months ended March 31, 2009, included: \$0.5 million related to plant expansion and \$0.4 million related to the purchase of HDPE equipment. Generative expenditures for the three months ended March 31, 2008 included: \$0.2 million related to an expansion of a Con-Force plant.

For a discussion of working capital policies and effects on distributable cash; the relationship between distributions, investing and financing activities; and the definition, history and management strategy of productive capacity please refer to the most recently issued annual MD&A. There have been no material changes since the December 31, 2008 MD&A.

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. The Fund anticipates continually renewing current debt facilities as required.

The Fund regularly monitors current and forecasted debt levels to ensure compliance with debt covenants. 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 ("Adjusted Earnings"). Following the acquisition of Groupe Tremca, the Fund must maintain, on a rolling four quarters basis, a ratio of below 3.00:1 of debt over Adjusted Earnings from January 1 through December 31. The Fund must also maintain a ratio above 4:1 of Adjusted Earnings over interest paid.

The Fund was in compliance with all covenants for the period ended March 31, 2009.

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. Distributions declared for the three months ended March 31, 2009, were \$10.4 million, representing a 53% increase over distributions for the same period in 2008. Distributions declared for the three months ended March 31, 2009 and 2008 respectively, exceeded distributable cash and cash provided by operating activities. Historically, by the fourth quarter of each year, cash provided by operating activities exceeds both distributions declared and distributable cash.

Capital Resources

As at March 31, 2009, no balance 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. As required under the credit agreement, the \$140.0 million term facility and \$50.0 million bridge term facility were fully drawn. 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 U.S. Swap instruments converting the interest rate from a floating interest rate are in place on \$70.0 million of the Fund's term facility. These swap instruments qualify for and have been designated as hedges for accounting purposes. As a result, the mark-to-market loss of \$0.4 million in the current quarter on the swaps was reflected in the Fund's Consolidated Statements of Comprehensive Income.

In February 2009, an issuance of an additional 3,100,000 units of the Fund was completed for gross proceeds of \$55.0 million. Of the proceeds, \$50.0 million was used to repay the bridge term facility on April 1, 2009. In May 2009, the Fund also completed amendments to its existing Credit Facility to fund the acquisition of Groupe Tremca. An additional \$17.0 million was advanced on the term facility and a further \$16.0 million was advanced on a non-revolving bridge term loan. The bridge facility will mature on March 31, 2011 and the term facility will still mature on October 2012.

Financial Instruments

Please refer to the annual MD&A and note 19 of the separately issued annual consolidated financial statements of the Fund for the year ended December 31, 2008, for disclosure of the Fund's financial instruments and sensitivity to various currency, interest, credit and liquidity risk. There have been no material changes regarding the Fund's financial instruments during the first quarter of 2009.

Off-Balance Sheet Arrangements

The Fund's off-balance sheet arrangements consist of operating leases. Please refer to the annual MD&A and note 20 of the separately issued annual consolidated financial statements of the Fund for the year ended December 31, 2008, 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. During the first quarter of 2009, an issuance of an additional 3,100,000 units of the Fund was completed for gross proceeds of \$55.0 million. Also during the first quarter of 2009, 710,025 exchangeable partnership units were exchanged for units of the Fund. As at May 13, 2009, there were 19,371,825 Fund 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 the 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. During the first quarter of 2009, 27,000 exchangeable partnership units were cancelled in settlement of the amount due from Clearford. As at May 13, 2009, there were 841,308 exchangeable partnership units issued and outstanding.

As at May 13, 2009, the number of units issued and outstanding using the “if converted” method was 20,213,133.

Summary of Quarterly Results

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

Three months ended	Mar 31, 2009	Dec 31, 2008	Sep 30, 2008	Jun 30, 2008	Mar 31, 2008	Dec 31, 2007	Sep 30, 2007	Jun 30, 2007
Revenue	\$ 63,747	\$117,084	\$137,794	\$ 90,758	\$ 46,427	\$ 70,768	\$ 63,847	\$ 49,763
Net earnings (loss)	\$ (7,193)	\$ 6,154	\$ 19,670	\$ 10,271	\$ (2,791)	\$ 7,225	\$ 11,026	\$ 6,950
Basic and diluted earnings (loss) per unit	\$ (0.39)	\$ 0.36	\$ 1.16	\$ 0.67	\$ (0.18)	\$ 0.48	\$ 1.07	\$ 0.67

The Fund’s business is typically seasonal in nature, 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

References to EBITDA are to earnings before interest, taxes (other than capital taxes), depreciation and amortization, certain non-recurring expenses and certain non-cash impacts resulting from purchase accounting. 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	
	March 31, 2009	March 31, 2008
Earnings for the period	\$ (7,193)	\$ (2,791)
Amortization of property, plant and equipment	2,794	1,454
Amortization of intangible assets	2,480	2,779
Interest and financing expenses	2,882	1,076
Recovery of future income taxes	(619)	(717)
Non-recurring restructuring expenses	521	-
Fair value increments of acquired inventory	41	-
EBITDA	\$ 906	\$ 1,801

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

Managements’ 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. There have been no material changes to the methods used in preparing the annual financial statements and there were no material changes to these estimates based on events from January 1, 2009 to May 13, 2009.

Accounting Policy Changes Including Initial Adoptions

INITIAL ADOPTIONS AND APPLICATIONS OF ACCOUNTING PRONOUNCEMENTS

Effective for the first quarter of 2009, the Fund adopted the Canadian Institute of Chartered Accountants ("CICA") Section 3064, "Goodwill and Intangible Assets", which establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This standard provides the Canadian equivalent to International Accounting Standard ("IAS") 38, "Intangible Assets". The adoption of CICA Section 3064 had no effect on the Fund's consolidated financial condition on the date of adoption.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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, 2011, with comparable results 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 are differences between the standards that must be assessed.

Please see the separately issued annual MD&A of the Fund that discusses the Fund's plan to convert its consolidated financial statements to IFRS. The Fund is continuing to monitor and review CICA plans to make the transition to IFRS. Due to anticipated changes in Canadian GAAP and IFRS prior to the Fund's transition to IFRS, the full impact of adopting IFRS on the Fund's future consolidated financial condition cannot be reasonably determined at this time.

Controls and Procedures

Disclosure controls and procedures

Management is responsible for establishing and maintaining disclosure controls and procedures. These procedures are designed to ensure that information requiring disclosure is recorded, processed, summarized and reported on a timely basis as well as accumulated and communicated to the Fund's management team as appropriate to allow for timely required disclosures.

Internal control over financial reporting

Management is responsible for the design of internal controls over financial reporting within the Fund in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. Internal control systems, no matter how well designed, have inherent limitations and therefore can only provide reasonable assurance as to the effectiveness of internal controls over financial reporting, including the possibility of human error and the circumvention or overriding of internal procedures.

Management of the Fund does not expect that the disclosure and internal controls and procedures will prevent or detect all misstatements due to error or fraud. Management has evaluated whether there were changes in the Fund's internal controls over financial reporting during the interim period ended March 31, 2009 that would have materially affected, or are reasonably likely to materially affect, the Fund's internal controls over financial reporting. Management has determined that no material changes occurred in the first quarter.

Proposed Transactions

The Fund continues to seek accretive acquisition opportunities.

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 should not be read as guarantees of future performance or results. Such statements will not necessarily be accurate indications of whether or not such future performance or 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. These uncertainties and risks include, but are not limited to: industry cyclicality; competition; acquisition and expansion risk; capital and liquidity risk; current global financial conditions; reduction in demand for 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 related to the structure of the Fund including dependence on the Fund's subsidiaries; income tax matters; unitholder limited liability; 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 price of units; undiversified and illiquid holdings in Armtec Operating Trust; potential dilution. These and other factors may cause the Fund's performance to differ materially from that contemplated by forward-looking statements.

There have been no material changes to the Fund's business or other events or circumstances from January 1, 2009 to May 13, 2009, 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.