



INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

For the periods ended June 30, 2009 and June 30, 2008

Armtec Infrastructure Income Fund

Management's Discussion and Analysis

For the three and six months ended June 30, 2009

The following Management's Discussion and Analysis ("MD&A") of Armtec Infrastructure Income Fund for the three- and six- month periods ended June 30, 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, Armtec AEP GP Limited, Armtec Holdings Limited, Armtec Limited Partnership Corp., Armtec Limited Partnership, Durisol Consulting Services Inc. and Pre-Con 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 August 12, 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 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.

In this MD&A, the Fund refers to structural projects and standard products. The Fund considers structural projects to represent the large precast highly-engineered contracts generally in the Con-Force and Durisol divisions. Standard products refer to common application products such as paving stones, small retaining walls, utility vaults, traffic barriers and pipe products including smaller bridge products.

Results of Operations

(in thousands of Canadian dollars unless otherwise noted) (unaudited)	Three Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Revenue	\$ 117,952	\$ 90,758	\$ 181,699	\$ 137,185
Cost of sales	75,582	62,671	124,631	96,895
Amortization of property, plant and equipment	2,981	1,662	5,775	3,116
Gross margin	39,389	26,425	51,293	37,174
As a % of revenue	33.4%	29.1%	28.2%	27.1%
Distribution and warehousing	5,499	3,177	8,343	4,406
Selling, general and administrative	14,092	9,538	25,602	18,711
Amortization of intangible assets	2,798	3,066	5,278	5,845
Earnings from operations	17,000	10,644	12,070	8,212
Interest and financing expenses	(2,413)	(1,173)	(5,295)	(2,249)
Earnings before taxes	14,587	9,471	6,775	5,963
Interest and financing expenses	2,413	1,173	5,295	2,249
Total amortization	5,779	4,728	11,053	8,961
Restructuring expenses	756	-	1,277	-
Fair value increments of acquired inventory	127	184	168	184
EBITDA	\$ 23,662	\$ 15,556	\$ 24,568	\$ 17,357
As a % of revenue	20.1%	17.1%	13.5%	12.7%
Basic and diluted earnings per unit	\$ 0.78	\$ 0.67	\$ 0.44	\$ 0.49
Basic and diluted distributable cash per unit	\$ 1.00	\$ 0.85	\$ 0.84	\$ 0.87

Overview

While economic activity in North America in the first quarter of 2009 was very slow, some signs of improvement were noted by the Fund in the second quarter of 2009. Lingering weakness was however still evident in commercial construction as well as the natural resource end-use markets. However, government funding of previously announced plans for major infrastructure stimulus has begun to be allocated to specific projects and government support for renovation and repair of residential properties spurred demand later in the quarter.

On April 1, 2009, the Fund repaid the \$50.0 million outstanding bridge facility. The repayment was funded by the net proceeds from the February 2009 offering on an additional 3,100,000 units of the Fund, representing gross proceeds of \$55.0 million.

In May 2009, the Fund completed the acquisition of the assets of Groupe Tremca Inc. ("Groupe Tremca") for approximately \$47.4 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 Groupe Tremca acquisition supports the Fund's growth strategy by significantly strengthening its competitive position in the Quebec marketplace.

In June 2009, the Fund completed the acquisition of the shares of Pre-Con Inc. ("Pre-Con") for approximately \$49.1 million, net of cash. Based in Brampton and Woodstock, Pre-Con is the market leader in custom precast pre-stressed concrete products in southern Ontario. Pre-Con provides single source technical sales, design, engineering, project management, manufacturing and installation services for precast concrete (predominantly pre-stressed) components and systems to both commercial/industrial and infrastructure markets.

The acquisitions of Groupe Tremca and Pre-Con were financed by an \$83.0 million increase in the Fund's committed Credit Facilities. The renegotiated Credit Facilities together with the equity issuance provide the Fund additional financial flexibility to take advantage of growth opportunities in the marketplace.

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 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 sales of the Fund's standard products. The larger engineered projects, in Con-Force and Durisol, can be impacted by weather but not to the same extent as standard products.

Second Quarter Results

Revenue

During the second quarter of 2009, the Fund recorded revenue of \$118.0 million; an increase of \$27.2 million or 30.0% over the same period of 2008. Increases in the Fund's revenue from the infrastructure, agricultural, residential and commercial end-use markets more than offset declines in natural resources. Geographically, increases in revenue were experienced across all regions served by the Fund.

The second quarter represented the beginning of the installation season for the Fund's standard products, which more than doubled the level in the first quarter of 2009 and contributed approximately 60% of the total Fund revenue.

Con-Force revenue increased 70.8% over the same period in 2008. Incremental revenue contributions from Groupe Tremca and the 2008 Con-Force Acquisitions contributed to this revenue growth. The British Columbia ("B.C.") region continued to experience soft demand conditions in structural projects, following a very strong quarter in 2008 characterized by the finalization of the Golden Ears Bridge project. Geographic and product line diversification more than offset this weakness.

Durisol contributed \$10.2 million of revenue in the current quarter of 2009. Acquired in June of 2008, the division generated revenue of \$5.4 million for the period ended June 30, 2008. It continued work on a significant sound barrier project in St. Catharines, Ontario and commenced new projects in the Mid-western United States ("U.S.").

The Armtec division's revenue declined 4.0% in comparison to the same period in the prior year. The division recorded consistent revenue levels from highway improvement projects for municipalities and provinces, with good project activity in Central and Eastern Canada offsetting a slow start in the West. The revenue derived from the agricultural drainage market increased slightly when compared to the prior period due to the division's geographic and customer base expansion. As expected, revenue in the commercial and residential end use markets were below prior year levels, offsetting the gains noted above. The natural resource market was well below the prior year due to reduced demand, particularly in the forestry sector.

Earnings from Operations

For the three months ended June 30, 2009, earnings from operations were \$17.0 million compared to \$10.6 million in the same period of 2008. Gross margin for the second quarter of 2009 was \$39.4 million, an increase of \$13.0 million, over the same period of 2008. As a percentage of revenue, gross margin improved to 33.4% as compared to 29.1% in 2008. The improvement was attributable to the change in product mix combined with the seasonal volume increases in the standard product groups.

Distribution and warehousing costs in the second quarter of 2009 were \$5.5 million or 4.7% of revenue as compared to \$3.2 million, or 3.5% of revenue, for the second quarter of 2008. These costs vary with the mix and volume of products sold, particularly the seasonally increased volumes related to the standard product lines acquired.

Selling, general and administrative expenses for the current quarter, adjusted for \$0.8 million in restructuring costs, were 11.3% of revenue, or \$13.3 million, compared to \$9.5 million or 10.5% of revenue for 2008. The dollar increase related primarily to the 2008 Acquisitions.

Amortization of intangible assets of \$2.8 million decreased by \$0.3 million versus the second 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 second quarter of 2009 related to the 2008 Acquisitions.

Year to Date Results

Revenue

The Fund recorded revenue of \$181.7 million for the six months ended June 30, 2009, an increase of \$44.5 million or 32.4% over the same period of 2008. Revenue from the acquisition of Groupe Tremca in May 2009 and the 2008 Acquisitions contributed \$57.3 million of incremental revenue in the first six months. Increased revenue in the infrastructure, agricultural, residential and commercial end-use markets offset declines in the natural resources end-use market.

While structural products from Con-Force and Durisol (and some Armtec Engineered solutions) can be installed in a wide variety of weather conditions, many of the standard products are buried or require outdoor installation. As such, weather impacts the seasonality of these types of revenue with lower levels in the first and fourth quarters. The growth in standard product volumes in the second quarter, particularly in the residential end-use market, supported improved results to date despite the general market conditions. For the six months ended June 30, 2009, standard products represented approximately 60% of total revenue in comparison to 50% in the prior year.

Earnings from Operations

Earnings from operations for the six-month period ended June 30, 2009 was \$12.1 million, compared to \$8.2 million in the same period of 2008. Gross margin was \$51.3 million or 28.2% of revenue as compared to \$37.2 million or 27.1% of revenue for the six months ended June 30, 2008. This was attributable to the seasonal volume increase in the standard products as noted in the second quarter and improved gross margin percentage on structural projects.

Distribution and warehousing costs increased in 2009, by \$3.9 million over the 2008 levels, to \$8.3 million or 4.6% of revenue. These costs vary with the sales mix and volume of products sold. As a percentage of revenue, these costs were higher than 2008 levels due to the shift in sales mix to a greater proportion of standard products.

Selling, general and administrative expenses were 13.4% of revenue, after adjusting for \$1.3 million in costs related to restructuring activities were comparable to the same period in 2008.

Amortization of intangible assets of \$5.3 million decreased by \$0.5 million versus the first half 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 related primarily to the 2008 Acquisitions.

Results by Segment

ARMTEC DIVISION

Results of Operations (in thousands of Canadian dollars) (unaudited)	Three Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Revenue	\$ 48,812	\$ 50,847	\$ 66,641	\$ 68,621
Total amortization	1,836	1,768	3,643	3,352
Total restructuring expenses and fair value increments related to inventory acquired	222	184	728	184
Earnings (loss) from operations	5,533	5,899	(893)	1,167

Revenue

Revenue for the three- and six-month periods ended June 30, 2009, were \$48.8 million and \$66.6 million, respectively. Revenue decreased \$2.0 million, or 2.9%, from 2008 levels for the first half of 2009. Regionally, strong demand in Eastern and Central Canada mitigated continued soft demand in Western Canada, due to lower forestry and natural resource volumes in B.C., as well as a decline in resource-dependent international opportunities.

For both the quarter and year-to-date in 2009, increased spending by municipalities and provinces for highway improvement projects translated into sales growth in the infrastructure market. Agricultural drainage revenue also improved for the same three- and six-month periods ended in 2009. Year-over-year declines in volumes in the building trade and residential markets were also a factor during the first half of 2009 compared to early 2008 levels, particularly in Western Canada. The current economic conditions in the U.S., and to a lesser extent Canada, have resulted in increased competition in the private markets served by the division. Armtec remains committed to its price leadership strategy in the markets it serves and in achieving operational effectiveness through lean manufacturing.

Earnings from Operations

Earnings from operations for the three months ended June 30, 2009 were \$5.5 million representing a \$0.4 million, or 6.2%, decrease as compared to the second quarter of 2008. As a percentage of revenue, earnings from operations were consistent with 2008 at 11.3%. Gross margins increased as a result of changes in product mix, improved raw material pricing and, in relation to the first quarter of 2009, improved absorption of overhead costs. Offsetting the improvement in gross margins was an increase in distribution and warehousing costs, which vary with the mix of products sold. Selling, general and administrative expenses, in dollar terms, remained consistent with the second quarter of 2008.

A loss of \$0.9 million was experienced in earnings from operations for the six months ended June 30, 2009, worse than the \$1.2 million in earnings for the same period in 2008. The decrease was attributable to the first quarter of 2009, where margins were adversely affected by higher material costs, planned reductions in inventory levels and a seasonal impact of operating costs not being fully absorbed. Divisional management remains focused on managing working capital levels, as evidenced by inventory levels at June 2009 showing a decrease of 18.0% relative to levels at June 30, 2008. For the first half of 2009, distribution and warehousing costs and selling, general and administrative expenses remained consistent with 2008. Included in selling, general and administrative costs were restructuring costs of \$0.7 million for the six-month period ended June 30, 2009.

The amortization of intangible assets, as a percentage of revenue, was consistent with the comparable periods for the three- and six-month periods ended June 30, 2009, although the amount 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		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Revenue	\$ 58,924	\$ 34,491	\$ 97,608	\$ 63,144
Total amortization	3,615	2,708	6,718	5,357
Total non-recurring expenses	661	-	717	-
Earnings from operations	9,751	4,162	10,776	6,462

Revenue

The Con-Force division's revenue for the three- and six-month period ended June 30, 2009, were \$58.9 million and \$97.6 million respectively, compared to \$34.5 million and \$63.1 million for the same periods in 2008, and represented growth of 70.8% and 54.6% respectively. Revenue resulting from the 2008 and 2009 Acquisitions accounted for approximately \$45.3 million of the revenue growth for the first six months of the year. Revenue from standard products offset lower volumes from structural projects recognized in the B.C. and Manitoba regions.

Conversion of the Edmonton facility, to enhance its structural (long product) capability, was completed during the second quarter of 2009 and the first girders for the Anthony Henday Drive expansion were shipped to site. With the completion of the flagship Golden Ears Bridge in B.C. and the Tecumseh Parkade in Winnipeg in 2008, overall structural project volumes were lower in the first half of 2009 as this backlog has not yet been replaced as a result of delayed government stimulus spending. Mitigating this were the Calgary Airport Parkade and WinSport Canada Athletic Complex projects in Alberta which are currently the largest on going projects.

The 2008 and 2009 Acquisitions expanded the Fund's product offerings, resulting in increased revenue in several end-use markets including infrastructure, residential and commercial construction. The seasonal nature of these products resulted in increased second quarter revenue, and contributed to the year-over-year increase. Activity in the commercial markets has declined due to the recession and the year-over-year decline was consistent with levels experienced during the first quarter of 2009.

Revenue increased across Canada in all end-use markets served by the Fund in the second quarter. Softer structural revenue in Western Canada continued to be offset by Con-Force Concrete Products and AE Concrete standard product revenue levels. Central Canada realized incremental contributions from the division's Brooklin and Boucher locations both of which were acquired in July 2008. The division realized its first revenue in Quebec as a result of the Groupe Tremca acquisition. The division also continued to generate sales in the North-western U.S., although at a slower pace than what was recorded in first quarter, due to the construction schedule on a new multi-unit residential project. Shipments to this region were well ahead of the comparative quarter in 2008.

Earnings from Operations

Earnings from operations for the three months ended June 30, 2009, were \$9.8 million or 16.5% of revenue, compared to \$4.2 million or 12.1% of revenue in the same period of 2008. Gross margins improved in the second quarter of 2009 due to a shift in product mix attributed to the contributions from the 2008 Con-Force Acquisitions and the recent addition of Groupe Tremca. The volumes in standard products picked up after a very slow first quarter and were well ahead of activity levels in the same period in 2008. Consequently, the improved absorption of manufacturing overheads was a positive contributor to margins in the quarter.

Despite a reduction in volumes, structural project gross margins, as a percentage of revenue, improved over the prior year comparatives. During the second quarter of 2009, both the Calgary Airport Parkade project and the Winsport athletic complex were in full production in Calgary and the first girders were shipped for the Anthony Henday Drive extension from the newly converted Edmonton facility. These projects benefited from better productivity associated with plant enhancements completed in 2008.

Earnings from operations for the six months ended June 30, 2009 were \$10.8 million or 11.0% of revenue, compared to \$6.5 million or 10.2% of revenue in the same period of 2008. These year-to-date results were driven primarily by the strong second quarter results related to the growth in standard product sales. Gross margins improved in the first half of 2009 largely as a result of the volume increase in the standard products sales when compared to the same period in 2008.

Amortization of property, plant and equipment increased over 2008 levels primarily due to the 2008 Con-Force Acquisitions. As a percentage of revenue, amortization of intangible assets decreased to 3.3% for the first half of 2009 compared to 6.7% for the same period of 2008. During the second quarter, the division acquired an estimated \$23.3 million of intangible assets related to the acquisitions of Groupe Tremca and Pre-Con.

Selling, general and administrative expenses, excluding restructuring costs of \$0.6 million in the first six months ended June 30, 2009, increased as a result of the 2008 Con-Force Acquisitions. As a percent of revenue, these costs are higher when compared to the same period in 2008 due to the selling resources associated with the newly acquired standard products businesses. The Con-Force management team remains focused on realizing the full benefits from the increased scale and diversity of the new business units and are on schedule with the initial integration phase for both Groupe Tremca and Pre-Con.

DURISOL DIVISION

Results of Operations (in thousands of Canadian dollars) (unaudited)	Three Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008¹	June 30, 2009	June 30, 2008¹
Revenue	\$ 10,216	\$ 5,420	\$ 17,450	\$ 5,420
Total amortization	328	252	692	252
Total non-recurring expenses	-	-	-	-
Earnings from operations	1,716	583	2,187	583

1. Results from the acquisition of Durisol on June 5, 2008.

Revenue

In the second quarter of 2009, strong infrastructure spending continued to drive Durisol's revenue, particularly with projects in the Mid-western and Eastern U.S., as well as in its core domestic markets. Revenue for the Durisol division totaled \$10.2 million for the three-month period ended June 30, 2009. Revenue for the first half of 2009 totaled \$17.5 million. Durisol's revenue was \$5.4 million in 2008, recognized from its acquisition on June 5, 2008 to the end of the second quarter.

Revenue in both the quarter and first half of 2009 were associated with work on several projects in the U.S., as well as the installation of a significant sound barrier project along the Queen Elizabeth Way in St. Catharines, Ontario. Approximately 50% of Durisol's revenue was derived in the U.S. Weather conditions adversely affected revenue during the first quarter and early in the second, resulting in a combination of lost production and delayed schedules for panel installation at project sites. Production and delivery schedules resumed later in the second quarter and are anticipated to continue through the third quarter of 2009.

Earnings from Operations

During the second quarter of 2009, earnings from operations were \$1.7 million, or 16.8% of revenue, compared with \$0.6 million, or 10.8% of revenue, for the same period of 2008. Earnings from operations for the first half of 2009, totaled \$2.2 million. 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- and six-month period ended June 30, 2009, interest and financing fees incurred on borrowings were \$2.4 million and \$5.3 million, respectively, as compared to \$1.2 million and \$2.2 million in the same periods in 2008. The increase over the same periods in 2008 was due to the increased level of debt in connection with the

2008 Acquisitions. During 2009, swap instruments converting the interest rate from a floating rate to a blended fixed rate of 2.9%, plus pricing margin, were in place on \$70.0 million of the Fund's term facility.

Income Taxes

For the three- and six-month period ended June 30, 2009, the recovery of future income taxes, related to the changes in the temporary differences primarily associated with the amortization of intangible assets of the Fund, were \$1.1 million and \$1.7 million respectively. There have been no changes to tax legislation that materially affects the Fund as of June 30, 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		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2009	2008	2009	2008
Cash provided by (used in):				
Operating activities	\$ 9,402	\$ 4,051	\$ 15,171	\$ 717
Investing activities	(100,768)	(37,820)	(107,045)	(52,780)
Financing activities	42,782	33,742	84,449	39,479
Net decrease in cash	(48,584)	(27)	(7,425)	(12,584)
Cash – beginning of period	50,042	71	8,883	12,628
Cash – end of period	\$ 1,458	\$ 44	\$ 1,458	\$ 44

As at June 30, 2009, the Fund's cash and cash equivalents amounted to \$1,458 as compared to \$44 in the same period of 2008. The Fund had working capital of \$113.7 million at June 30, 2009, \$31.5 million more than at December 31, 2008 and an increase of \$50.1 million compared to \$63.6 million at June 30, 2008. Working capital increases as at June 30, 2009, relative to June 30, 2008, was the result of the 2008 and 2009 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 June 30, 2009, the Fund generated \$9.4 million of cash from operations compared to \$4.1 million recorded in 2008. Cash of \$20.7 million was generated before the change in non-cash working capital for the second quarter of 2009 compared to \$14.3 million generated in the same period of 2008. Non-cash working capital increased \$11.3 million in the second quarter of 2009 compared to an increase of \$10.3 million in the same period of 2008. In accordance with the seasonal trends of the business, the Fund anticipates building working capital during the first three quarters of 2009 as a result of the increased business volumes during the installation season.

For the six months ended June 30, 2009, the Fund generated \$15.2 million of cash from operations compared to \$0.7 million provided in 2008. Cash of \$18.3 million was generated before the change in non-cash working capital for the second half of 2009 compared to \$15.1 million generated in the same period of 2008. Non-cash working capital increased \$3.1 million in the first six months of 2009 compared to an increase of \$14.4 million in the same period of 2008.

For both the three- and six-month period ended June 30, 2009, the improvement in cash before the change in non-cash working capital was the result of higher net earnings before amortization of property, plant and equipment and intangible assets. The divisional management teams continue to be focused on the management of working capital levels with an emphasis on inventory and accounts receivable. The Fund's revolving Credit Facility is available to finance temporary increases in working capital requirements.

Investing Activities

Cash used in investing activities totaled \$100.8 million for the three months ended June 30, 2009, compared to \$37.8 million used in the same period of 2008. During the second quarter of 2009, the Fund acquired Groupe Tremca and Pre-Con for net cash consideration of \$95.2 million and \$1.3 million in warrants. During the second quarter of 2008, the Fund acquired Durisol and AE Concrete. Cash used in investing activities totaled \$107.0 million for the six months ended June 30, 2009, compared to \$52.8 million used in the same period of 2008. During the first six months of 2009, the Fund acquired Groupe Tremca and Pre-Con, and made final payments of \$3.3 million to certain vendors associated with the 2008 Acquisitions. During the first half of 2008, along with the acquisition of Durisol and AE Concrete, the Fund acquired Bruce Tile for a cash consideration of \$8.2 million and \$2.0 million of

exchangeable partnership units and made a final payment of \$5.9 million, related to the 2007 acquisition of Con-Force.

Purchases of property, plant and equipment and intangibles totaled \$5.9 million for the three months ended June 30, 2009, of which \$1.4 million was considered sustaining capital expenditures for the purposes of determining distributable cash. Generative expenditures included \$3.8 million related to the Con-Force Edmonton plant expansion. Purchases of property, plant and equipment totaled \$3.8 million for the second quarter of 2008 of which \$1.0 million was considered sustaining capital expenditures and \$2.8 million considered generative expenditures.

For the six months ended June 30, 2009, the purchase of property, plant and equipment and intangibles totaled \$9.0 million, with \$3.5 million considered sustaining capital expenditures versus \$5.2 million invested for the same period in 2008, of which \$2.0 million was considered sustaining. For the first half of 2009 and 2008 generative expenditures included \$4.2 million and \$0.5 million, respectively, primarily related to plant expansion in the Con-Force division.

Financing Activities

Cash provided by financing activities for the three months ended June 30, 2009 was \$42.8 million, as compared to \$33.7 million provided for the same period of 2008. During the second quarter of 2009, the Fund drew \$56.2 million of its revised Credit Facilities, primarily for the acquisitions of Groupe Tremca and Pre-Con, in addition to the seasonal cash flow requirements. During the second quarter of 2008, the Fund drew \$41.8 million of its Credit Facilities to fund the seasonal increase in working capital and the acquisitions of Durisol and AE Concrete. During the second quarter of 2009, distributions paid to unitholders amounted to \$10.9 million, with \$0.18 per unit declared each month and paid on units outstanding from 20,213,133 to 20,216,074. Distributions paid to unitholders in the second quarter of 2008 were \$7.1 million and ranged between \$0.15 per unit and \$0.17 per unit each month. Units outstanding for the second quarter of 2008 were between 15,163,907 and 15,372,762.

During the six-month period ended June 30, 2009, financing activities provided \$84.4 million compared to \$39.5 million provided during the same period of 2008. During 2009, the Fund issued additional units for net proceeds of \$51.3 million. These funds were used to repay the \$50.0 million bridge facility, as required by the fund's Credit Agreement, during the second quarter. During the first half of 2008, the Fund borrowed \$56.8 million on its Credit Facilities in order to fund the seasonal increase in working capital and the acquisitions of Bruce Tile, Durisol and AE Concrete. Distributions paid during the six-months ended June 30, 2009 amounted to \$21.6 million at \$0.18 per unit on units outstanding ranging from 17,140,133 to 20,216,074. This compares to distributions of \$16.3 million during the same period in 2008 at per unit amounts ranging from \$0.15 to \$0.17 on units outstanding ranging from 15,076,073 to 15,372,762.

Outlook

The Fund has effectively completed its immediate strategic goal of building a national precast platform. With the acquisitions of Groupe Tremca and Pre-Con completed in the second quarter of 2009, the Fund is now well positioned as one of the leading precast producers in the Quebec and Ontario marketplaces, which management anticipates will be strong markets due to incremental government infrastructure investment.

The timing of a full economic recovery, and a return of confidence amongst consumers and businesses, remains unclear. Activity levels, particularly in the Western Canadian natural resources and commercial markets have slowed dramatically. As noted in the first quarter, activity in these private end-use markets had declined from a year ago and the Fund expects little improvement throughout 2009, although Federal government support for residential renovation and repair is starting to have a modest beneficial impact in residential end-use markets during 2009. While housing starts have rebounded, they have not returned to 2008 levels.

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, although success in this market is heavily dependent on weather conditions during the limited installation season.

The outlook for the infrastructure market remains positive with various levels of government having committed to stimulus programs that include increased infrastructure spending. While the incremental impact of these initiatives was delayed, there are early signs that these initiatives are starting to have an impact. Accordingly, many announced projects are now anticipated to commence late in the fourth quarter of 2009 and into 2010.

With the national precast platform largely in place, the management team is focused on the next phase of integration of the acquired businesses. Management's emphasis remains on revenue growth opportunities afforded by the

expanded customer and product base, productivity enhancing activities, reducing costs and the continued management of working capital levels. Lean manufacturing has been adopted in each of the Fund's manufacturing locations with a formal program to assess and monitor the advancement of each facility. Other projects underway include a review of procurement opportunities with an emphasis on logistics costs. Also, the Fund currently runs on eight discrete ERP systems which over the next two years will be migrated to a common platform.

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- and six-month periods ended June 30, 2009, and 2008 was as follows:

(in thousands of Canadian dollars except unit and per unit amounts) (unaudited)	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2009	2008	2009	2008
Cash provided by operating activities	\$ 9,402	\$ 4,051	\$ 15,171	\$ 717
Items not affecting cash:				
Non-recurring restructuring expenses	756	-	1,277	-
Fair value increments of acquired inventory	127	184	168	184
Other	14	(25)	64	(73)
Items not affecting operating cash flow:				
Sustaining capital purchases	(1,437)	(1,493)	(3,503)	(2,045)
Net increase in non-cash working capital	11,278	10,250	3,122	14,415
Distributable cash	\$ 20,140	\$ 12,967	\$ 16,299	\$ 13,198
Basic distributable cash per unit	\$ 1.00	\$ 0.85	\$ 0.84	\$ 0.87
Diluted distributable cash per unit	\$ 1.00	\$ 0.85	\$ 0.84	\$ 0.87
Distributions declared	\$ 10,916	\$ 7,466	\$ 21,283	\$ 14,263
Distributions declared per unit	\$ 0.54	\$ 0.49	\$ 1.08	\$ 0.94
Net earnings for the period	\$ 15,687	\$ 10,271	\$ 8,494	\$ 7,480
Basic earnings per unit	\$ 0.78	\$ 0.67	\$ 0.44	\$ 0.49
Diluted earnings per unit	\$ 0.78	\$ 0.67	\$ 0.44	\$ 0.49
Basic weighted average number of units outstanding	20,214,717	15,223,580	19,316,786	15,155,618
Diluted weighted average number of units outstanding	20,226,672	15,223,580	19,328,741	15,155,618

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		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Sustaining capital purchases	\$ 1,437	\$ 1,493	\$ 3,503	\$ 2,045
Generative capital purchases	4,487	2,790	5,472	3,106
Total purchases	\$ 5,924	\$ 4,283	\$ 8,975	\$ 5,151
Purchase of property, plant and equipment	\$ 5,820	\$ 3,786	\$ 8,813	\$ 4,579
Purchase of intangible assets	104	497	162	572
Total purchases	\$ 5,924	\$ 4,283	\$ 8,975	\$ 5,151

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 levels 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 renegotiation of the Credit facilities pursuant to the funding of the 2009 Acquisitions, the Fund increased the maximum ratio of funded debt to Adjusted Earnings, on a rolling four quarters basis, to 3.25:1. 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 June 30, 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 six-months ended June 30, 2009 were \$21.3 million which exceeded both 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

On April 1, 2009, the Fund repaid the outstanding \$50.0 million bridge loan with the net proceeds from the February 2009 offering of additional fund units. During the second quarter of 2009, the Fund also completed amendments to its existing Credit Facility to fund the acquisition of Groupe Tremca and Pre-Con. An additional \$43.0 million was advanced on the term facility and a further \$40.0 million was advanced on a new non-revolving bridge term loan. The revolving Credit Facility limit remains at \$50.0 million. As well, the maximum ratio of debt to Adjusted Earnings was increased to 3.25:1 for each quarter of the year. Historically, this ratio was reduced in the fourth quarter of each fiscal year. The bridge facility will mature on March 31, 2011 and the maturity of the term facility remains unchanged, in October 2012.

As at June 30, 2009, \$21.9 million was outstanding on the revolving Credit Facility. The revolving Credit Facility is available to fund seasonal working capital requirements and distributions. As required under the Fund's Credit Agreement, the \$183.0 million term facility and the \$40.0 million bridge term facility were fully drawn. The facilities each bear interest at rates that depend on certain financial ratios and vary in accordance with borrowing rates in Canada and the U.S. Swap instruments, designated as hedges for accounting purposes, resulted in a mark-to-market gain of \$1.7 million in the current quarter and was reflected in the Fund's Consolidated Statements of Comprehensive Income.

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 to date in 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. During the first six-months of 2009, 734,808 exchangeable partnership units were exchanged for units of the Fund. As at August 12, 2009, there were 19,726,408 Fund units issued and outstanding. During the first quarter of 2009, 27,000 exchangeable partnership units were cancelled in settlement of the amount due from Clearford Industries Inc. pursuant to the acquisition of Brooklin and Boucher in 2008. As at August 12, 2009, there were 489,666 exchangeable partnership units issued and outstanding.

As at August 12, 2009, the number of units issued and outstanding using the "if converted" method was 20,216,074.

Summary of Quarterly Results

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

Three months ended	Jun 30, 2009	Mar 31, 2009	Dec 31, 2008	Sep 30, 2008	Jun 30, 2008	Mar 31, 2008	Dec 31, 2007	Sep 30, 2007
Revenue	\$117,952	\$ 63,747	\$117,084	\$137,794	\$ 90,758	\$ 46,427	\$ 70,768	\$ 63,847
Net earnings (loss)	\$ 15,687	\$ (7,193)	\$ 6,154	\$ 19,670	\$ 10,271	\$ (2,791)	\$ 7,225	\$ 11,026
Basic earnings (loss) per unit	\$ 0.78	\$ (0.39)	\$ 0.36	\$ 1.16	\$ 0.67	\$ (0.18)	\$ 0.48	\$ 1.07
Diluted earnings (loss) per unit	\$ 0.78	\$ (0.39)	\$ 0.36	\$ 1.16	\$ 0.67	\$ (0.18)	\$ 0.48	\$ 1.07

The Fund's business is seasonal in nature, with sales increasing 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.

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, certain non-recurring expenses and certain non-cash amounts 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		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Earnings for the period	\$ 15,687	\$ 10,271	\$ 8,494	\$ 7,480
Amortization of property, plant and equipment	2,981	1,662	5,775	3,116
Amortization of intangible assets	2,798	3,066	5,278	5,845
Interest and financing expenses	2,413	1,173	5,295	2,249
Recovery of future income taxes	(1,100)	(800)	(1,719)	(1,517)
Non-recurring restructuring expenses	756	-	1,277	-
Fair value increments of acquired inventory	127	184	168	184
EBITDA	\$ 23,662	\$ 15,556	\$ 24,568	\$ 17,357

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

Management'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, revenue, expenses, and related disclosure of contingent assets and liabilities.

On June 30, 2009, the Fund purchased the shares of Pre-Con Inc. As part of the transaction, the Fund assumed Pre-Con's defined benefit and post-employment obligations. In the Fund's MD&A for the year ended December 31, 2008 post-employment benefits is discussed as a critical accounting estimate for the Fund. Effective June 30, 2009, post-employment benefits are accounted for on an accrual basis within the Con-Force division as well as the Armtec division. The expected costs of employees' post-employment benefits are expensed during the years that employees render services and an accumulated post-employment benefit obligation is recognized. The Fund's obligation under such plans is determined annually by independent actuaries using management's assumptions and the attribution method. Actual post-employment benefit costs incurred may differ materially from management's estimates.

The Fund reviews data provided by actuaries when developing assumptions used in the determination of defined benefit pension costs and accrued pension benefit obligations. Assumptions used in determining defined benefit pension costs, accrued pension benefit obligations and pension plan assets include, but not limited to: discount rates, long-term rates of return for plan assets, rates of future compensation and health care cost trends. Actual defined benefit pension costs, accrued pension benefit obligations and pension plan assets incurred may differ materially from management's estimates due to updated historical information and updated economic conditions, in the material assumptions underlying these estimates.

Other than noted above, 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 August 12, 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 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

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 June 30, 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 second quarter.

Proposed Transactions

The Fund currently has no proposed transactions.

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; and 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 August 12, 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.