



INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Armtec Infrastructure Income Fund

Management's Discussion and Analysis

For the three and nine months ended September 30, 2009

The following Management's Discussion and Analysis ("MD&A") of Armtec Infrastructure Income Fund for the three- and nine- month periods ended September 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 November 11, 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 network of regional offices and production facilities across the country, Armtec is Canada's only national multi-material infrastructure application manufacturer. The Fund specializes in high density polyethylene and corrugated steel pipe products for drainage and bridge applications, water management systems, a full suite of highway noise barriers and offers a wide variety of precast and pre-stressed concrete products, which provide advanced construction components and high-value engineered solutions to its customers.

In this MD&A, the Fund refers to structural projects and construction and infrastructure application products. The Fund considers structural projects to represent highly-engineered precast projects generally in the Con-Force and Durisol divisions. Construction and infrastructure application 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		Nine Months Ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Revenue	\$ 165,161	\$ 137,794	\$ 346,860	\$ 274,979
Cost of sales	106,649	92,481	231,280	189,376
Amortization of property, plant and equipment	3,677	2,493	9,452	5,609
Gross margin	54,835	42,820	106,128	79,994
As a % of revenue	33.2%	31.1%	30.6%	29.1%
Distribution and warehousing	7,097	8,154	15,440	12,560
Selling, general and administrative	13,552	11,215	37,877	29,926
Restructuring expenses	579	-	1,856	-
Amortization of intangible assets	3,243	2,745	8,521	8,590
Earnings from operations	30,364	20,706	42,434	28,918
Interest and financing expenses	(4,284)	(2,707)	(9,579)	(4,956)
Earnings before taxes	26,080	17,999	32,855	23,962
Interest and financing expenses	4,284	2,707	9,579	4,956
Total amortization	6,920	5,238	17,973	14,199
Restructuring expenses	579	-	1,856	-
Fair value increments of acquired inventory	234	149	402	333
EBITDA	\$ 38,097	\$ 26,093	\$ 62,665	\$ 43,450
As a % of revenue	23.1%	18.9%	18.1%	15.8%
Basic and diluted earnings per unit	\$ 1.33	\$ 1.16	\$ 1.80	\$ 1.72
Basic and diluted distributable cash per unit¹	\$ 1.63	\$ 1.33	\$ 2.44	\$ 2.27

¹ Please refer to the Liquidity, Distributable Cash and Distributions section of this MD&A for the reconciliation of this non-GAAP measure.

Overview

The Fund continues to benefit from the incremental impact of acquisitions that were closed over the last 12 months and this has offset a decline in activity in the "base" business related to the impact of the recession on the commercial and forestry markets as well as broad-based weakness in all construction markets in British Columbia.

After a slow start to the year, government funding of previously announced plans for major infrastructure renewal resulted in revenue and booking increases during the quarter. In the third quarter, there was a noticeable improvement in residential volumes which was largely a reaction to delays in orders from the first half being shipped, but volumes remained down in other private markets due to weather and demand factors.

On October 5, 2009, the Fund announced a corporate reorganization ("Reorganization") designed to capitalize on the significant acquisition growth the Fund has undertaken over the last two years, and transform the Fund by transitioning the various companies acquired into one operating entity. Management believes the Reorganization will put the Fund in the best position to compete effectively in the North American infrastructure markets by making available nationally its comprehensive range of products and services.

Effective January 1, 2010, the Reorganization will bring together the Fund's Armtec, Con-Force and Durisol divisions into one regionally based organization, supported by a centralized group headquartered in Guelph, Ontario. As a result of the change of the management structure of the business, the Fund anticipates reporting as one operating segment effective January 1, 2010.

In step with the Reorganization, the Fund is implementing the SAP enterprise resource planning system across its operations. The SAP ERP system implementation is expected to be completed by March 2011 with a total capital cost of approximately \$4.2 million. The Fund has also undertaken a study to evaluate the most effective use of the brand names available in light of the Reorganization. Management expects to complete the study early in 2010. At that time, the management of the Fund will determine the impact on the carrying value, if any, of the current brand names used by the Fund.

The Fund anticipates the Reorganization initiative will reduce operating expenses by \$6 million to \$8 million annually by 2011. Additional restructuring charges of approximately \$5.1 million will be recognized in the fourth quarter of 2009 with a further \$1.1 million recognized in the first half of 2010. The Reorganization will allow the Fund to capitalize on its operational scale, product diversity and market depth to deliver a full range of innovative products and enhanced quality services to customers in local markets across Canada.

Third Quarter Results

Revenue

The Fund recorded revenue of \$165.2 million during the third quarter of 2009; an increase of \$27.4 million or 19.9% over the same period of 2008. The acquisitions of Groupe Tremca and Pre-Con completed during 2009 ("2009 Acquisitions") and to a lesser extent, the incremental benefit of the acquisitions completed during the third quarter of 2008 (Con-Force Concrete Products, Brooklin and Boucher) contributed incremental revenue of \$39.5 million. A \$12.1 million decline in the base business compared to the same period in 2008 was as a result of continued weakness in the private markets served by the Armtec division as well as a net decrease in structural project shipments in the B.C market.

On an end-use market basis, revenue increased in the infrastructure, residential, and commercial end-use markets, offset partially by declines in agricultural and natural resources. Geographically, softness in Western Canada was offset by strong contributions in Central and Eastern Canada, primarily the result of the 2009 Acquisitions.

Earnings from Operations

For the three months ended September 30, 2009, earnings from operations were \$30.4 million compared to \$20.7 million in the comparable period of 2008. Gross margin for the third quarter of 2009 was \$54.8 million, an increase of \$12.0 million or 28.0%, over \$42.8 million in 2008. As a percentage of revenue, gross margin improved to 33.2% as compared to 31.1% in 2008. Improvements were noted in all three divisions.

Distribution and warehousing costs in the third quarter of 2009 were \$7.1 million or 4.3% of revenue as compared to \$8.2 million, or 5.9% of revenue, for the comparable quarter of 2008. These costs vary with the mix and volume of products sold, and they change with the seasonally increased volumes related to the construction and infrastructure application product lines. The most significant improvement was achieved through cost control initiatives in the Armtec division.

For the current quarter selling, general and administrative expenses were \$13.6 million or 8.2% of revenue as compared to \$11.2 million, or 8.1% of revenue, for the comparable quarter of 2008. The increase was due principally to the 2008 and 2009 acquisitions.

Amortization of intangible assets decreased \$0.5 million to \$3.2 million when compared to the third quarter of 2008. This reflects a reduction in the amortization of customer contract intangibles acquired with Con-Force in 2007, partially offset by additional amortization related to the 2008 and 2009 Acquisitions.

Year to Date Results

Revenue

The Fund recorded revenue of \$346.9 million for the nine months ended September 30, 2009, an increase of \$71.9 million or 26.1% over the same period of 2008. Revenue from the 2009 Acquisitions, combined with the incremental contribution of acquisitions completed during the course of 2008, contributed \$96.8 million of the increase during the first nine months of 2009. Revenue from the base business declined 8.9% due to the decrease in Armtec's Western Canadian market volumes and low levels of activity across all of the Con-Force division's B.C. businesses. From an end-use market perspective, revenue improvements in infrastructure, agricultural, residential and commercial offset declines in the natural resource end-use market.

Earnings from Operations

Earnings from operations for the nine-month period ended September 30, 2009 increased 46.7% to \$42.4 million, from \$28.9 million in the same period of 2008. Gross margin was \$106.1 million for the first nine months of 2009 or 30.6% of revenue as compared to \$80.0 million or 29.1% of revenue for the same period 2008. Gross margin as a percentage of revenue increased in both the Con-Force and Durisol divisions, with a small decline in Armtec attributable to the first quarter results.

Distribution and warehousing costs increased in 2009, by \$2.9 million over the 2008 levels, to \$15.4 million or 4.5% of revenue, compared with \$12.6 million or 4.6% in 2008. While consistent as a percent of revenue, the increase in

costs is attributable to the volume increase in the construction and infrastructure application products from the 2008 acquired businesses.

For the first nine months of 2009 selling, general and administrative expenses were \$37.9 million or 10.9% of revenue as compared to \$29.9 million, or the same 10.9% of revenue, for the comparable quarter of 2008. The dollar increase relates principally to the 2008 and 2009 Acquisitions. Amortization of intangible assets of \$8.5 million was consistent with the first nine months of 2008.

Results by Segment

ARMTEC DIVISION

Results of Operations (in thousands of Canadian dollars) (unaudited)	Three Months Ended		Nine Months Ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Revenue	\$ 64,748	\$ 74,859	\$ 131,389	\$ 143,480
Total amortization	2,064	1,791	5,707	5,143
Total restructuring expenses and fair value increments related to inventory acquired	-	100	728	284
Earnings from operations	11,730	12,308	10,837	13,475

Revenue

Revenue for the three- and nine-month periods ended September 30, 2009, was \$64.7 million and \$131.4 million, respectively, representing a decrease of \$10.2 million and \$12.1 million, compared to the same periods of 2008. The division experienced soft market conditions in the third quarter, principally in Western Canada and Quebec, relative to the prior year. Pipe product revenue in the quarter was impacted by the continued weakness in the natural resource markets, particularly in forestry; unfavourable weather conditions which delayed agricultural drainage installation activity, as well a lower level of Quebec municipal infrastructure projects. Residential volumes improved during the quarter as orders which were delayed from the first half of the year were shipped.

On a year-to-date basis, the division has experienced significant declines in volumes in Western Canada in 2009. On an end-use market basis, forestry, residential and commercial levels declined relative to 2008 levels reflecting the continuing effects of the economic downturn. Infrastructure markets are in line with the prior year despite the reduced volumes in the third quarter. Agricultural market sales also improved for the first nine months of the year.

Earnings from Operations

As a percentage of revenue, earnings from operations for the third quarter improved to 18.1% when compared to the 16.4% in 2008, though in dollar terms resulted in a slight decline of \$0.6 million, to \$11.7 million versus the third quarter in 2008. Lower revenue volumes in the quarter were largely offset by a 4.6 percentage point improvement in gross margin due to a better product mix and a more stable raw material market, in addition to improved expense management resulting in lower operating costs relative to 2008.

Earnings from operations for the nine months ended September 30, 2009, were \$10.8 million, representing a decrease of \$2.7 million as compared to \$13.5 million in the same period of 2008. Earnings from operations as a percentage of revenue were 8.2% compared to 9.4% in the same period in 2008. The division has generated improved operating margins in the last two quarters; however, this has not fully offset the adverse factors cited in the first quarter related to higher material costs and reduced production levels, which exacerbated the traditional seasonal impact. In response to the soft demand conditions in some of its end use markets, management remained focused on reducing selling, general and administrative expenses. The division recognized \$0.7 million in non-recurring expenses during the first three quarters of 2009 in connection with cost saving initiatives and the Reorganization.

CON-FORCE DIVISION

Results of Operations (in thousands of Canadian dollars) (unaudited)	Three Months Ended		Nine Months Ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Revenue	\$ 89,347	\$ 51,346	\$ 186,955	\$ 114,490
Total amortization	4,516	2,987	11,234	8,344
Total non-recurring expenses and fair value increments	781	49	1,498	49

related to inventory acquired				
Earnings from operations	15,555	6,752	26,331	13,214

Revenue

The Con-Force division's revenue for the three- and nine-month periods ended September 30, 2009, were \$89.3 million and \$187.0 million, respectively. This compared to \$51.3 million and \$114.5 million for the same periods in 2008, representing growth of \$38.0 million and \$72.5 million, respectively. The revenue increase was due to the acquisitions of Groupe Tremca and Pre-Con, combined with incremental benefits of acquisitions completed during the course of 2008. These acquisitions accounted for virtually all of the revenue growth in the third quarter of 2009, and offset a 10.8%, or \$12.4 million decline in the base business for the year to date. The construction markets for all applications in B.C. are well off levels from 2008 as was demand for precast products used in the commercial and residential markets across the country. Revenue from the businesses acquired in 2008 and 2009, which are a combination of construction and infrastructure application products and structural projects, were in line with the Fund's expectations.

Revenue from large projects in Alberta such as the Calgary Airport parkade, WinSport Canada Athletic Complex projects and the Anthony Henday expansion in Alberta were not sufficient to offset the declines in B.C. and the private markets.

On October 6, 2009, the Fund announced that it has been awarded a \$26.9 million contract to supply water management products for a sewer system in the York Durham region of Southern Ontario. Revenue from this project is expected to begin in the first quarter of 2010.

Earnings from Operations

Earnings from operations for the three months ended September 30, 2009, were \$15.6 million or 17.4% of revenue, compared to \$6.8 million or 13.2% of revenue in the same period of 2008. Earnings from operations for the nine months ended September 30, 2009, were \$26.3 million or 14.1% of revenue, compared to \$13.2 million or 11.5% of revenue in the same period of 2008. The margin improvement was the result of better performance on the structural project work shipped in the quarter, as well as the impact of moderating raw material markets and internal initiatives related to the Fund's lean manufacturing program.

Earnings from operations include non-recurring restructuring expenses and non-cash charges for fair value increments on inventory acquired through acquisitions of \$0.8 million and \$1.5 million for the three and nine months ended September 30, 2009, respectively. Related charges in the same period last year were minimal.

As a percentage of revenue, amortization of intangible assets decreased to 2.9% for the first nine months of 2009 compared to 5.1% for the same period of 2008. This decrease as a percentage of revenue was due to contracts in backlog related to the 2007 acquisition of Con-Force being fully amortized during 2008. During the second quarter of 2009, 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 \$1.1 million in the first nine months ended September 30, 2009, increased as a result of the 2008 and 2009 Con-Force Acquisitions. These costs, as a percent of revenue, were consistent with prior year levels.

DURISOL DIVISION

Results of Operations (in thousands of Canadian dollars) (unaudited)	Three Months Ended		Nine Months Ended	
	September 30, 2009	September 30, 2008 ¹	September 30, 2009	September 30, 2008 ¹
Revenue	\$ 11,066	\$ 11,589	\$ 28,516	\$ 17,009
Total amortization	340	460	1,032	712
Total non-recurring expenses	32	-	32	-
Earnings from operations	3,079	1,646	5,266	2,229

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

Revenue

Revenue for the Durisol division was \$11.1 million for the three-month period ended September 30, 2009, compared to \$11.6 million for the same period of 2008. Revenue for the nine-month period ended September 30, 2009, was \$28.5 million. Durisol's revenue was \$17.0 million in the same period in 2008, representing revenue recognized from its acquisition on June 5, 2008, to the end of the third quarter.

In the third quarter of 2009, strong infrastructure spending continued to drive Durisol's revenue, with major highway sound barrier projects in the Mid-western and Eastern U.S., as well as in Central Canada. For the first nine months of 2009 approximately 60% of Durisol's revenue was derived in the U.S. Lost production and delayed deliveries resulting from weather conditions that adversely affected revenue during the first quarter and early in the second quarter were largely recovered during the third quarter.

Earnings from Operations

Earnings from operations for the three months ended September 30, 2009 were \$3.1 million, or 27.8% of revenue, compared with \$1.6 million, or 14.2% of revenue, for the same period in 2008. The division benefited from the Fund's hedging policy as it relates to the U.S. based business in the period. Earnings from operations for the nine months ended September 30, 2009, were \$5.3 million, or 18.5% of revenue, compared with \$2.2 million, or 13.1% of revenue, recognized from its acquisition on June 5, 2008 to the end of the third quarter. The improvement in margins reflects a mix of higher margin projects and manufacturing savings from lean initiatives.

Interest and Financing Expenses

During the three and nine month periods ended September 30, 2009, interest and financing fees incurred on borrowings were \$4.3 million and \$9.6 million respectively, as compared to \$2.7 million and \$5.0 million in the same periods in 2008. The increase over the same periods in 2008 was due to the increased level of debt incurred in connection with the 2008 and 2009 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. On November 3, 2009, the Fund swapped an additional \$21.5 million of the outstanding term debt to a fixed rate of 2.45% effective January 4, 2010. As a result, the Fund has converted \$91.5 million of its term debt to a fixed interest rate as required under the Credit Facility.

Income Taxes

For the three and nine month period ended September 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 \$0.8 million and \$2.5 million respectively. There have been no changes to tax legislation that materially affects the Fund as of September 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		Nine Months Ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Cash provided by (used in):				
Operating activities	\$ 25,608	\$ 6,847	\$ 40,779	\$ 7,564
Investing activities	(7,136)	(122,121)	(114,181)	(174,901)
Financing activities	(19,444)	115,632	65,005	155,111
Net increase (decrease) in cash	(972)	358	(8,397)	(12,226)
Cash – beginning of period	1,458	44	8,883	12,628
Cash – end of period	\$ 486	\$ 402	\$ 486	\$ 402

As at September 30, 2009, the Fund's cash and cash equivalents amounted to \$0.5 million; comparable with the same period in 2008. The Fund had working capital of \$111.4 million at September 30, 2009, \$29.2 million more than at December 31, 2008 and an increase of \$1.4 million compared to September 30, 2008. Working capital increases as at September 30, 2009, relative to September 30, 2008, reflect the impact of the 2009 Acquisitions, offset in part by a reduction in working capital in the existing businesses, notably the Armtec division which achieved significant reductions in inventory levels over the prior year. Management is of the opinion that the level of working capital is sufficient to meet short-term obligations. The Fund's revolving Credit Facility is available to finance temporary increases in working capital requirements through the installation season.

Operating Activities

For the three months ended September 30, 2009, the Fund generated \$25.6 million of cash from operations compared to \$6.8 million recorded in 2008. Cash of \$33.4 million was generated before the change in non-cash working capital for the third quarter of 2009 compared to \$23.5 million generated in the same period of 2008. Non-

cash working capital increased \$7.8 million in the third quarter of 2009 compared to an increase of \$16.6 million in the same period of 2008.

For the nine months ended September 30, 2009, the Fund generated \$40.8 million of cash from operations compared to \$7.6 million provided in 2008. Cash of \$51.7 million was generated before the change in non-cash working capital for the first nine months of 2009 compared to \$38.6 million generated in the same period of 2008. Non-cash working capital increased \$10.9 million in the first nine months of 2009 compared to an increase of \$31.0 million in the same period of 2008. While the Fund anticipates building working capital during the first three quarters of its fiscal year as a result of the increased business volumes during the installation season, the lower increase in working capital than in 2008 was attributable to management's focus on reducing the relative levels of inventory and accounts receivable.

Investing Activities

Cash used in investing activities totaled \$7.1 million for the three months ended September 30, 2009, principally related to making the final payment to the vendors of Groupe Tremca. In 2008, cash used in investing activities was \$122.1 million primarily used in the acquisition of Brooklin, Boucher, CFCP and Oxford.

Cash used in investing activities totaled \$114.2 million for the nine months ended September 30, 2009, compared to \$174.9 million used in the same period of 2008. During the nine months ended September 30, 2009, the Fund acquired Groupe Tremca and Pre-Con with a related cash outflow of \$99.8 million and made final payments of \$3.3 million to certain vendors associated with the 2008 Acquisitions. During the same nine month period of 2008, the Fund acquired Durisol, AE Concrete, Bruce Tile, Brooklin, Boucher, CFCP and Oxford for a cash consideration of \$162.2 million. Also during the same period, the Fund 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 \$2.7 million for the three months ended September 30, 2009, of which \$0.8 million was considered sustaining capital expenditures for the purposes of determining distributable cash. Generative expenditures included \$0.5 million related to the Con-Force Edmonton plant expansion, \$0.5 million for HDPE equipment and \$0.7 million for the Fund's implementation of a common ERP platform. Purchases of property, plant and equipment totaled \$1.7 million for the third quarter of 2008 of which \$1.1 million was considered sustaining capital expenditures and \$0.6 million considered generative expenditures.

For the nine months ended September 30, 2009, the purchase of property, plant and equipment and intangibles totaled \$11.7 million, with \$4.3 million considered sustaining capital expenditures, versus \$6.8 million for the same period in 2008, of which \$3.1 million was considered sustaining. For the first nine months of 2009 and 2008 generative expenditures were \$4.7 million and \$0.7 million respectively, related to plant expansion in the Con-Force division and HDPE equipment in the Armtec division.

Financing Activities

Cash used in financing activities for the three months ended September 30, 2009 was \$19.4 million, as compared to \$115.6 million provided in the same period of 2008. During the third quarter of 2009, the Fund repaid \$8.5 million of drawings on its revolving Credit Facility. During the third quarter of 2008, the Fund drew \$88.5 million on its Credit Facilities and received \$35.8 million in net proceeds from the issuance of additional units of the Fund. These amounts were used to fund the acquisitions of Brooklin, Boucher and CFCP, and fund the seasonal increase in working capital. Additional exchangeable partnership units were issued as partial consideration to the vendor of Brooklin and a note payable was issued as partial consideration to the vendors of Boucher. During the third quarter of 2009, distributions paid to unitholders amounted to \$10.9 million, with \$0.18 per unit declared each month and paid on 20,216,074 units outstanding. Distributions paid to unitholders in the third quarter of 2008 were \$8.6 million and ranged between \$0.17 per unit and \$0.18 per unit each month. Units outstanding for the third quarter of 2008 were between 15,372,762 and 17,140,133.

During the nine-month period ended September 30, 2009, financing activities provided \$65.0 million compared to \$155.1 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 Credit Facility, as required by the Fund's Credit Agreement, during the second quarter. During the second quarter of 2009, the Fund drew \$56.2 million of its revised Credit Facilities to fund the acquisitions of Groupe Tremca and Pre-Con. During the first three quarters of 2008, the Fund borrowed \$144.3 million on its Credit Facilities, along with \$35.8 million in net proceeds from the issuance of additional units of the Fund, in order to fund the acquisitions of Bruce Tile, Durisol, AE Concrete, Brooklin, Boucher and CFCP and the seasonal increases in working capital. During the first three quarters of 2008 additional exchangeable units were issued as partial consideration to the vendors of Bruce Tile, Durisol and Brooklin and a note payable for \$5.0 million was issued as partial consideration to the vendors of Boucher. Distributions paid during the nine-months ended September 30, 2009 amounted to \$32.5 million at a rate of \$0.18 per unit per month on units outstanding ranging from 17,140,133 to 20,216,074. This compares to distributions of \$24.9 million during the

same period in 2008 at per unit amounts ranging from \$0.15 to \$0.18 on units outstanding ranging from 15,076,073 to 17,140,133.

Outlook

The outlook for the infrastructure market remains positive with various levels of government having committed to stimulus programs that augment their pre-recession commitments to increase infrastructure spending. While the incremental impact of these initiatives was delayed, it now appears that funds are being allocated. Many projects are still in the tender process and not anticipated to commence subcontracting and production until 2010. Geographically, the market for infrastructure projects in Western Canada remains at lower levels than in prior years with improvements evident in Central and Eastern Canada.

The Federal government support for residential renovation and repair has provided a modest benefit in residential end-use markets during 2009, however, housing starts have not returned to 2008 levels. The agriculture market continues to be influenced by the improved financial strength of its end-use customers although continued success in this market is heavily dependent on weather conditions during the limited installation season. On the other hand, demand from commercial construction projects and the forestry market remains well off the levels of previous years and no sign of improvement is in sight.

Management's emphasis remains on revenue growth opportunities afforded by the expanded customer and product base, productivity enhancing activities, 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.

The management team is focused on the next phase of integration of the acquired businesses. The Fund announced the Reorganization on October 5, 2009 which is anticipated to save approximately \$6.0 to \$8.0 million in costs while improving the focus on customer service. The activities required to achieve these annual savings are expected to be completed during the fourth quarter and the first half of 2010. The Fund expects to recognize a further restructuring charge of \$5.1 million in the fourth quarter with approximately \$1.1 million to be recognized in 2010. The Reorganization, which moves to a regional structure, reduces the overall salaried head count in the Fund. 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. The management team is currently reviewing the facilities in each geographic region to ensure the capital of the Fund is appropriately employed to achieve manufacturing efficiencies and better serve the customer.

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 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 nine-month periods ended September 30, 2009, and 2008 was as follows:

(in thousands of Canadian dollars except unit and per unit amounts) (unaudited)	Three Months Ended		Nine Months Ended	
	September	September	September	September
	30, 2009	30, 2008	30, 2009	30, 2008
Cash provided by operating activities	\$ 25,608	\$ 6,847	\$ 40,779	\$ 7,564
Items not affecting cash:				
Fair value increments of acquired inventory	234	149	402	333
Other	55	(40)	119	(113)
Items not affecting operating cash flow:				
Sustaining capital purchases	(776)	(1,062)	(4,279)	(3,107)
Net increase in non-cash working capital	7,809	16,618	10,931	31,033
Distributable cash¹	\$ 32,930	\$ 22,512	\$ 47,952	\$ 35,710
Basic and diluted distributable cash per unit ¹	\$ 1.63	\$ 1.33	\$ 2.44	\$ 2.27
Distributions declared	\$ 10,917	\$ 9,068	\$ 32,200	\$ 23,331
Distributions declared per unit	\$ 0.54	\$ 0.53	\$ 1.62	\$ 1.47
Net earnings for the period	\$ 26,859	\$ 19,670	\$ 35,353	\$ 27,150
Basic and diluted earnings per unit	\$ 1.33	\$ 1.16	\$ 1.80	\$ 1.72
Basic weighted average number of units outstanding	20,216,074	16,902,412	19,619,842	15,742,133
Diluted weighted average number of units outstanding	20,237,350	16,902,412	19,637,745	15,742,133

¹ Distributable cash has been reduced by the non-recurring restructuring expenses of \$579 for the three months ended and \$1,856 for the nine months ended September 30, 2009.

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		Nine Months Ended	
	September	September	September	September
	30, 2009	30, 2008	30, 2009	30, 2008
Sustaining capital purchases	\$ 776	\$ 1,062	\$ 4,279	\$ 3,107
Generative capital purchases	1,925	610	7,397	3,716
Total purchases	\$ 2,701	\$ 1,672	\$ 11,676	\$ 6,823
Purchase of property, plant and equipment	\$ 2,009	\$ 1,583	\$ 10,822	\$ 6,162
Purchase of intangible assets	692	89	854	661
Total purchases	\$ 2,701	\$ 1,672	\$ 11,676	\$ 6,823

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. 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"). The Fund must maintain a ratio of funded debt to Adjusted Earnings, on a rolling four quarters basis, of 3.25:1 as well as a ratio above 4:1 of Adjusted Earnings over interest paid.

The Fund was in compliance with all covenants for the period ended September 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 nine months ended September 30, 2009 were \$32.2 million.

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 remained at \$50.0 million. The maximum ratio of debt to Adjusted Earnings was increased to 3.25:1 for each quarter of the year. The bridge facility will mature on March 31, 2011 and the maturity of the term facility remains unchanged, in October 2012.

As at September 30, 2009, \$11.7 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 that convert \$70.0 million of the \$183.0 million term facility from a floating rate to a fixed rate, designated as hedges for accounting purposes, contributed a mark-to-market gain of \$0.2 million in the current quarter which 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 nine months of 2009, 1,081,229 exchangeable partnership units were exchanged for units of the Fund. As at November 11, 2009, there were 19,770,753 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 November 11, 2009, there were 445,321 exchangeable partnership units issued and outstanding.

As at November 11, 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	Sep 30, 2009	Jun 30, 2009	Mar 31, 2009	Dec 31, 2008	Sep 30, 2008	Jun 30, 2008	Mar 31, 2008	Dec 31, 2007
Revenue	\$165,161	\$117,952	\$ 63,747	\$117,084	\$137,794	\$ 90,758	\$ 46,427	\$ 70,768
Net earnings (loss)	\$ 26,859	\$ 15,687	\$ (7,193)	\$ 6,154	\$ 19,670	\$ 10,271	\$ (2,791)	\$ 7,225
Basic earnings (loss) per unit	\$ 1.33	\$ 0.78	\$ (0.39)	\$ 0.36	\$ 1.16	\$ 0.67	\$ (0.18)	\$ 0.48
Diluted earnings (loss) per unit	\$ 1.33	\$ 0.78	\$ (0.39)	\$ 0.36	\$ 1.16	\$ 0.67	\$ (0.18)	\$ 0.48

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		Nine Months Ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Earnings for the period	\$ 26,859	\$ 19,670	\$ 35,353	\$ 27,150
Amortization of property, plant and equipment	3,677	2,493	9,452	5,609
Amortization of intangible assets	3,243	2,745	8,521	8,590
Interest and financing expenses	4,284	2,707	9,579	4,956
Recovery of future income taxes	(779)	(1,671)	(2,498)	(3,188)
Non-recurring restructuring expenses	579	-	1,856	-
Fair value increments of acquired inventory	234	149	402	333
EBITDA	\$ 38,097	\$ 26,093	\$ 62,665	\$ 43,450

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 November 11, 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

Scope limitation for internal controls

As part of the ongoing acquisition integration process, the Fund is in the process of and will complete the certification process for Groupe Tremca and Pre-Con business units early in 2010. As a result of the timing of these acquisitions, the Chief Executive Officer and Chief Financial Officer have limited the scope of their design of disclosure controls and procedures and their design of internal controls over financial reporting to exclude controls, policies and procedures of Groupe Tremca and Pre-Con. Further details related to the acquisitions of Groupe Tremca and Pre-Con has been disclosed in Note 11 of the Fund's 2009 Interim Consolidated Financial Statements.

A combined summary of the financial information for Groupe Tremca and Pre-Con, expressed in thousands of dollars, which was included in the nine months ended consolidated financial statements of the Fund as at September 30, 2009, is provided below:

Revenue	\$ 35,581
Net earnings for the period	5,501
Current assets	43,434
Non-current assets	106,273
Current liabilities	19,299
Non-current liabilities	36,001

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, subject to the above scope limitation, whether there were changes in the Fund's internal controls over financial reporting during the interim period ended September 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 third 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 November 11, 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.