



INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

For the periods ended March 31, 2010 and March 31, 2009

Armtec Infrastructure Income Fund
INTERIM CONSOLIDATED BALANCE SHEETS
(in thousands of Canadian dollars)

	March 31, 2010 (unaudited)	March 31, 2009 (unaudited)	December 31, 2009
Assets			
Current assets			
Cash	\$ 43	\$ 50,042	\$ 13,492
Accounts receivable	84,380	73,468	104,830
Inventories	47,591	47,820	37,239
Prepaid expenses and other assets	3,004	2,369	2,798
Future income tax assets	1,314	305	1,314
	136,332	174,004	159,673
Property, plant and equipment	186,265	143,777	188,269
Intangible assets	141,009	127,817	143,722
Goodwill	160,094	113,709	160,094
	\$ 623,700	\$ 559,307	\$ 651,758
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 66,571	\$ 36,914	\$ 69,108
Distributions payable	3,663	3,638	4,650
Deferred contract revenue	3,404	3,710	6,187
Current portion of long-term debt	2,042	51,606	2,312
Future income tax liabilities	969	2,601	969
	76,649	98,469	83,226
Deferred contract revenue	-	2,962	-
Long-term debt	227,105	148,276	225,730
Accrued benefit liability	16,279	6,783	16,234
Future income tax liabilities	49,649	46,035	49,789
	369,682	302,525	374,979
Unitholders' equity	254,018	256,782	276,779
	\$ 623,700	\$ 559,307	\$ 651,758

Signed on behalf of the Trustees:

/s/ Robert J. Wright
Robert J. Wright
Chairman

/s/ Brian W. Jamieson
Brian W. Jamieson
Trustee

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

Armtec Infrastructure Income Fund

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands of Canadian dollars except unit and per unit amounts)

(unaudited)

	Three Months Ended	
	March 31, 2010	March 31, 2009
Revenue	\$ 73,293	\$ 63,747
Cost of sales	56,784	49,049
Amortization of property, plant and equipment	3,730	2,794
Gross margin	12,779	11,904
Distribution and warehousing	3,697	2,844
Selling, general and administrative	13,720	10,989
Reorganization expenses	676	521
Amortization of intangible assets	3,309	2,480
Loss from operations	(8,623)	(4,930)
Interest	3,270	2,681
Interest related to debt transaction costs	458	201
Interest and financing expenses	3,728	2,882
Loss before taxes	(12,351)	(7,812)
Recovery of future income taxes	140	619
Loss for the period	\$ (12,211)	\$ (7,193)
Basic and diluted loss per unit	\$ (0.60)	\$ (0.39)
Basic weighted average number of units outstanding	20,216,153	18,407,477
Diluted weighted average number of units outstanding	20,285,650	18,407,477

Armtec Infrastructure Income Fund

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars)

(unaudited)

	Three Months Ended	
	March 31, 2010	March 31, 2009
Loss for the period	\$ (12,211)	\$ (7,193)
Other comprehensive income, net of taxes:		
Change in unrealized earnings of derivative financial instruments designated as cash flow hedges (net of income taxes of \$nil)	393	(393)
Other	(2)	(11)
	391	(404)
Comprehensive loss for the period	\$ (11,820)	\$ (7,597)

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

Armtec Infrastructure Income Fund

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

(in thousands of Canadian dollars)

(unaudited)

	Unitholders' Capital	Accumulated Other Comprehensive Loss	Cumulative Earnings	Cumulative Distributions	Total
Balance – December 31, 2008	\$ 228,395	\$ (3,786)	\$ 90,413	\$ (91,564)	\$ 223,458
Units issuance	55,025	-	-	-	55,025
Issuance costs	(3,155)	-	-	-	(3,155)
Cancellation of exchangeable partnership units	(582)	-	-	-	(582)
Loss for the period	-	-	(7,193)	-	(7,193)
Other comprehensive loss for the period	-	(404)	-	-	(404)
Distributions for the period	-	-	-	(10,367)	(10,367)
Balance – March 31, 2009	\$ 279,683	\$ (4,190)	\$ 83,220	\$ (101,931)	\$ 256,782
Balance – December 31, 2009	\$ 281,027	\$ (2,458)	\$ 133,901	\$ (135,691)	\$ 276,779
Loss for the period	-	-	(12,211)	-	(12,211)
Other comprehensive income for the period	-	391	-	-	391
Distributions for the period	-	-	-	(10,941)	(10,941)
Balance – March 31, 2010	\$ 281,027	\$ (2,067)	\$ 121,690	\$ (146,632)	\$ 254,018

Total cumulative earnings, cumulative distributions and accumulated other comprehensive loss as at March 31, 2010 was \$(27,009) and as at March 31, 2009 was \$(22,901).

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

Armtec Infrastructure Income Fund
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of Canadian dollars)
(unaudited)

	Three Months Ended	
	March 31,	March 31,
	2010	2009
Cash provided by (used in):		
Operating activities		
Loss for the period	\$ (12,211)	\$ (7,193)
Items not affecting cash:		
Amortization of property, plant and equipment	3,730	2,794
Amortization of intangible assets	3,309	2,480
Interest related to debt transaction costs	458	201
Recovery of future income taxes	(140)	(619)
Other	91	6
	(4,763)	(2,331)
Net decrease in non-cash working capital	4,570	8,156
Cash (used in) provided by operating activities	(193)	5,825
Investing activities		
Purchase of property, plant and equipment	(1,772)	(2,993)
Purchase of intangible assets	(596)	(58)
Business acquisitions	-	(3,282)
Cash used in investing activities	(2,368)	(6,333)
Financing activities		
Net proceeds from offering of units	-	51,288
Net proceeds from long-term debt	1,040	1,050
Distributions to unitholders	(11,928)	(10,671)
Cash (used in) provided by financing activities	(10,888)	41,667
Net (decrease) increase in cash	(13,449)	41,159
Cash – Beginning of period	13,492	8,883
Cash – End of period	\$ 43	\$ 50,042
Supplemental cash flow information:		
Interest paid	\$ 2,771	\$ 1,987

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

Armtec Infrastructure Income Fund

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars except unit and per unit amounts)
(unaudited)

Note 1. Organization and Nature of Business

Armtec Infrastructure Income 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. In these unaudited interim consolidated financial statements, the term “the Fund” or “Armtec” means Armtec Infrastructure Income Fund, together with Armtec’s portion of its 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, and Durisol Consulting Services Inc.

Armtec 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 globally. These markets include Canada’s national and regional public infrastructure markets and private sector markets in residential construction, commercial building, agricultural drainage and natural resources. Operating through its network of regional offices and production facilities across the country, Armtec’s broad range of engineered solutions include products for drainage, bridge applications, soil retention, rehabilitation and water management systems including corrugated high-density polyethylene, corrugated steel and concrete pipe; an array of architectural and structural precast and pre-stressed concrete products from steps, paving stones, slabs and wall panels to highly engineered structural components designed and installed for projects such as bridges, sports venues and parking garages; and, a full suite of noise barriers, acoustic enclosure and wall systems along with associated retaining wall and traffic barrier systems.

Note 2. Basis of Presentation

The Fund prepares its unaudited interim consolidated financial statements in accordance with Canadian generally accepted accounting principles (“GAAP”). The unaudited interim consolidated financial statements reflect the results of operations of Armtec, its wholly owned subsidiaries and the Fund’s portion of its joint venture for the three months ended March 31, 2010 and March 31, 2009. All significant intercompany transactions and balances have been eliminated upon consolidation. The preparation of financial data is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements.

These unaudited interim consolidated financial statements do not contain all the disclosures required in annual audited consolidated financial statements required by Canadian GAAP, and accordingly should be read together with Armtec’s 2009 audited annual consolidated financial statements and accompanying notes included therein.

Note 3. Seasonal Nature of the Business

Armtec’s results for the three month period ended March 31, 2010 and March 31, 2009 are not necessarily indicative of the results that may be expected for the full year due to seasonal variations in revenue levels. Since many of Armtec’s products require outdoor installation, the Fund historically experiences higher levels of revenue during the summer months in the second and third quarters, while the first and fourth quarters experience lower revenue during the late fall and winter months. Occupancy related expenses, general and administrative costs, depreciation and amortization and interest expenses remain relatively level throughout the year.

Note 4. Inventories

The amount of inventory recognized as an expense through cost of sales during the three months ended March 31, 2010 was \$37,231 (2009 – \$33,088).

Armtec Infrastructure Income Fund

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars except unit and per unit amounts)

(unaudited)

Note 5. Unitholders' Capital

Units issued and outstanding	Number of exchangeable partnership units	Number of units	Total number of units as issued	Number of warrants	Amount
Balance – December 31, 2008	1,576,933	15,561,800	17,138,733	-	\$ 228,395
Unit issuance	-	3,100,000	3,100,000	-	55,025
Issuance costs	-	-	-	-	(3,155)
Exchange of exchangeable partnership units for units	(710,025)	710,025	-	-	-
Cancellation of exchangeable partnership units	(27,000)	-	(27,000)	-	(582)
Balance – March 31, 2009	839,908	19,371,825	20,211,733	-	\$ 279,683
Balance – December 31, 2009	443,921	19,770,753	20,214,674	235,294	\$ 281,027
Exchange of exchangeable partnership units for units	(51,432)	51,432	-	-	-
Exercise of warrants for units	-	133,110	133,110	(235,294)	-
Balance – March 31, 2010	392,489	19,955,295	20,347,784	-	\$ 281,027

During the first quarter of 2010, 235,294 warrants were exercised for 133,110 units of Armtec at a unit price of \$24.27. Armtec issued 235,294 warrants during the second quarter of 2009 in connection with Armtec's acquisition of certain assets and liabilities of Groupe Tremca Inc. ("Groupe Tremca").

During the first quarter of 2009, Armtec completed an issuance of 3,100,000 additional units of the Fund at a unit price of \$17.75. The net proceeds were used to repay Armtec's bridge term facility on April 1, 2009. Exchangeable partnership units representing \$582 were cancelled in a non-cash settlement of an amount due from Clearford Industries Inc.

Note 6. Distributions

During the year, the Fund makes regular monthly distributions to unitholders of record as of the last business day of each month. Distributions to unitholders were calculated and recorded when declared. Distributions declared for the three months ended March 31, 2010 were as follows:

Period	Record date	Payment date	Per unit	Amount (Whole Dollars)
January 2010	January 29, 2010	February 12, 2010	\$ 0.18	\$ 3,638,893
February 2010	February 26, 2010	March 15, 2010	0.18	3,638,893
March 2010	March 31, 2010	April 15, 2010	0.18	3,662,853
			\$ 0.54	\$ 10,940,639

For the three months ended March 31, 2009, total distributions of \$10,367 were declared.

Armtec Infrastructure Income Fund

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars except unit and per unit amounts)

(unaudited)

Note 7. Loss per Unit

	Three Months Ended	
	March 31, 2010	March 31, 2009
Loss for the period	\$ (12,211)	\$ (7,193)
Basic weighted average number of units outstanding	20,216,153	18,407,477
Dilutive effect of warrants issued	69,497	-
Dilutive weighted average number of units outstanding	20,285,650	18,407,477
Loss per unit		
Basic	\$ (0.60)	\$ (0.39)
Diluted	\$ (0.60)	\$ (0.39)

For the purposes of weighted average number of units outstanding, the exchangeable partnership units issued were treated as if the units were converted to equivalent units of Armtec at the time of issuance. Earnings per unit amounts were calculated using the weighted daily average number of units outstanding during the period. The dilutive effects of outstanding warrants were reflected in diluted earnings per unit by application of the treasury stock method.

Note 8. Changes in Non-Cash Working Capital

	Three Months Ended	
	March 31, 2010	March 31, 2009
Cash provided by (used in):		
Accounts receivable	\$ 20,450	\$ 20,932
Inventories	(10,352)	(4,688)
Prepaid expenses and other assets	(206)	(76)
Accounts payable and accrued liabilities	(2,539)	(6,603)
Deferred contract revenue – short-term	(2,783)	(871)
Deferred contract revenue – long-term	-	(538)
	\$ 4,570	\$ 8,156

Note 9. Segmented Information

Effective January 1, 2010, Armtec has realigned its internal structure. The operations and management of the Fund have been realigned and report to the Chief Executive Officer on a geographic regional basis.

In assessing the segments under the new structure, it was determined that the regions serve a common customer type, primarily in the infrastructure construction market. Each region offers similar services and products which follow consistent production methods. The distribution methods for the various products offered by Armtec are similar across regions. As a result, the regions have been aggregated and reported as one operating segment.

Armtec Infrastructure Income Fund

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars except unit and per unit amounts)

(unaudited)

a) Geographic sales

	Three Months Ended	
	March 31, 2010	March 31, 2009
Canada	\$ 66,619	\$ 56,316
International	6,674	7,431
Revenues to external customers	\$ 73,293	\$ 63,747

b) Reorganization costs

The reorganization costs consist primarily of severance costs.

	Three Months Ended	
	March 31, 2010	March 31, 2009
Reorganization accrual – beginning of period	\$ 3,631	\$ -
Reorganization costs expensed	676	521
Reorganization costs paid	(1,181)	(409)
Reorganization accrual – end of period	\$ 3,126	\$ 112

Note 10. Comparative Figures

Certain comparative figures have been reclassified in accordance with the current period's presentation.

Note 11. Subsequent Events

a) Distributions

On April 15, 2010, a distribution of \$0.18 per unit was declared in respect of April 2010. The record date of the distribution was April 30, 2010, with a payment date of May 14, 2010.

b) Extension of maturity of Bridge facility

The Fund successfully extended the March 31, 2011 maturity of the Bridge facility to be co-terminus with that of the existing Term facility.

c) Proposed conversion to corporate form

On April 26, 2010, Armtec announced its intention to convert the Fund into a corporation effective on or about January 1, 2011 in response to the legislative changes to the tax treatment of business income trusts. The conversion must be approved by not less than 66 ²/₃% of votes cast by unitholders at Armtec's annual special meeting on June 24, 2010. Armtec also announced that following the conversion, it expects to pay quarterly dividends at an initial annualized rate of \$1.60 per share. The dividend policy reflects the current distribution level adjusted to take into account the appropriate level of income taxes to be incurred.