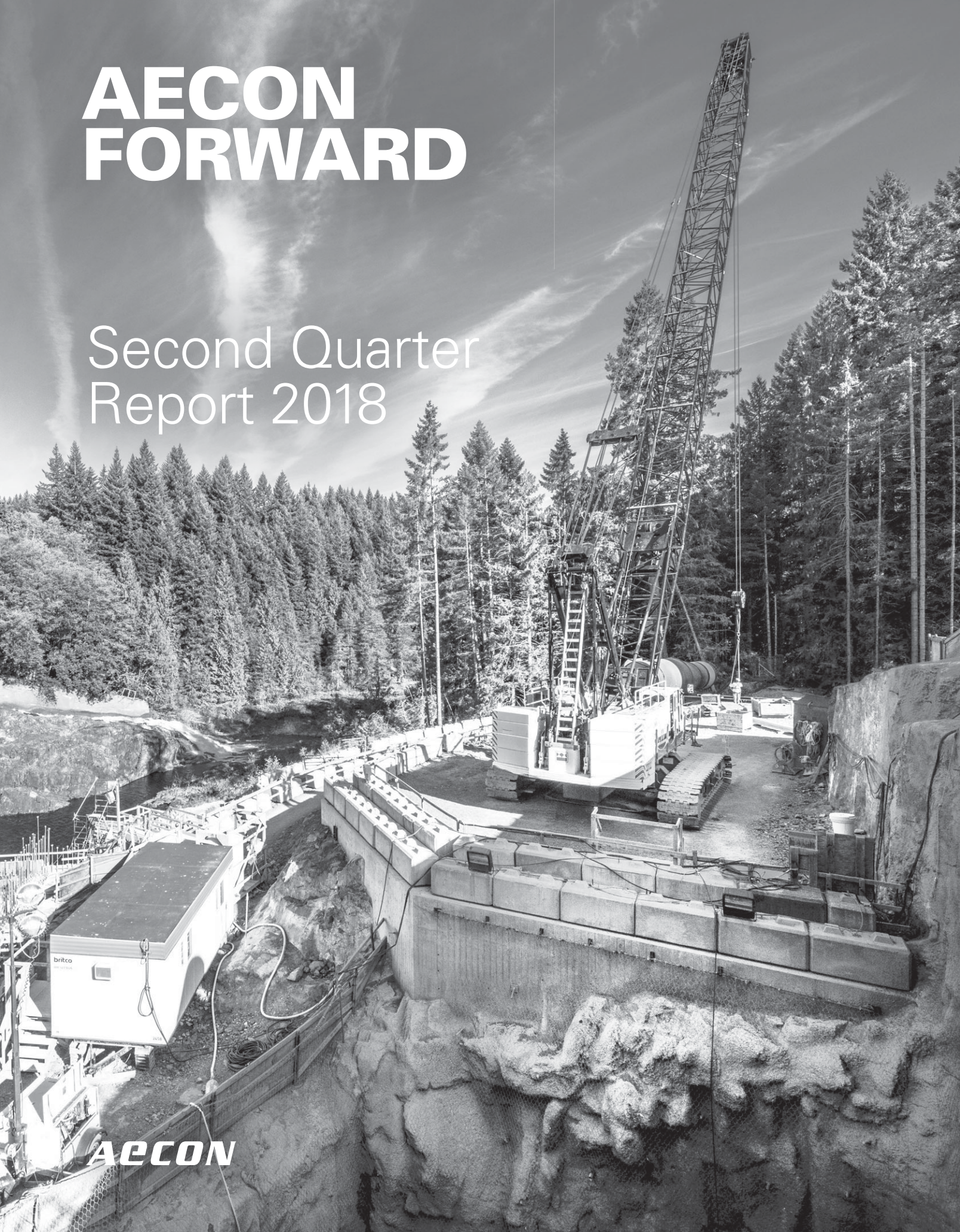


AECON FORWARD

Second Quarter
Report 2018



AECON

Dear Fellow Shareholders,

Aecon reported strong results for the second quarter of 2018, reflecting the early stages of realizing the benefits of a growth in backlog to a record level of \$6.4 billion. This backlog represents a 52 per cent increase since the beginning of 2018, which led to solid results for the quarter and is expected to drive increasing growth in revenue and Adjusted EBITDA in the second half of 2018 and in 2019 as these new projects continue to ramp up during the year. For the three months ended June 30, 2018, Adjusted EBITDA of \$41.1 million (margin of 5.5 per cent) improved compared to \$33 million (margin of 4.8 per cent) in the second quarter of 2017. We expect further backlog growth based on a robust pipeline of opportunities ahead.

On May 23, 2018, Aecon was informed that the Governor in Council issued an order under the Investment Canada Act directing CCCC International Holding Limited ("CCCCI") not to implement its proposed acquisition of Aecon. As a result, the Arrangement between Aecon and CCCI did not proceed, but that has not slowed our momentum in securing a number of large-scale projects over the past several months. Contributing to Aecon's current record level of backlog, new contract awards of \$2.6 billion were booked in the second quarter of 2018, including:

- A joint venture in which Aecon has a 40 per cent share was awarded a \$475 million contract to execute the Unit 6 Fuel Channel and Feeder Replacement (FCFR) at the Bruce Nuclear Generating Station in Kincardine, Ontario, the first of six such units to be refurbished;
- A consortium in which Aecon has a 33.3 per cent interest finalized a \$2.5 billion contract that includes \$1.2 billion of construction costs for the Finch West Light Rail Transit public-private partnership project in Toronto;
- A partnership in which Aecon has a 24 per cent interest finalized a \$5.0 billion contract for the Réseau express métropolitain Montréal Light Rail Transit project, adding \$1.2 billion to Aecon's backlog in the second quarter of 2018; and
- A joint venture in which Aecon has a 50 per cent interest was awarded a \$282 million pipeline construction contract for Spreads 8 and 9 of the Line 3 Replacement Phase 2 project in Manitoba.

Subsequent to quarter end, Aecon announced:

- The award of a \$248 million contract for the F.G. Gardiner Expressway Rehabilitation Project: Stage 1 in Toronto;
- An Aecon joint venture was one of four contractors conditionally awarded contracts to construct the proposed Coastal GasLink Pipeline project in British Columbia. Cumulatively, the value of the four conditionally awarded contracts will total \$2.8 billion; and
- Aecon received approval to rejoin Bridging North America, the team selected as preferred proponent to design, build, finance, operate and maintain the Gordie Howe International Bridge through a public-private partnership. Financial close is expected by the end of September 2018.

The overall outlook for revenue and profit growth in 2018 and 2019 is increasingly strong. Our current backlog, coupled with a significant pipeline of future opportunities, provides an unprecedented platform to further enhance our current strong position and support the goals of continued revenue growth and improving Adjusted EBITDA margin over the longer-term.

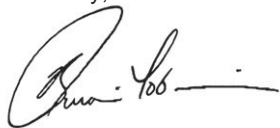
In the Infrastructure segment, increased investment by federal, provincial and municipal governments is a key area of focus for Aecon and we expect to be a beneficiary of this increased investment, as evidenced by our recent awards, which will drive growth in this segment in 2018 and beyond. Moving forward, we are well positioned to successfully bid on, secure and deliver these major projects.

In the Industrial segment, we expect increased demand for nuclear refurbishment, utilities, pipelines and contract mining work. Aecon's capability in the nuclear refurbishment sector, combined with work secured to date, and the ongoing fifteen-year and ten-year refurbishment projects at the Bruce Nuclear Generating Station and with Ontario Power Generation, respectively, provides a significant long-term growth opportunity. Mainline pipeline activity is also expected to contribute to backlog and revenue growth in the remainder of 2018.

The Concessions segment continues to partner with Aecon's other segments to focus on the significant number of public-private partnership opportunities in Canada and is actively pursuing a number of large-scale infrastructure projects that require private finance solutions. Concessions is also participating as a concessionaire on the Finch West, Eglinton Crosstown and Waterloo LRT projects, as well as the Bermuda International Airport Redevelopment project.

On July 23, 2018, Aecon was pleased to announce the appointment of global construction leader Jean-Louis Servranckx as the Company's President and Chief Executive Officer, effective September 4, 2018. This was the culmination of an extensive, global search process, and Aecon is exceptionally pleased to have found a leader with Jean-Louis' capabilities and long, successful track record in the construction industry around the world. The Board is confident that Jean-Louis is the right leader to guide the company in its growth aspirations in a construction market rich with opportunities and drive ongoing success for all of our stakeholders. Upon Mr. Servranckx' assumption of the CEO role, we will assume our previous roles as Executive Chair of the Board (John M. Beck) and Lead Director (Brian V. Tobin).

Sincerely,



Hon. Brian V. Tobin, P.C., O.C.
Chairman



John M. Beck
Chief Executive Officer

July 26, 2018

Aecon Group Inc.

**Management's Discussion and Analysis
of Operating Results and Financial Condition**

June 30, 2018

Management’s Discussion And Analysis Of Operating Results And Financial Condition (“MD&A”)

The following discussion and analysis of the consolidated results of operations and financial condition of Aecon Group Inc. (“Aecon” or the “Company”) should be read in conjunction with the Company’s June 30, 2018 interim condensed consolidated financial statements and notes, and in conjunction with the Company’s annual MD&A for the year ended December 31, 2017. This MD&A has been prepared as of July 26, 2018. Additional information on Aecon is available through the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com and includes the Company’s Annual Information Form and other securities and continuous disclosure filings.

Proposed Arrangement Not To Proceed

On October 26, 2017, the Company entered into an arrangement agreement (the “Arrangement Agreement”) with CCCC International Holding Limited and 10465127 Canada Inc. (together, “CCCI”), pursuant to which CCCI agreed, subject to satisfaction of customary conditions, to acquire all of the issued and outstanding Common Shares of Aecon for \$20.37 per Common Share in cash by way of a statutory plan of arrangement under the Canada Business Corporations Act (the “Arrangement”).

On May 23, 2018, the Company was informed that the Governor in Council had issued an order under the Investment Canada Act directing CCCI not to implement its proposed acquisition of Aecon. As a result, the Arrangement will not proceed.

Introduction

Commencing in 2018, Aecon’s Energy and Mining segments were combined into an Industrial segment to align with Aecon’s new operating management structure, and to build on the “One Aecon” business strategy to capitalize on and combine the strengths and synergies of the Aecon group. Prior year comparative figures have been restated to conform to the presentation adopted in the current year.

Aecon currently operates in three principal segments within the construction and infrastructure development industry: Infrastructure, Industrial and Concessions.

The Infrastructure segment includes all aspects of the construction of both public and private infrastructure, primarily in Canada, and on a selected basis, internationally. The Infrastructure segment focuses primarily on the following sectors:

INFRASTRUCTURE	
Sector	Service Focus
Transportation	<ul style="list-style-type: none">• Roads and bridges• Rail and transit• Municipal road construction• Asphalt production and aggregates• Material engineering and design• Foundations

Major Projects	<ul style="list-style-type: none"> • Hydroelectric • Tunnels and transit stations • Marine • Major civil transportation infrastructure • Water treatment facilities • Mechanical systems • Airports
----------------	--

The Industrial segment encompasses a full suite of service offerings, primarily to energy and mining markets, including conventional industrial construction and manufacturing activities such as in-plant construction, site construction, fabrication, module assembly and contract mining. The Industrial segment offers turnkey services consolidating Aecon’s industrial and manufacturing capabilities and services across Canada, with a focus on delivering construction services that span the scope of a project’s life cycle from site preparation, overburden removal, and resource extraction to processing and environmental reclamation. The activities of the Industrial segment are concentrated predominantly in Canada and focus primarily on the following sectors:

INDUSTRIAL	
Sector	Service Focus
Conventional Industrial	<ul style="list-style-type: none"> • Steam Assisted Gravity Drainage (SAGD) operations in the oil sands • Turnkey well pad construction and field facilities • Liquefied natural gas (LNG) plants • Gas compression facilities • Thermal and hydro • Natural gas • Renewables • Fabrication (pipe fabrication, custom steel) • Modularization and field installation • Plant maintenance turnaround • Mine site development including overburden removal and piling services • Environmental reclamation services • Ore storage facilities • Heavy mechanical works • Complete process installations
Nuclear	<ul style="list-style-type: none"> • Full EPC project services • Reactor component replacement • Plant system overhaul, upgrades and modifications • Maintenance and outage support • Nuclear waste management sites and facilities • Fabrication of engineered modules, waste containers and flasks, plant equipment and components • Structural and pipe fabrication • CANDU single or multiple fuel channel replacements • Turbine generator maintenance/overhaul • Facility construction and maintenance • Facility decommissioning
Utilities	<ul style="list-style-type: none"> • Oil and gas pipeline construction and integrity programs • Telecom infrastructure • Power transmission and distribution networks • Water and sewer construction • District energy • Locate services • High voltage transmission

Activities within the Concessions segment include the development, financing, construction and operation of infrastructure projects by way of build-operate-transfer, build-own-operate-transfer and other public-private partnership contract structures. The Concessions segment focuses primarily on the following activities:

CONCESSIONS	
Activities	Service Focus
Project Financing	<ul style="list-style-type: none"> • Development of domestic and international Public-Private Partnership (“P3”) projects • Private finance solutions
Development	<ul style="list-style-type: none"> • Developing effective strategic partnerships • Leading and/or actively participating in development teams
Construction and Operation	<ul style="list-style-type: none"> • Seamlessly integrating the services of all project participants • Harnessing strengths and capabilities of Aecon

The construction industry in Canada is seasonal in nature for companies like Aecon that perform a significant portion of their work outdoors, particularly road construction and utilities work. As a result, less work is performed in the winter and early spring months than in the summer and fall months. Accordingly, Aecon has historically experienced a seasonal pattern in its operating results, with the first half of the year, and particularly the first quarter, typically generating lower revenue and profit than the second half of the year. Therefore, results in any one quarter are not necessarily indicative of results in any other quarter, or for the year as a whole.

FORWARD-LOOKING INFORMATION

The information in this Management’s Discussion and Analysis includes certain forward-looking statements. Although these forward-looking statements are based on currently available competitive, financial and economic data and operating plans, they are subject to risks and uncertainties. In addition to events beyond Aecon’s control, there are factors which could cause actual or future results, performance or achievements to differ materially from those expressed or inferred herein including risks associated with an investment in the common shares of Aecon and the risks related to Aecon's business, including, but not limited to, the timing of projects, unanticipated costs and expenses, general market and industry conditions and operational and reputational risks, including Large Project Risk and Contractual Factors.

Risk factors are discussed in greater detail in the section on “Risk Factors” included in the Company’s Annual Information Form dated March 27, 2018, which is available through SEDAR at www.sedar.com. Forward-looking statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, ongoing objectives, strategies and outlook for Aecon. Forward-looking statements may in some cases be identified by words such as “will”, “plans”, “believes”, “expects”, “anticipates”, “estimates”, “projects”, “intends”, “should” or the negative of these terms, or similar expressions. Other important factors, in addition to those discussed in this document, could affect the future results of Aecon and could cause its results to differ materially from those expressed in any forward-looking statements. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Aecon undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

FINANCIAL REPORTING STANDARDS

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

NON-GAAP AND ADDITIONAL GAAP FINANCIAL MEASURES

The MD&A presents certain non-GAAP and additional GAAP (GAAP refers to Canadian Generally Accepted Accounting Principles) financial measures to assist readers in understanding the Company’s performance. These non-GAAP measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Management uses these non-GAAP and additional GAAP measures to analyze and evaluate operating performance. Aecon also believes the non-GAAP and additional GAAP financial measures below are commonly used by the investment community for valuation purposes, and are useful complementary measures of profitability, and provide metrics useful in the construction industry. The most directly comparable measures calculated in accordance with GAAP are profit (loss) attributable to shareholders or earnings (loss) per share.

Throughout this MD&A, the following terms are used, which are not found in the Chartered Professional Accountants of Canada Handbook and do not have a standardized meaning under GAAP.

Non-GAAP Financial Measures

Non-GAAP financial measures are measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with GAAP in the consolidated financial statements.

- **“Adjusted EBITDA”** represents operating profit (loss) adjusted to exclude depreciation and amortization, the gain (loss) on sale of assets and investments, and net income (loss) from projects accounted for using the equity method, but including “Equity Project EBITDA” from projects accounted for using the equity method.
- **“Equity Project EBITDA”** represents Aecon’s proportionate share of the earnings or losses from projects accounted for using the equity method before depreciation and amortization, net financing expense and income taxes.
- **“Adjusted EBITDA margin”** represents Adjusted EBITDA as a percentage of revenue.
- **“Backlog”** means the total value of work that has not yet been completed that: (a) has a high certainty of being performed as a result of the existence of an executed contract or work order specifying job scope, value and timing; or (b) has been awarded to Aecon, as evidenced by an executed binding letter of intent or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract in respect of such work is reasonably assured. Operations and maintenance (“O&M”) activities are provided under contracts that can cover a period of up to 30 years. In order to provide information that is comparable to the backlog of other categories of activity, Aecon limits backlog for O&M activities to the earlier of the contract term and the next five years.

Additional GAAP Financial Measures

Additional GAAP financial measures are presented on the face of the Company's consolidated statements of income and are not meant to be a substitute for other subtotals or totals presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures.

- **“Gross profit”** represents revenue less direct costs and expenses. Not included in the calculation of gross profit are marketing, general and administrative expenses (“MG&A”), depreciation and amortization, income or losses from construction projects accounted for using the equity method, foreign exchange, interest, gains or losses on the sale of assets, income taxes, and non-controlling interests.
- **“Gross profit margin”** represents gross profit as a percentage of revenue.
- **“Operating profit (loss)”** represents the profit (loss) from operations, before net financing expense, income taxes and non-controlling interests.
- **“Operating margin”** represents operating profit (loss) as a percentage of revenue.

BUSINESS STRATEGY

On July 23, 2018 the Company announced that Jean-Louis Servranckx will be assuming the role of President and Chief Executive Officer of the Company, effective September 4, 2018. Mr. Servranckx has over 30 years of experience in the construction industry and was most recently President and CEO of Eiffage Civil Works Division, now known as Eiffage Infrastructures Branch, a business with over \$6 billion in revenue and operations throughout Europe, Africa and in Canada. Mr. Servranckx graduated from École des Mines de Paris, holds an MBA from INSEAD and is fluent in English, French and Spanish.

The reader is referred to the discussion on Business Strategy as outlined in the MD&A in the 2017 Annual Report available on the Company's website at www.aecon.com or through SEDAR at www.sedar.com.

CONSOLIDATED FINANCIAL HIGHLIGHTS

\$ millions (except per share amounts)	Three months ended		Six months ended	
	June 30		June 30	
	2018	2017	2018	2017
Revenue	\$ 754.8	\$ 686.2	\$ 1,298.1	\$ 1,361.0
Gross profit	79.5	71.6	126.5	122.6
Marketing, general and administrative expenses	(43.9)	(45.1)	(91.1)	(93.7)
Income from projects accounted for using the equity method	2.2	2.1	3.1	3.0
Foreign exchange gain	0.3	1.4	1.0	2.5
Gain (loss) on sale of assets	0.1	(0.2)	0.4	(1.3)
Depreciation and amortization	(25.4)	(24.4)	(49.1)	(45.1)
Operating profit (loss)	12.8	5.3	(9.4)	(12.0)
Financing expense, net	(5.4)	(5.9)	(10.3)	(10.9)
Profit (loss) before income taxes	7.4	(0.6)	(19.7)	(22.9)
Income tax recovery	1.0	1.4	8.8	5.3
Profit (loss)	\$ 8.4	\$ 0.8	\$ (10.8)	\$ (17.5)
Gross profit margin	10.5%	10.4%	9.7%	9.0%
MG&A as a percent of revenue	5.8%	6.6%	7.0%	6.9%
Adjusted EBITDA	41.4	33.0	45.1	39.8
Adjusted EBITDA margin	5.5%	4.8%	3.5%	2.9%
Operating margin	1.7%	0.8%	(0.7)%	(0.9)%
Earnings (loss) per share - basic	\$ 0.14	\$ 0.01	\$ (0.18)	\$ (0.30)
Earnings (loss) per share - diluted	\$ 0.13	\$ 0.01	\$ (0.18)	\$ (0.30)
Backlog			\$ 6,443	\$ 4,365

Revenue for the three months ended June 30, 2018 of \$755 million was \$69 million, or 10%, higher compared to the second quarter of 2017. The largest increase occurred in the Infrastructure segment (\$83 million) from higher revenue in major projects (\$72 million) and transportation operations (\$11 million). Revenue was also higher in the Concessions segment (\$15 million). Partially offsetting these increases was lower revenue in the Industrial segment (\$21 million), driven by lower volume in nuclear (\$33 million) and conventional industrial operations (\$12 million), offset partially by higher revenue in utilities (\$24 million). Inter-segment revenue eliminations increased by \$8 million primarily due to revenue between the Concessions and Infrastructure segments related to the Bermuda International Airport Redevelopment Project.

Revenue in the first six months of 2018 of \$1,298 million was lower by \$63 million, or 5%, compared to the same period in 2017. The largest decrease occurred in the Industrial segment (\$171 million), where lower revenue in nuclear (\$98 million) and conventional industrial operations (\$87 million) was only partially offset by an increase in utilities (\$14 million). Offsetting this decrease to some extent was higher revenue in the Infrastructure segment (\$84 million) from major projects (\$74 million) and transportation operations (\$10 million).

Operating profit of \$12.8 million in the second quarter of 2018 increased by \$7.5 million compared to operating profit of \$5.3 million in the same period of 2017, driven by higher gross profit of \$7.9 million. The largest gross profit increase occurred in the Infrastructure segment (\$9.8 million) due to the impact of higher volume and gross profit margin in both major projects and transportation operations. Gross profit also increased in the Concessions

segment (\$2.8 million) from increased activity on the Bermuda International Airport Redevelopment Project. Partially offsetting these increases was lower gross profit in the Industrial segment (\$4.7 million) resulting primarily from a volume driven decrease in nuclear operations, volume and gross profit margin decreases in conventional industrial operations, and lower gross profit margin in utilities.

Operating loss of \$9.4 million for the first six months of 2018 was an improvement of \$2.6 million compared to an operating loss of \$12.0 million in the same period of 2017. Operating profit for the first half of 2018 was favourably impacted by an increase in gross profit of \$3.9 million. A gross profit increase in Infrastructure (\$9.5 million) was largely driven by higher volume in major projects and an increase in Concessions (\$8.4 million) resulted from the same reasons cited above for gross profit in the second quarter. Gross profit decreased in the Industrial segment (\$4.7 million) in nuclear and conventional industrial operations for the same reasons noted above for the second quarter, and was partially offset by higher volume and gross profit margin from utilities.

Marketing, general and administrative expenses (“MG&A”) decreased by \$1.1 million and \$2.6 million for the three and six-month periods ended June 30, 2018, respectively, compared to the same periods in 2017. The decrease in MG&A in both periods resulted from lower personnel costs driven primarily by lower severance and restructuring costs period-over-period (\$1.4 million decrease in the second quarter of 2018 and \$6.5 million decrease in the first half of 2018), and partially offset by an increase in expenses incurred as a result of the now discontinued sale process and subsequent Arrangement (\$0.8 million increase in the second quarter of 2018 and \$3.2 million increase in the first half of 2018). MG&A as a percentage of revenue for the second quarter decreased from 6.6% in 2017 to 5.8% in 2018, which reflects both lower cost and higher revenue in 2018, and for the six-month period increased from 6.9% to 7.0%, which reflects the impact of lower revenue more than offsetting the reduced cost in the first half of 2018.

Aecon’s participation in projects that are classified for accounting purposes as a joint venture or an associate, as opposed to a joint operation, are accounted for using the equity method of accounting. Aecon reported income of \$2.2 million in the second quarter of 2018 from projects accounted for using this method of accounting, compared to \$2.1 million last year, and income of \$3.1 million year-to-date in 2018 compared to \$3.0 million in 2017. The higher income in both the quarter and first half of the year, was driven by increases in the Concessions segment from light rail transit projects in Ontario (\$0.4 million and \$0.8 million, respectively), and in the Industrial segment (\$0.1 million in both periods), which were mostly offset by decreases in the Infrastructure segment (\$0.4 million and \$0.8 million, respectively) following the completion of a project that was ongoing in the comparative periods in 2017.

Depreciation and amortization expense of \$25.4 million in the second quarter of 2018 was \$1.0 million higher than the same period of 2017, driven primarily by the Industrial segment where equipment utilization increased to support higher volume in the contract mining and utilities operations. Depreciation and amortization expense of \$49.1 million for the six months ended June 30, 2018 was \$4.1 million higher than the same period last year, primarily as a result of increased equipment utilization in the Industrial segment as noted above, and from the inclusion of six months of amortization expense in 2018 related to operating the existing airport concession as part of the Bermuda International Airport Redevelopment Project compared to only four months of expense recorded in 2017 following the award of the project late in the first quarter of 2017.

Financing expenses, net of interest income, of \$5.4 million in the second quarter of 2018, and \$10.3 million year-to-date in 2018, were \$0.5 million and \$0.6 million lower than the same periods in 2017.

Set out in Note 21 of the June 30, 2018 interim condensed consolidated financial statements is a reconciliation between the expected income tax recovery (expense) for the first six months of 2018 and 2017 based on statutory income tax rates and the actual income tax recovery (expense) reported for both these periods.

Reported backlog as at June 30, 2018 of \$6,443 million compares to backlog of \$4,365 million a year earlier. This backlog position is a new record level for Aecon, exceeding the previous record of \$4,889 million, reported in the second quarter of 2016, by \$1,554 million. New contract awards of \$2,585 million and \$3,494 million were booked in the second quarter and year-to-date in 2018, respectively, compared to \$687 million and \$1,522 million in the same periods in the prior year.

Backlog \$ millions	As at June 30	
	2018	2017
Infrastructure	\$ 3,968	\$ 2,034
Industrial	2,454	2,317
Concessions	21	14
Consolidated	\$ 6,443	\$ 4,365

Backlog duration, representing the expected period during which backlog on hand will be converted into revenue, is included in the table below:

Estimated backlog duration \$ millions	As at June 30			
	2018		2017	
Next 12 months	\$ 2,008	31%	\$ 1,432	33%
Next 13-24 months	1,293	20%	880	20%
Beyond	3,142	49%	2,053	47%
	\$ 6,443	100%	\$ 4,365	100%

Aecon does not report as backlog the significant number of contracts and arrangements in hand where the exact amount of work to be performed cannot be reliably quantified or where a minimum number of units at the contract specified price per unit is not guaranteed. Examples include time and material and some cost-plus and unit priced contracts where the extent of services to be provided is undefined or where the number of units cannot be estimated with reasonable certainty. Other examples include the value of construction work managed under construction management advisory contracts, concession agreements, multi-year operating and maintenance service contracts where the value of the work is not specified, supplier of choice arrangements and alliance agreements where the client requests services on an as-needed basis. None of the expected revenue from these types of contracts and arrangements is included in backlog. Therefore, Aecon's contractual future work to be performed at any given time is greater than what is reported as backlog.

Reported backlog includes the revenue value of backlog that relates to projects that are accounted for using the equity method. The equity method reports a single amount (revenue less expenses) on Aecon's consolidated statement of income, and as a result the revenue component of backlog for these projects is not included in

Aecon's reported revenue. As at June 30, 2018 reported backlog from projects that are accounted for using the equity method was \$nil (June 30, 2017: \$0.5 million).

Further details for each of the segments are included in the discussion below under Reporting Segments.

REPORTING SEGMENTS

INFRASTRUCTURE

Financial Highlights

\$ millions	Three months ended		Six months ended	
	June 30		June 30	
	2018	2017	2018	2017
Revenue	\$ 320.4	\$ 237.4	\$ 473.1	\$ 389.1
Gross profit	\$ 32.1	\$ 22.3	\$ 32.3	\$ 22.8
Adjusted EBITDA	\$ 18.1	\$ 8.6	\$ 1.7	\$ (7.0)
Operating profit (loss)	\$ 13.0	\$ 3.5	\$ (7.7)	\$ (16.3)
Gross profit margin	10.0%	9.4%	6.8%	5.9%
Adjusted EBITDA margin	5.7%	3.6%	0.3%	(1.8)%
Operating margin	4.0%	1.5%	(1.6)%	(4.2)%
Backlog			\$ 3,968	\$ 2,034

For the three-month period ended June 30, 2018, revenue in the Infrastructure segment of \$320 million was \$83 million, or 35%, higher than the same period in 2017. Revenue was higher in major projects (\$72 million) primarily due to increased activity on light rail transit ("LRT") projects in Eastern Canada, hydroelectric and waste water projects in Western Canada, and from the Bermuda International Airport Redevelopment Project. Revenue in transportation operations was also higher period-over-period (\$11 million) from increased roadbuilding activity in Western Canada.

For the six months ended June 30, 2018, revenue of \$473 million, was \$84 million, or 22%, higher than the first half of 2017. Revenue was higher in both major projects (\$74 million) and transportation operations (\$10 million) for the same reasons cited for the second quarter revenue variances.

For the three months ended June 30, 2018, operating profit in the Infrastructure segment of \$13.0 million increased by \$9.5 million compared to an operating profit of \$3.5 million in the second quarter of 2017. Operating profit increased in major projects by \$8.7 million driven primarily by higher volume as well as gross profit margin on projects in Eastern Canada. Operating profit also improved in transportation operations by \$0.8 million due primarily to higher volume on roadbuilding projects.

For the six months ended June 30, 2018, operating loss of \$7.7 million was an improvement of \$8.7 million compared to an operating loss of \$16.3 million in the comparable period in 2017. Operating profit improved in major projects by \$9.9 million due to the same reasons cited for operating profit in the second quarter. Operating loss increased by \$1.3 million in transportation operations due to lower gross profit margin and higher personnel cost incurred period-over-period.

Infrastructure backlog as at June 30, 2018 was \$3,968 million, compared to \$2,034 million a year earlier, an increase of \$1,934 million. The largest increase was reported in major projects (\$1,794 million) as several significant multi-year projects were awarded in the first six months of 2018 including the Site C Generating Station and Spillways Civil Works (“Site C”), the Réseau express métropolitain Montreal LRT (“Montreal REM”), and the Finch West LRT projects. Backlog in transportation operations also increased (\$139 million) primarily related to roadbuilding and foundations projects. New contract awards totaled \$1,874 million in the second quarter of 2018 and \$2,425 million year-to-date, compared to \$160 million and \$754 million respectively, in the same periods last year.

As discussed in the Consolidated Financial Highlights section, the Infrastructure segment’s contractual future work to be performed at any given time is greater than what is reported as backlog.

INDUSTRIAL

Financial Highlights

\$ millions	Three months ended		Six months ended	
	June 30		June 30	
	2018	2017	2018	2017
Revenue	\$ 420.1	\$ 441.7	\$ 801.2	\$ 972.4
Gross profit	\$ 32.1	\$ 36.8	\$ 72.0	\$ 86.1
Adjusted EBITDA	\$ 14.1	\$ 18.9	\$ 36.3	\$ 49.8
Operating profit	\$ 1.3	\$ 7.6	\$ 8.9	\$ 22.9
Gross profit margin	7.6%	8.3%	9.0%	8.9%
Adjusted EBITDA margin	3.3%	4.3%	4.5%	5.1%
Operating margin	0.3%	1.7%	1.1%	2.4%
Backlog			\$ 2,454	\$ 2,317

Revenue in the Industrial Segment for the second quarter of 2018 of \$420 million was \$22 million, or 5%, lower than the same period in 2017 with the largest revenue decrease occurring in nuclear operations (\$33 million). Revenue was also lower in conventional industrial operations (\$12 million) primarily from lower volume of field construction projects in Western Canada. Partially offsetting these decreases was higher revenue in utilities (\$23 million) primarily due to increased activity on gas and electricity distribution projects in Eastern Canada.

For the six months ended June 30, 2018, Industrial segment revenue of \$801 million was \$171 million, or 18%, lower than the same period last year. Consistent with the second quarter, revenue was lower in nuclear (\$98 million) and conventional industrial operations (\$87 million) and offset partially by higher revenue in utilities (\$15 million). In both the three-month and six-month periods, lower volume in nuclear operations was driven by a reduction at the Darlington nuclear facility in Ontario, where a number of ancillary projects to the main reactor refurbishment project that Aecon is performing have now been completed, ahead of ramping up in future quarters on recent awards at the Bruce Power nuclear facility in Ontario.

For the three months ended June 30, 2018, operating profit of \$1.3 million decreased by \$6.3 million compared to operating profit of \$7.6 million in the second quarter of 2017. Operating profit decreased in nuclear operations

by \$3.4 million due primarily to lower volume, in conventional industrial operations by \$1.5 million from lower volume and gross profit margin, and in utilities by \$1.4 million due to lower gross profit margin.

For the six months ended June 30, 2018, operating profit of \$8.9 million decreased by \$14.0 million compared to operating profit of \$22.9 million during the first six months of 2017. Operating profit decreased in the nuclear and conventional industrial operations by \$11.1 million and \$3.9 million, respectively, driven by the same factors cited for operating profit in the second quarter. Operating profit in utilities improved by \$0.9 million due to higher volume in the first half of the year.

Backlog as at June 30, 2018 of \$2,454 million was \$137 million higher than the same time last year, driven by increases in nuclear operations (\$61 million), conventional industrial operations (\$41 million), and utilities (\$36 million). New contract awards in the second quarter of 2018 of \$695 million, and \$1,043 million year-to-date, were \$175 million and \$285 million higher, respectively, compared to the same periods in 2017.

As discussed in the Consolidated Financial Highlights section, the Industrial segment's contractual future work to be performed at any given time is greater than what is reported as backlog.

CONCESSIONS

Financial Highlights

\$ millions	Three months ended		Six months ended	
	June 30		June 30	
	2018	2017	2018	2017
Revenue	\$ 52.6	\$ 37.3	\$ 83.9	\$ 73.9
Gross profit	\$ 15.2	\$ 12.4	\$ 22.0	\$ 13.6
Income from projects accounted for using the equity method	\$ 1.4	\$ 1.0	\$ 2.8	\$ 2.0
Adjusted EBITDA	\$ 19.2	\$ 15.4	\$ 29.2	\$ 19.1
Operating profit	\$ 8.5	\$ 4.4	\$ 11.5	\$ 3.7
Backlog			\$ 21	\$ 14

Aecon holds a 100% interest in Bermuda Skyport Corporation Limited ("Skyport"), the concessionaire responsible for the Bermuda airport's operations, maintenance and commercial functions, and the entity that will manage and coordinate the overall delivery of the redevelopment project over a 30-year concession term. Aecon's participation in Skyport is consolidated and, as such, is accounted for in the consolidated financial statements by reflecting, line by line, the assets, liabilities, revenue and expenses of Skyport. However, Aecon's participation in the Eglinton Crosstown LRT, Finch West LRT and Waterloo LRT projects are joint ventures that are accounted for using the equity method.

Revenue in the Concessions segment for the second quarter and first six months of 2018 of \$53 million and \$84 million, respectively, increased by \$15 million and \$10 million, respectively, when compared to the same periods in 2017. The higher revenue in both periods was driven primarily by the Bermuda International Airport Redevelopment Project, which was awarded late in the first quarter of 2017. Included in Skyport's revenue for the second quarter and first half of 2018 was \$30 million and \$48 million, respectively, of construction revenue that was eliminated on consolidation as inter-segment revenue.

For the three and six-month periods ended June 30, 2018, operating profit of \$8.5 million and \$11.5 million, increased by \$4.1 million and \$7.8 million, respectively, compared to the same periods in 2017. Higher operating profit resulted primarily from increased activity related to the Bermuda International Airport Redevelopment Project.

Except for Operations and Maintenance (“O&M”) activities under contract for the next five years and that can be readily quantified, Aecon does not include in its reported backlog expected revenue from concession agreements. As such, while Aecon expects future revenue from its concession assets, no concession backlog, other than from such O&M activities, is reported.

Quarterly Financial Data

Set out below is quarterly financial data for the most recent eight quarters:

\$ millions (except per share amounts)

	2018		2017				2016	
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Revenue	\$ 754.8	\$ 543.3	\$ 685.0	\$ 759.7	\$ 686.2	\$ 674.9	\$ 845.1	\$ 838.1
Adjusted EBITDA	41.4	3.7	58.0	58.7	33.0	6.9	64.7	60.0
Earnings (loss) before income taxes	7.4	(27.1)	26.5	27.2	(0.6)	(22.3)	42.6	37.6
Profit (loss)	8.4	(19.2)	21.1	24.6	0.8	(18.3)	29.1	27.4
Earnings (loss) per share:								
Basic	0.14	(0.32)	0.36	0.42	0.01	(0.32)	0.51	0.48
Diluted	0.13	(0.32)	0.33	0.37	0.01	(0.32)	0.43	0.42

Earnings (loss) per share for each quarter has been computed using the weighted average number of shares issued and outstanding during the respective quarter. Any dilutive securities, which increase the earnings per share or decrease the loss per share, are excluded for purposes of calculating diluted earnings per share. Due to the impacts of dilutive securities, such as convertible debentures, and share issuances throughout the periods, the sum of the quarterly earnings (losses) per share will not necessarily equal the total for the year.

Set out below is the calculation of Adjusted EBITDA for the most recent eight quarters:

\$ millions

	2018		2017				2016	
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Operating profit (loss)	\$ 12.8	\$ (22.2)	\$ 32.5	\$ 33.1	\$ 5.3	\$ (17.3)	\$ 47.9	\$ 43.1
Depreciation and amortization	25.4	23.7	24.0	24.5	24.4	20.6	16.3	14.3
(Gain) loss on sale of assets	(0.1)	(0.3)	(1.5)	(1.5)	0.2	1.1	(0.6)	(0.5)
Income from projects accounted for using the equity method	(2.2)	(0.8)	(2.2)	(3.2)	(2.1)	(0.9)	(8.1)	(2.1)
Equity Project EBITDA	5.5	3.3	5.2	5.8	5.1	3.3	9.1	5.1
Adjusted EBITDA	\$ 41.4	\$ 3.7	\$ 58.0	\$ 58.7	\$ 33.0	\$ 6.9	\$ 64.7	\$ 60.0

Set out below is the calculation of Equity Project EBITDA for the most recent eight quarters:

\$ millions

Aecon's proportionate share of projects accounted for using the equity method (1)	2018		2017				2016	
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Operating profit	\$ 5.4	\$ 3.2	\$ 5.2	\$ 5.7	\$ 5.0	\$ 3.2	\$ 9.0	\$ 5.0
Depreciation and amortization	0.1	0.1	-	0.1	0.1	0.1	0.1	0.1
Equity Project EBITDA	5.5	3.3	5.2	5.8	5.1	3.3	9.1	5.1

(1) Refer to Note 12 "Projects Accounted for Using the Equity Method" in the consolidated financial statements

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Aecon's participation in joint arrangements classified as joint operations is accounted for in the consolidated financial statements by reflecting, line by line, Aecon's share of the assets held jointly, liabilities incurred jointly, and revenue and expenses arising from the joint operations.

Aecon's participation in joint arrangements classified as joint ventures, as well as Aecon's participation in project entities where Aecon exercises significant influence over the entity, but does not control or jointly control the entity (i.e. associates), is accounted for using the equity method.

For further information, see Note 12 to the June 30, 2018 interim condensed consolidated financial statements.

During the quarter, the Company filed a statement of claim in the Court of Queen's Bench for Saskatchewan (the "Court") against K+S Potash Canada ("KSPC") and KSPC filed a statement of claim in the Court against the Company. Both actions relate to the Legacy mine project in Bethune, Saskatchewan. The Company is seeking \$180 million in payments due to it pursuant to agreements entered into between the Company and KSPC with respect to the project plus approximately \$14 million in damages. The Company has recorded \$133 million of unbilled revenue and accounts receivable as at June 30, 2018. Offsetting this amount to some extent, the Company has accrued \$45 million in trade and other payables for potential payments to third parties pending the outcome of the claim against KSPC. KSPC is seeking an order that the Company repay to KSPC approximately \$195 million already paid to the Company pursuant to such agreements. The Company believes that it will be successful in its claim and considers KSPC's claim to be without merit. These claims may not be resolved for several years. The Company does not expect that the resolution of these claims will cause a material impact to its financial position.

Cash and Debt Balances

Cash balances at June 30, 2018 and December 31, 2017 are as follows:

\$ millions		June 30, 2018		
		Balances excluding Joint Operations	Joint Operations	Consolidated Total
Cash and cash equivalents	(1)	\$ 28	\$ 405	\$ 433
Restricted cash	(2)	260	-	260
Bank indebtedness	(3)	(15)	-	(15)
		December 31, 2017		
		Balances excluding Joint Operations	Joint Operations	Consolidated Total
Cash and cash equivalents	(1)	\$ 19	\$ 286	\$ 305
Restricted cash	(2)	280	-	280
Bank indebtedness	(3)	(18)	-	(18)

- (1) Cash and cash equivalents include cash on deposit in bank accounts of joint operations which Aecon cannot access directly.
(2) Restricted cash is cash held by Bermuda Skyport Corporation Limited.
(3) Bank indebtedness represents borrowings on Aecon's revolving credit facility.

Total long-term recourse debt of \$290.1 million as at June 30, 2018 compares to \$304.2 million as at December 31, 2017, the composition of which is as follows:

\$ millions	June 30, 2018		December 31, 2017	
Current portion of long-term debt - recourse	\$	41.2	\$	44.5
Current portion of convertible debentures		167.1		168.5
Long-term debt - recourse		81.8		91.2
Total long-term debt	\$	290.1	\$	304.2
Long-term project debt - non-recourse	\$	370.4	\$	352.9

The \$14.1 million net decrease in total long-term debt results from a decrease in finance leases and equipment loans in the first six months of 2018 of \$12.7 million, as well as a decrease in convertible debentures of \$1.4 million primarily from the conversion of debentures with a face value of \$3.3 million into common shares.

The \$17.5 million increase in non-recourse project debt, related to the financing of the Bermuda International Airport Redevelopment Project, is due to the impact of changes in foreign exchange rates since December 31, 2017.

On November 27, 2013, the Company issued \$172.5 million of unsecured subordinated convertible debentures maturing December 31, 2018. The 2018 convertible debentures bear interest at a rate of 5.50%, payable on a semi-annual basis. At the holder's option, the 2018 convertible debentures may be converted into common shares of the Company at any time up to the maturity date at a conversion price of \$19.45 for each common share, subject to adjustment in certain circumstances. From December 31, 2017 through to the maturity date, the Company, at

its option, may redeem the 2018 convertible debentures, in whole or in part, at par plus accrued and unpaid interest. As at June 30, 2018, the face value of the 2018 convertible debentures, which remains outstanding, was \$169.0 million. The Company is currently considering options with respect to refinancing these debentures with a similar sized debenture, using its existing credit facility, or a combination of both, to be executed before December 31, 2018.

Aecon's liquidity position and capital resources, are expected to be sufficient to finance its operations and working capital requirements for the foreseeable future. Aecon's liquidity position is strengthened by its ability to draw on a committed revolving credit facility of \$500 million of which \$409 million was unutilized as at June 30, 2018. When combined with an additional \$700 million letter of credit facility provided by Export Development Canada ("EDC"), Aecon's total committed credit facilities for working capital and letter of credit requirements total \$1,200 million. As at June 30, 2018, Aecon was in compliance with all debt covenants related to its credit facility.

In the first quarter of 2018, Aecon's Board of Directors approved an annual dividend of \$0.50 per share, unchanged from the prior year, to be paid in four quarterly payments of \$0.125 per share. The first dividend of \$0.125 per share was paid on April 2, 2018.

Summary Of Cash Flows

\$ millions	Consolidated Cash Flows	
	Six months ended	
	June 30	
	2018	2017
Cash provided by (used in):		
Operating activities	\$ 206.5	\$ (17.4)
Investing activities	(37.7)	(399.9)
Financing activities	(39.7)	464.2
Increase in cash and cash equivalents	129.1	46.9
Effects of foreign exchange on cash balances	(1.1)	(0.8)
Cash and cash equivalents - beginning of period	304.9	231.9
Cash and cash equivalents - end of period	\$ 432.9	\$ 277.9

The construction industry in Canada is seasonal in nature for companies like Aecon that perform a significant portion of their work outdoors, particularly road construction and utilities work. As a result, a larger portion of this work is performed in the summer and fall months rather than in the winter and early spring months. Accordingly, Aecon has historically experienced a seasonal pattern in its operating cash flow, with cash balances typically being at their lowest levels in the middle of the year as investments in working capital increase. These seasonal impacts typically result in cash balances peaking near year-end or during the first quarter of the year.

Operating Activities

Cash provided by operating activities of \$207 million in the first six months of 2018 compares with cash used by operating activities of \$17 million in the same period in 2017. Most of the \$224 million period-over-period increase in cash provided by operating activities resulted from lower investments in working capital due primarily to an increase in deferred revenue.

Investing Activities

In the first six months of 2018, investing activities resulted in cash used of \$38 million, which compares to cash used of \$400 million in the same period in 2017. Of the cash used in the first six months of 2018, \$46 million represents expenditures made by Skyport related to the construction of the new airport terminal in Bermuda (i.e. increase in concession rights of \$46 million), offset by a \$33 million decrease in restricted cash balances held by Skyport. Of the cash used in the same period in 2017, \$77 million represents construction expenditures by Skyport, and \$310 million represents an increase in Skyport's restricted cash balances. In addition, \$13 million of cash was used for expenditures (net of disposals) on property, plant and equipment and intangible assets in the first six months of 2018 compared to \$14 million of cash used for such expenditures in the first six months of 2017. Cash used in the first six months of 2018 also includes a \$12 million increase in long-term financial assets.

In the first six months of 2018, Aecon acquired, either through purchase or finance lease, property, plant and equipment totalling \$26 million. Most of this investment in property, plant and equipment related to the purchase of new machinery and construction equipment as part of normal ongoing business operations in the Infrastructure and Industrial operating segments. In the first six months of 2017, investments in property, plant and equipment totalled \$28 million.

Financing Activities

In the first six months of 2018, cash used by financing activities amounted to \$40 million, compared to cash provided of \$464 million in the same period in 2017. During the first six months of 2017, cash provided by financing activities included the addition of non-recourse project debt of \$374 million in relation to the Bermuda International Airport Redevelopment Project, whereas no additional borrowings in relation to the Bermuda International Airport Redevelopment Project were made in the first six months of 2018. The addition of \$1 million of other long-term debt borrowings for the first six months of 2018 compares to \$3 million in the same period in 2017. Repayments of other long-term debt in the first six months of 2018 of \$24 million were unchanged when compared to the same period in 2017 and related primarily to equipment financing arrangements. In addition, in the first six months of 2018, a decrease in bank indebtedness associated with borrowings under the Company's revolving credit facility totalled \$3 million compared to an increase of \$123 million in the same period in 2017. Dividends of \$15 million were paid in the first six months of 2018, compared to \$14 million in the same period in 2017. There was also \$1 million of cash provided by the exercise of options in the first six months of 2018 compared to \$2 million of cash provided in the first six months of 2017.

NEW ACCOUNTING STANDARDS

Note 6 to Aecon's June 30, 2018 interim condensed consolidated financial statements includes new IFRS standards that became effective for the Company on January 1, 2018, and Note 7 discusses IFRS standards and interpretations that are issued, but not yet effective as at January 1, 2018.

These new accounting standards had no significant impact on profit (loss), comprehensive income or earnings per share in the first six months of 2018.

SUPPLEMENTAL DISCLOSURES

Disclosure Controls and Procedures

The Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), together with management, have designed disclosure controls and procedures to provide reasonable assurance that material information with respect to the Company, including its consolidated subsidiaries, is made known to them by others and is recorded, processed, summarized and reported within the time periods specified in securities legislation. The CEO and CFO, together with management, have also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. In designing such controls, it should be recognized that any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation and may not prevent or detect misstatements due to error or fraud.

Changes in Internal Controls Over Financial Reporting

There have been no changes in the Company’s internal controls over financial reporting during the period beginning on April 1, 2018 and ended on June 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

Contractual Obligations

At December 31, 2017, the Company had commitments totaling \$362 million for equipment and premises under operating leases requiring minimum payments, and for principal repayment obligations under long-term debt and convertible debentures. There have been no material changes to these amounts since December 31, 2017.

At June 30, 2018, Aecon had contractual obligations to complete construction contracts that were in progress. The revenue value of these contracts was \$6,443 million.

Further details on Contractual Obligations are included in the Company’s 2017 Annual Report.

Off-Balance Sheet Arrangements

Aecon’s defined benefit pension plans had a combined deficit of \$1.2 million at June 30, 2018 (December 31, 2017 - \$1.2 million). The defined benefit obligations and benefit cost levels will change as a result of future changes in the actuarial methods and assumptions, the membership data, the plan provisions and the legislative rules, or as a result of future experience gains or losses, none of which have been anticipated at this time. Emerging experience, differing from assumptions, will result in gains or losses that will be disclosed in future accounting valuations. Refer to the Company’s 2017 Annual Report for further details regarding Aecon’s defined benefit plans.

Further details of contingencies and guarantees are included in the June 30, 2018 interim condensed consolidated financial statements and in the 2017 Annual Report.

Related Party Transactions

There were no significant related party transactions in the first six months of 2018.

Critical Accounting Estimates and Judgements

The reader is referred to the detailed discussion on Critical Accounting Estimates as outlined in Note 4 to the June 30, 2018 interim condensed consolidated financial statements.

RISK FACTORS

The reader is referred to the detailed discussion on Risk Factors as outlined in the Company's Annual Information Form dated March 27, 2018 and available through SEDAR at www.sedar.com. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. These risks and uncertainties and risk management practices, which management reviews on a quarterly basis, have not materially changed in the period since March 27, 2018.

Outstanding Share Data

Aecon is authorized to issue an unlimited number of common shares. The following are details of common shares outstanding and securities that are convertible into common shares.

In thousands of dollars (except share amounts)	July 26, 2018
Number of common shares outstanding	59,752,009
Outstanding securities exchangeable or convertible into common shares:	
Principal amount of convertible debentures outstanding (see Note 19 to the June 30, 2018 interim condensed consolidated financial statements)	\$ 175,626
Number of common shares issuable on conversion of convertible debentures	8,690,077
Increase in paid-up capital on conversion of convertible debentures	\$ 175,626

OUTLOOK

Aecon reported record backlog of \$6.4 billion at the end of the second quarter surpassing the previous quarterly record of \$4.9 billion achieved in the second quarter of 2016 and the backlog at the start of the year of \$4.3 billion. The 52% increase in backlog since the beginning of the year was due to a number of large project awards in the first half of the year in both the Infrastructure and Industrial segments. This significant increase in backlog is expected to result in strong growth in revenue and Adjusted EBITDA in the second half of 2018 and in 2019 as these new projects ramp up during the year.

Increased infrastructure investment by all levels of government across Canada, as well as significant opportunities in power, including nuclear, utilities, and pipelines, aligns with Aecon's strengths and has allowed Aecon to be successful on a number of recent bids while maintaining a strong list of significant project pursuits going forward. During the first six months of 2018 Aecon's Infrastructure segment backlog grew significantly as a consortium in which Aecon holds a 30% interest was awarded the \$1.6 billion Site C project in British Columbia, Aecon (24% interest) and its joint venture partners were awarded the \$5.0 billion Montreal REM project, and a consortium in which Aecon holds a 33.3% interest was awarded the \$1.2 billion Finch West LRT project in Toronto. Subsequent to quarter end, Aecon was awarded a \$248 million contract for the F.G. Gardiner Expressway Rehabilitation Project: Section 1. In the Industrial segment during the first six months of 2018, a 50/50 joint venture between Aecon and Robert B. Somerville Co. Ltd., was awarded a \$282 million contract by Enbridge Pipelines Inc. for Spreads 8 and 9 of the Line 3 Replacement Phase 2 project in Manitoba, and a joint venture in which Aecon holds a 40% interest was awarded a \$475 million contract by Bruce Power to execute the Unit 6 Fuel Channel and Feeder Replacement (FCFR) at the Bruce Nuclear Generating Station in Kincardine, Ontario. This latter joint venture has also signed a Preferred Supplier Agreement with Bruce Power under which the joint venture could be awarded similar contracts for the subsequent five units.

Infrastructure segment backlog at the end of the second quarter of 2018 was \$3,968 million compared to \$2,034 million at the same time last year. Increased infrastructure investment to address the significant infrastructure deficit in Canada is a key area of focus for federal, provincial, and municipal governments, and Aecon is well positioned to successfully bid on, secure, and deliver these major projects. Bidding activity continues to be robust and Aecon expects to be a beneficiary of this increased infrastructure investment as evidenced by our recent awards, which will drive growth in this segment in 2018 and beyond.

Backlog in the Industrial segment was \$2,454 million at the end of the second quarter of 2018 compared to \$2,317 million a year earlier. Aecon expects increased ongoing demand for nuclear refurbishment, utilities, pipelines, and contract mining work in 2018. Aecon's capability in the nuclear refurbishment sector, combined with the work secured to date, and the ongoing fifteen-year and ten-year refurbishment projects at the Bruce Nuclear Generating Station and with Ontario Power Generation, respectively, provides a significant long-term growth opportunity for Aecon in nuclear work. Aecon's capabilities in utilities continues to be a strength that should lead to growth from the increased demand for utility services, pipelines and power work. While oil and commodity prices are improving, they have not reached a level to support a pick up in significant new oil and mining construction projects. As a result, we expect 2018 conventional industrial fabrication and field work revenue to be similar to 2017. Contract mining, which is primarily recurring revenue work over and above what is reported as backlog for the segment, is expected to grow in 2018 with a new operating site ramping up during the year.

The Concessions group continues to partner with Aecon's other segments to focus on the significant number of P3 opportunities in Canada and is actively pursuing a number of large-scale infrastructure projects that require private finance solutions. Concessions is also participating as a concessionaire on the Finch West, Waterloo and Eglinton Crosstown LRT projects as well as the Bermuda International Airport Redevelopment Project.

The overall outlook for 2018 and 2019 is increasingly strong. Our current backlog coupled with a robust pipeline of future opportunities is expected to further enhance our backlog and support the goals of revenue growth and improving Adjusted EBITDA margin.

As usual, the second half of 2018 is expected to be stronger than the first half of 2018 reflecting the typical seasonality of Aecon's work as well as the ramp up of recently awarded projects. Capital expenditures are expected to remain relatively consistent with 2017 levels.

AECON GROUP INC.
SECOND QUARTER

**INTERIM CONDENSED
CONSOLIDATED
FINANCIAL
STATEMENTS**

June 30, 2018

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

TABLE OF CONTENTS

CONSOLIDATED BALANCE SHEETS	25
CONSOLIDATED STATEMENTS OF INCOME	26
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME.....	27
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	28
CONSOLIDATED STATEMENTS OF CASH FLOWS	29
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	30
1. CORPORATE INFORMATION.....	30
2. DATE OF AUTHORIZATION FOR ISSUE	30
3. BASIS OF PRESENTATION	30
4. CRITICAL ACCOUNTING ESTIMATES	31
5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	35
6. NEW ACCOUNTING STANDARDS	37
7. FUTURE ACCOUNTING CHANGES	39
8. CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH.....	41
9. TRADE AND OTHER RECEIVABLES.....	41
10. UNBILLED REVENUE AND DEFERRED REVENUE	42
11. INVENTORIES	42
12. PROJECTS ACCOUNTED FOR USING THE EQUITY METHOD	43
13. PROPERTY, PLANT AND EQUIPMENT	45
14. INTANGIBLE ASSETS	46
15. BANK INDEBTEDNESS.....	47
16. TRADE AND OTHER PAYABLES	47
17. PROVISIONS	47
18. LONG-TERM DEBT AND NON-RECOURSE PROJECT DEBT	48
19. CONVERTIBLE DEBENTURES.....	49
20. CONCESSION RELATED DEFERRED REVENUE.....	50
21. INCOME TAXES.....	50
22. EMPLOYEE BENEFIT PLANS.....	51
23. CONTINGENCIES.....	51
24. CAPITAL STOCK.....	52
25. EXPENSES	55
26. OTHER INCOME.....	55
27. FINANCE COSTS	56
28. EARNINGS (LOSS) PER SHARE	56
29. SUPPLEMENTARY CASH FLOW INFORMATION.....	57
30. FINANCIAL INSTRUMENTS.....	58
31. CAPITAL DISCLOSURES	60
32. OPERATING SEGMENTS	60
33. REMAINING PERFORMANCE OBLIGATIONS.....	65

CONSOLIDATED BALANCE SHEETS

AS AT JUNE 30, 2018, DECEMBER 31, 2017 AND JANUARY 1, 2017

(in thousands of Canadian dollars) (unaudited)

	Note	June 30 2018	December 31 2017	January 1 2017 (Note 6)
ASSETS				
Current assets				
Cash and cash equivalents	8	\$ 432,962	\$ 304,882	\$ 231,858
Restricted cash	8	259,937	279,581	-
Trade and other receivables	9	505,245	499,462	604,759
Unbilled revenue	10	591,423	574,639	471,848
Inventories	11	25,548	22,997	28,460
Income taxes recoverable		15,493	8,110	19,275
Prepaid expenses		23,864	12,024	12,100
		1,854,472	1,701,695	1,368,300
Non-current assets				
Long-term financial assets		13,969	2,260	2,633
Projects accounted for using the equity method	12	33,812	32,610	27,618
Deferred income tax assets		23,188	18,196	23,908
Property, plant and equipment	13	446,954	457,151	450,368
Intangible assets	14	334,765	293,878	111,658
		852,688	804,095	616,185
TOTAL ASSETS		\$ 2,707,160	\$ 2,505,790	\$ 1,984,485
LIABILITIES				
Current liabilities				
Bank indebtedness	15	\$ 14,650	\$ 17,940	\$ 7,476
Trade and other payables	16	664,735	621,863	577,333
Provisions	17	10,822	11,546	20,530
Deferred revenue	10	373,025	206,681	201,408
Income taxes payable		1,079	3,544	6,449
Current portion of long-term debt	18	41,182	44,472	51,568
Convertible debentures	19	167,127	168,466	-
		1,272,620	1,074,512	864,764
Non-current liabilities				
Provisions	17	5,529	5,812	5,096
Non-recourse project debt	18	370,413	352,888	-
Long-term debt	18	81,800	91,211	86,403
Convertible debentures	19	-	-	164,778
Concession related deferred revenue	20	127,567	118,380	7,111
Deferred income tax liabilities		102,748	104,219	114,267
Other liabilities		2,540	2,793	3,967
		690,597	675,303	381,622
TOTAL LIABILITIES		1,963,217	1,749,815	1,246,386
EQUITY				
Capital stock	24	375,099	367,612	346,770
Convertible debentures	19	8,499	8,664	8,674
Contributed surplus		44,767	39,604	43,060
Retained earnings		314,698	340,470	341,718
Accumulated other comprehensive income (loss)		880	(375)	(2,123)
TOTAL EQUITY		743,943	755,975	738,099
TOTAL LIABILITIES AND EQUITY		\$ 2,707,160	\$ 2,505,790	\$ 1,984,485

Contingencies (Note 23)

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(in thousands of Canadian dollars, except per share amounts) (unaudited)

	Note	For the three months ended		For the six months ended	
		June 30 2018	June 30 2017	June 30 2018	June 30 2017
Revenue		\$ 754,773	\$ 686,164	\$ 1,298,098	\$ 1,361,030
Direct costs and expenses	25	(675,277)	(614,593)	(1,171,632)	(1,238,414)
Gross profit		79,496	71,571	126,466	122,616
Marketing, general and administrative expenses	25	(43,940)	(45,060)	(91,123)	(93,728)
Depreciation and amortization	25	(25,386)	(24,428)	(49,132)	(45,073)
Income from projects accounted for using the equity method	12	2,210	2,098	3,056	2,980
Other income	26	435	1,159	1,342	1,244
Operating profit (loss)		12,815	5,340	(9,391)	(11,961)
Finance income		249	143	452	448
Finance costs	27	(5,633)	(6,064)	(10,751)	(11,345)
Profit (loss) before income taxes		7,431	(581)	(19,690)	(22,858)
Income tax recovery	21	973	1,388	8,849	5,319
Profit (loss) for the period		\$ 8,404	\$ 807	\$ (10,841)	\$ (17,539)
Basic earnings (loss) per share	28	\$ 0.14	\$ 0.01	\$ (0.18)	\$ (0.30)
Diluted earnings (loss) per share	28	\$ 0.13	\$ 0.01	\$ (0.18)	\$ (0.30)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars) (unaudited)

	For the three months ended		For the six months ended	
	June 30 2018	June 30 2017	June 30 2018	June 30 2017
Profit (loss) for the period	\$ 8,404	\$ 807	\$ (10,841)	\$ (17,539)
Other comprehensive income (loss):				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences - foreign operations	1,118	(468)	2,248	(588)
Cash flow hedges - equity-accounted investees	(1,835)	(767)	(1,351)	(784)
Income taxes on the above	486	203	358	208
Total other comprehensive income (loss) for the period	(231)	(1,032)	1,255	(1,164)
Comprehensive income (loss) for the period	\$ 8,173	\$ (225)	\$ (9,586)	\$ (18,703)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(in thousands of Canadian dollars, except per share amounts) (unaudited)

	Accumulated other comprehensive income (loss)							Shareholders' equity
	Capital stock	Convertible debentures	Contributed Surplus	Retained earnings	Currency translation differences	Actuarial gains and losses	Cash flow hedges	
Balance as at January 1, 2018	\$ 367,612	\$ 8,664	\$ 39,604	\$ 340,470	\$ (1,660)	\$ 445	\$ 840	\$ 755,975
Loss for the period	-	-	-	(10,841)	-	-	-	(10,841)
Other comprehensive income (loss):								
Currency translation differences - foreign operations	-	-	-	-	2,248	-	-	2,248
Cash flow hedges - equity-accounted investees	-	-	-	-	-	-	(1,351)	(1,351)
Taxes with respect to above items included in other comprehensive income	-	-	-	-	-	-	358	358
Total other comprehensive income (loss) for the period	-	-	-	-	2,248	-	(993)	1,255
Total comprehensive income (loss) for the period	-	-	-	(10,841)	2,248	-	(993)	(9,586)
Dividends declared	-	-	-	(14,931)	-	-	-	(14,931)
Common shares issued on exercise of options	1,751	-	(319)	-	-	-	-	1,432
Common shares issued on conversion of debentures	3,379	(165)	-	-	-	-	-	3,214
Stock-based compensation	-	-	7,839	-	-	-	-	7,839
Shares issued to settle LTIP/Director DSU obligations	2,357	-	(2,357)	-	-	-	-	-
Balance as at June 30, 2018	\$ 375,099	\$ 8,499	\$ 44,767	\$ 314,698	\$ 588	\$ 445	\$ (153)	\$ 743,943

	Accumulated other comprehensive income (loss)							Shareholders' equity
	Capital stock	Convertible debentures	Contributed Surplus	Retained earnings	Currency translation differences	Actuarial gains and losses	Cash flow hedges	
Balance as at January 1, 2017	\$ 346,770	\$ 8,674	\$ 43,060	\$ 341,718	\$ (173)	\$ (720)	\$ (1,230)	\$ 738,099
Loss for the period	-	-	-	(17,539)	-	-	-	(17,539)
Other comprehensive income (loss):								
Currency translation differences - foreign operations	-	-	-	-	(588)	-	-	(588)
Cash flow hedges - equity-accounted investees	-	-	-	-	-	-	(784)	(784)
Taxes with respect to above items included in other comprehensive income	-	-	-	-	-	-	208	208
Total other comprehensive loss for the period	-	-	-	-	(588)	-	(576)	(1,164)
Total comprehensive loss for the period	-	-	-	(17,539)	(588)	-	(576)	(18,703)
Dividends declared	-	-	-	(14,651)	-	-	-	(14,651)
Common shares issued on exercise of options	2,610	-	(698)	-	-	-	-	1,912
Stock-based compensation	-	-	9,698	-	-	-	-	9,698
Shares issued to settle LTIP/Director DSU obligations	10,028	-	(10,028)	-	-	-	-	-
Balance as at June 30, 2017	\$ 359,408	\$ 8,674	\$ 42,032	\$ 309,528	\$ (761)	\$ (720)	\$ (1,806)	\$ 716,355

During the six months ended June 30, 2018, the Company declared dividends amounting to \$0.25 per share (June 30, 2017 - \$0.25 per share).

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(in thousands of Canadian dollars) (unaudited)

	Note	June 30 2018	June 30 2017
CASH PROVIDED BY (USED IN)			
Operating activities			
Loss before income taxes		\$ (19,690)	\$ (22,858)
Income taxes paid		(7,027)	(9,439)
Defined benefit pension		(20)	(17)
Items not affecting cash:			
Depreciation and amortization		49,132	45,073
Income from projects accounted for using the equity method		(3,056)	(2,980)
Loss (gain) on sale of assets		(392)	1,296
Income from leasehold inducements		(233)	(244)
Unrealized foreign exchange gain (loss)		2,457	(292)
Increase in provisions		1,810	6,073
Notional interest representing accretion		2,092	2,211
Stock-based compensation		7,839	9,698
Change in other balances relating to operations	29	173,630	(45,956)
		206,542	(17,435)
Investing activities			
Decrease (increase) in restricted cash balances		32,540	(309,529)
Purchase of property, plant and equipment		(15,931)	(16,877)
Proceeds on sale of property, plant and equipment		4,113	4,203
Investment in concession rights		(46,302)	(76,780)
Increase in intangible assets		(674)	(1,398)
(Increase) decrease in long-term financial assets		(11,920)	110
Distributions from projects accounted for using the equity method		503	417
		(37,671)	(399,854)
Financing activities			
(Decrease) increase in bank indebtedness		(3,290)	122,524
Issuance of long-term debt		652	2,995
Issuance of non-recourse long-term debt		-	374,407
Repayments of long-term debt		(23,603)	(24,610)
Increase in other liabilities		-	921
Issuance of capital stock		1,432	1,911
Dividends paid		(14,874)	(13,962)
		(39,683)	464,186
Increase in cash and cash equivalents during the period		129,188	46,897
Effects of foreign exchange on cash balances		(1,108)	(843)
Cash and cash equivalents - beginning of period		304,882	231,858
Cash and cash equivalents - end of period	8	\$ 432,962	\$ 277,912

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(in thousands of Canadian dollars, except per share amounts) (unaudited)

1. CORPORATE INFORMATION

Aecon Group Inc. (“Aecon” or the “Company”) is a publicly traded construction and infrastructure development company incorporated in Canada. Aecon and its subsidiaries provide services to private and public sector clients throughout Canada and on a selected basis internationally. Its registered office is located in Toronto, Ontario at 20 Carlson Court, Suite 800, M9W 7K6.

The Company operates in three principal segments within the construction and infrastructure development industry: Infrastructure, Industrial and Concessions.

On October 26, 2017, the Company entered into an arrangement agreement (the “Arrangement Agreement”) with CCCC International Holding Limited and 10465127 Canada Inc. (together, “CCCI”), pursuant to which CCCI agreed, subject to satisfaction of customary conditions, to acquire all of the issued and outstanding Common Shares of Aecon for \$20.37 per Common Share in cash by way of a statutory plan of arrangement under the Canada Business Corporations Act (the “Arrangement”).

On May 23, 2018, the Company was informed that the Governor in Council had issued an order under the Investment Canada Act directing CCCI not to implement its proposed acquisition of Aecon. As a result, the Arrangement between Aecon and CCCI will not proceed.

2. DATE OF AUTHORIZATION FOR ISSUE

The interim condensed consolidated financial statements of the Company were authorized for issue on July 26, 2018 by the Board of Directors of the Company.

3. BASIS OF PRESENTATION

Basis of presentation

The Company prepares its interim condensed consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”).

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. The interim condensed consolidated financial statements do not include all the information and disclosures required in the Company’s annual consolidated financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2017.

Seasonality

The construction industry in Canada is seasonal in nature for companies like Aecon who do a significant portion of their work outdoors, particularly road construction and utilities work. As a result, less work is performed in the winter and early spring months than in the summer and fall months. Accordingly, Aecon has historically experienced a seasonal pattern in its operating results, with the first half of the year, and particularly the first quarter, typically generating lower revenue and profits than the second half of the year. Therefore, results in any one quarter are not necessarily indicative of results in any other quarter, or for the year as a whole.

Basis of measurement

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments and available-for-sale investments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(in thousands of Canadian dollars, except per share amounts) (unaudited)

Principles of consolidation

The interim condensed consolidated financial statements include the accounts of the Company and all of its subsidiaries. In addition, the Company's participation in joint arrangements classified as joint operations is accounted for in the interim condensed consolidated financial statements by reflecting, line by line, the Company's share of the assets held jointly, liabilities incurred jointly, and revenue and expenses arising from the joint operations. The interim condensed consolidated financial statements also include the Company's investment in and share of the earnings of projects accounted for using the equity method.

4. CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying value of the asset or liability affected.

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results were a different estimate or assumption used.

Estimates and underlying assumptions are reviewed on an ongoing basis. These estimates and assumptions are subject to change at any time based on experience and new information. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Except as disclosed, there have been no material changes to critical accounting estimates related to the below mentioned items in the past two fiscal years. Critical accounting estimates are also not specific to any one segment unless otherwise noted below.

The Company's significant accounting policies are described in Note 5, "*Summary of Significant Accounting Policies*" in the Company's annual consolidated financial statements for the year ended December 31, 2017. The following discussion is intended to describe those judgments and key assumptions concerning major sources of estimation uncertainty at the end of the reporting period that have the most significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4.1 MAJOR SOURCES OF ESTIMATION UNCERTAINTY

REVENUE AND GROSS PROFIT RECOGNITION

Revenue and income from fixed price construction contracts, including contracts in which the Company participates through joint operations, are determined on the percentage of completion method, based on the ratio of costs incurred to date over estimated total costs. The Company has a process whereby progress on jobs is reviewed by management on a regular basis and estimated costs to complete are updated. However, due to unforeseen changes in the nature or cost of the work to be completed or performance factors, contract profit can differ significantly from earlier estimates.

The Company's estimates of contract revenue and cost are highly detailed. Management believes, based on its experience, that its current systems of management and accounting controls allow the Company to produce materially reliable estimates of total contract revenue and cost during any accounting period. However, many factors can and do change during a contract performance period, which can result in a change to contract profitability from one financial reporting period to another. Some of the factors that can change the estimate of total contract revenue and cost include differing site conditions (to the extent that contract remedies are unavailable), the availability of skilled contract labour, the performance of major material suppliers to deliver on time, the performance of major subcontractors, unusual weather conditions and the accuracy of the original bid estimate. Fixed price contracts are common across all of the Company's sectors, as are change orders and claims, and therefore these estimates are not unique to one core segment. Because the Company has many contracts in process at any given time, these changes in estimates can offset each other without impacting overall profitability.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(in thousands of Canadian dollars, except per share amounts) (unaudited)

However, changes in cost estimates, which on larger, more complex construction projects can have a material impact on the Company's consolidated financial statements, are reflected in the results of operations when they become known.

A change order results from a change to the scope of the work to be performed compared to the original contract that was signed. Unpriced change orders are change orders that have been approved as to scope but unapproved as to price. Claims are amounts in excess of the agreed contract price, or amounts not included in the original contract price, that the Company seeks to collect from clients for delays, errors in specifications and designs, contract terminations, change orders in dispute or unapproved as to both scope and price, or other causes of unanticipated additional costs. In accordance with the Company's accounting policy, unpriced change orders and claims are recognized in revenue at the most likely amount the Company expects to be entitled, and to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Therefore it is possible for the company to have substantial contract costs recognized in one accounting period with associated revenue recognized in a later period.

Given the above-noted critical accounting estimates associated with the accounting for construction contracts, including change orders and claims, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year or later could be different from the estimates and assumptions adopted and could require a material adjustment to revenue and/or the carrying amount of the asset or liability affected. The Company is unable to quantify the potential impact to the consolidated financial results from a change in estimate in calculating revenue.

LITIGATION RISK AND CLAIMS RISK

Disputes are common in the construction industry and as such, in the normal course of business, the Company is involved in various legal actions and proceedings which arise from time to time, some of which may be substantial, including the legal proceedings discussed in Note 23, "*Contingencies*". The Company must make certain assumptions and rely on estimates regarding potential outcomes of legal proceedings in order to determine if a provision is required. Estimating and recording the future outcome of litigation proceedings requires management to make significant judgments and assumptions, which are inherently subject to risks and uncertainties. Management regularly analyzes current information about these matters, and internal and external legal counsel are often used for these assessments. In making decisions regarding the need for provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of the Company, and there is no guarantee that there will not be a future rise in litigation which, depending on the nature of the litigation, could impact the financial position, results of operations, or cash flows of the Company.

The Company also pursues claims against project owners for additional costs exceeding the contract price or for amounts not included in the original contract price. When these types of events occur and unresolved claims are pending, the Company may invest significant working capital in projects to cover costs pending the resolution of the relevant claims. A failure to ultimately recover on claims could have a material effect on liquidity and financial results.

FAIR VALUING FINANCIAL INSTRUMENTS

From time to time, the Company enters into forward contracts and other foreign exchange hedging products to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar, but does not hold or issue such financial instruments for speculative trading purposes. The Company is required to measure certain financial instruments at fair value, using the most readily available market comparison data and where no such data is available, using quoted market prices of similar assets or liabilities, quoted prices in markets that are not active, or other observable inputs that can be corroborated.

Further information with regard to the treatment of financial instruments can be found in Note 30, "*Financial Instruments*."

MEASUREMENT OF RETIREMENT BENEFIT OBLIGATIONS

The Company's obligations and expenses related to defined benefit pension plans, including supplementary executive retirement plans, are determined using actuarial valuations and are dependent on many significant assumptions. The defined benefit obligations and benefit cost levels will change as a result of future changes in actuarial methods and assumptions, membership data, plan provisions, legislative rules, and future experience gains or losses, which have not

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(in thousands of Canadian dollars, except per share amounts) (unaudited)

been anticipated at this time. Emerging experience, differing from assumptions, will result in gains or losses that will be disclosed in future accounting valuations. Refer to Note 22, “*Employee Benefit Plans*,” in the Company’s annual consolidated financial statements for the year ended December 31, 2017, for further details regarding the Company’s defined benefit plans as well as the impact to the financial results of a 0.5% change in the discount rate assumption used in the calculations.

INCOME TAXES

The Company is subject to income taxes in both Canada and several foreign jurisdictions. Significant estimates and judgments are required in determining the Company’s worldwide provision for income taxes. In the ordinary course of business, there are transactions and calculations where the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Management estimates income taxes for each jurisdiction the Company operates in, taking into consideration different income tax rates, non-deductible expenses, valuation allowances, changes in tax laws, and management’s expectations of future results. Management bases its estimates of deferred income taxes on temporary differences between the assets and liabilities reported in the Company’s consolidated financial statements, and the assets and liabilities determined by the tax laws in the various countries in which the Company operates. Although the Company believes its tax estimates are reasonable, there can be no assurance that the final determination of any tax audits and litigation will not be materially different from that reflected in the Company’s historical income tax provisions and accruals. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Company’s income tax expense and current and deferred income tax assets and liabilities in the period in which such determinations are made. Although management believes it has adequately provided for any additional taxes that may be assessed as a result of an audit or litigation, the occurrence of either of these events could have an adverse effect on the Company’s current and future results and financial condition.

The Company is unable to quantify the potential future impact to its consolidated financial results from a change in estimate in calculating income tax assets and liabilities.

IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets with finite lives are amortized over their useful lives. Goodwill, which has an indefinite life, is not amortized. Management evaluates intangible assets that are not amortized at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life. Intangible assets with finite lives are tested for impairment whenever events or circumstances indicate the carrying value may not be recoverable. Goodwill and intangible assets with indefinite lives, if any, are tested for impairment by applying a fair value test in the fourth quarter of each year and between annual tests if events occur or circumstances change, which suggest the goodwill or intangible assets should be evaluated.

Impairment assessments inherently involve management judgment as to the assumptions used to project these amounts and the impact of market conditions on those assumptions. The key assumptions used to estimate the fair value of reporting units under the fair value less cost to disposal approach are: weighted average cost of capital used to discount the projected cash flows; cash flows generated from new work awards; and projected operating margins.

The weighted average cost of capital rates used to discount projected cash flows are developed via the capital asset pricing model, which is primarily based on market inputs. Management uses discount rates it believes are an accurate reflection of the risks associated with the forecasted cash flows of the respective reporting units.

To develop the cash flows generated from project awards and projected operating margins, the Company tracks prospective work primarily on a project-by-project basis as well as the estimated timing of when new work will be bid or prequalified, started and completed. Management also gives consideration to its relationships with prospective customers, the competitive landscape, changes in its business strategy, and the Company’s history of success in winning new work in each reporting unit. With regard to operating margins, consideration is given to historical operating margins in the end markets where prospective work opportunities are most significant, and changes in the Company’s business strategy.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(in thousands of Canadian dollars, except per share amounts) (unaudited)

Unanticipated changes in these assumptions or estimates could materially affect the determination of the fair value of a reporting unit and, therefore, could reduce or eliminate the excess of fair value over the carrying value of a reporting unit entirely and could potentially result in an impairment charge in the future.

Refer to Note 14, “*Intangible Assets*”, in the Company’s annual consolidated financial statements for the year ended December 31, 2017, for further details regarding goodwill and other intangible assets.

4.2 JUDGMENTS

The following are critical judgments management has made in the process of applying accounting policies and that have the most significant effect on how certain amounts are reported in the consolidated financial statements.

BASIS FOR CONSOLIDATION AND CLASSIFICATION OF JOINT ARRANGEMENTS

Assessing the Company’s ability to control or influence the relevant financial and operating policies of another entity may, depending on the facts and circumstances, require the exercise of significant judgment to determine whether the Company controls, jointly controls, or exercises significant influence over the entity performing the work. This assessment of control impacts how the operations of these entities are reported in the Company’s consolidated financial statements (i.e., full consolidation, equity investment or proportional share).

The Company performs the majority of its construction projects through wholly owned subsidiary entities, which are fully consolidated. However, a number of projects, particularly some larger, multi-year, multi-disciplinary projects, are executed through partnering agreements. As such, the classification of these entities as a subsidiary, joint operation, joint venture, associate or financial instrument requires judgment by management to analyze the various indicators that determine whether control exists. In particular, when assessing whether a joint arrangement should be classified as either a joint operation or a joint venture, management considers the contractual rights and obligations, voting shares, share of board members and the legal structure of the joint arrangement. Subject to reviewing and assessing all the facts and circumstances of each joint arrangement, joint arrangements contracted through agreements and general partnerships would generally be classified as joint operations whereas joint arrangements contracted through corporations would be classified as joint ventures. The majority of the current partnering agreements are classified as joint operations.

The application of different judgments when assessing control or the classification of joint arrangements could result in materially different presentations in the consolidated financial statements.

SERVICE CONCESSION ARRANGEMENTS

The accounting for concession arrangements requires the application of judgment in determining if the project falls within the scope of IFRIC Interpretation 12, “*Service Concession Arrangements*”, (“IFRIC 12”). Additional judgments are needed when determining, among other things, the accounting model to be applied under IFRIC 12, the allocation of the consideration receivable between revenue-generating activities, the classification of costs incurred on such activities, as well as the effective interest rate to be applied to the financial asset. As the accounting for concession arrangements under IFRIC 12 requires the use of estimates over the term of the arrangement, any changes to these long-term estimates could result in a significant variation in the accounting for the concession arrangement.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(in thousands of Canadian dollars, except per share amounts) (unaudited)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 REVENUE RECOGNITION

Identification of a contract with a customer

A construction contract is a contract specifically negotiated for the construction of an asset or combination of assets, including contracts for the rendering of services directly related to the construction of the asset. Such contracts include fixed-price and cost-plus contracts.

When determining the proper revenue recognition method for contracts, the Company evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment and the decision to combine a group of contracts or to separate a single contract into multiple performance obligations could affect the amount of revenue and profit recorded in a given period.

The Company accounts for a contract when it has commercial substance, the parties have approved the contract in accordance with customary business practices and are committed to their obligations, the rights of the parties and payment terms are identified, and collectability of consideration is probable.

Identifying performance obligations in a contract

For most of the Company's contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project. Consequently, the entire contract is accounted for as one performance obligation. Less frequently, however, the Company may provide several distinct goods or services as part of a contract, in which case the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the total transaction price is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The expected cost plus a margin approach is typically used to estimate the standalone selling price of each performance obligation. On occasion, the Company will sell standard products, such as aggregates and other materials, with observable standalone sales. In these cases, the observable standalone sales are used to determine the standalone selling price.

Performance obligations satisfied over time

The Company typically transfers control of goods or services, and satisfies performance obligations, over time. Therefore, the Company recognizes revenue over time as these performance obligations are satisfied. This continuous transfer of control to the customer is often supported by the customer's physical possession or legal title to the work in process, as well as contractual clauses that provide the Company with a present right to payment for work performed to date plus a reasonable profit in the event a customer unilaterally terminates the contract for convenience.

As a result of control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. The Company generally uses the cost-to-cost measure of progress for its contracts because it best reflects the transfer of an asset to the customer which occurs as costs are incurred on the contract. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred. Costs to fulfill contracts may include labour, materials, subcontractor, equipment costs, and other direct costs, as well as an allocation of indirect costs.

Determining the transaction price

It is common for the Company's contracts to contain incentive fees or other provisions that can either increase or decrease the transaction price. These variable amounts generally are awarded upon achievement of certain performance metrics, program milestones or cost targets and can be based upon customer discretion. Variable consideration also includes change orders that have not been approved as to price, as well as claims. Claims are amounts in excess of the agreed contract price, or amounts not included in the original contract price, that the Company seeks to collect from clients for delays, errors in specifications and designs, contract terminations, change orders in dispute or unapproved as to both scope

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(in thousands of Canadian dollars, except per share amounts) (unaudited)

and price, or other causes of unanticipated additional costs. The Company estimates variable consideration at the most likely amount it expects to be entitled. The Company includes these estimated amounts in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Company's anticipated performance and all information, historical, current and forecasted, that is reasonably available.

Contracts are often modified to account for changes in contract specifications and requirements. Contract modifications exist when the change either creates new, or changes existing, enforceable rights and obligations. Most of the Company's contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of these contract modifications on the transaction price and the measure of progress for the performance obligation to which it relates, is recognized as a cumulative adjustment to revenue as either an increase or decrease in revenue. However, if a contract modification is for distinct goods and services from the existing contract and the pricing of the contract modification reflects the standalone selling pricing of the additional goods or services, then the contract modification is treated as a separate contract.

Due to the nature of many of the Company's performance obligations, the estimation of total revenue and costs at completion is complex, subject to many variables, and requires significant judgment. These areas of measurement uncertainty are discussed further in Note 4.1, "*Major Sources of Estimation Uncertainty*". Any changes to the estimates of forecasted revenue and total costs are recognized on a cumulative basis, which recognizes in the current period the cumulative effect of the changes based on a performance obligation's percentage of completion. A significant change in one or more of these estimates could affect the profitability of one or more of the Company's performance obligations. When estimates of total costs to be incurred on a performance obligation exceed the total estimated revenue to be earned, a provision for the entire loss on the performance obligation is recognized in the period the loss is determined.

Revenue recognition – other

Upfront costs are those costs that the Company incurs to pursue a contract with a customer that it would not have incurred if the contract had not been awarded. The Company recognizes upfront costs as an asset if it expects to recover those costs. Costs to pursue a contract that would have been incurred regardless of whether the contract was awarded are recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Mobilization costs are non-recurring set up costs incurred to facilitate performance obligations under customer contracts. Mobilization costs are expensed as incurred unless they are capital in nature, in which case they are capitalized in accordance with the relevant accounting standard, or there is a contractual entitlement to recover such costs from the customer, in which case the costs are capitalized and amortized to the income statement over the contract period.

Contract revenues are measured at the fair value of the consideration received or receivable. Where deferral of payment has a material effect on the determination of such fair value, the amount at which revenues are recognized is adjusted to account for the time-value-of-money.

Trade and other receivables include amounts billed and currently due from customers. The amounts due are stated at their net estimated realizable value. The Company maintains an allowance for doubtful accounts to provide for the estimated amount of receivables that will not be collected. The allowance is based upon an assessment of creditworthiness of the portfolio of customers, historical payment experience, the age of outstanding receivables and collateral to the extent applicable.

Unbilled revenue represents revenue earned in excess of amounts billed on uncompleted contracts. Unbilled revenue typically results from sales under construction contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer. Unbilled revenue amounts may not exceed their net realizable value and are classified as current assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(in thousands of Canadian dollars, except per share amounts) (unaudited)

Deferred revenue represents the excess of amounts billed to customers over revenue earned on uncompleted contracts. Where advance payments are received from customers for the mobilization of project staff, equipment and services, the Company recognizes these amounts as liabilities and includes them in deferred revenue. Deferred revenue on construction contracts is classified as a current liability.

Unbilled revenue and deferred revenue are reported on a contract-by-contract basis at the end of each reporting period.

The operating cycle, or duration, of many of the Company's contracts exceeds one year. All contract related assets and liabilities are classified as current as they are expected to be realized or satisfied within the operating cycle of the contract.

Other revenue types

Revenue related to the sale of aggregates and other materials is recognized at a point in time, and the performance obligation is typically satisfied on the delivery of the product to the customer.

Remaining performance obligations

Backlog (i.e. remaining performance obligations) is the total value of work that has not yet been completed that: (a) has a high certainty of being performed as a result of the existence of an executed contract or work order specifying job scope, value and timing; or (b) has been awarded to the Company, as evidenced by an executed binding letter of intent or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract in respect of such work is reasonably assured. Operations and maintenance ("O&M") activities are provided under contracts that can cover a period of up to 30 years. In order to provide information that is comparable to the backlog of other categories of activity, the Company limits backlog for O&M activities to the earlier of the contract term and the next five years.

6. NEW ACCOUNTING STANDARDS

The following IFRS standards became effective for the Company on January 1, 2018.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes the previous revenue recognition guidance including IAS 18, "Revenue," and IAS 11, "Construction Contracts," and the related interpretations.

The core principle of IFRS 15 is that an entity should recognize revenue based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, IFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes revenue as a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue from contract modifications, including change orders and claims, was previously recognized in accordance with IAS 11 only when certain conditions were met, including the fact that it was probable that the customer would approve the modification and the amount of revenue arising from it. Under IFRS 15, contract modifications are now included in estimated revenue when, among other factors, management believes the Company has an enforceable right to payment, the amount can be estimated reliably, and realization is highly probable. Consequently, in some instances the timing of when revenue from contract modifications is recognized will be delayed under IFRS 15. As a result of adopting the new standard, the cumulative impact to the Company's opening retained earnings as at January 1, 2017 from the reversal of revenue recognized under IAS 11 is \$15,500 after taxes. Revenue from these contract modifications will be recognized when, and if, the IFRS 15 guidance is met.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

The Company has applied the requirements of IFRS 15 using the full retrospective method with the cumulative effect of initially applying the standard recognized at the date of initial application (i.e. January 1, 2017). The Company elected to utilize the following practical expedients on adoption: (a) for completed contracts, the Company did not restate contracts that began and ended within the same annual reporting period; and (b) for completed contracts that have variable consideration, the Company used the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods. The following table reconciles the impact of the IFRS 15 adjustments to the Company's previously reported Consolidated Balance Sheets as at December 31, 2017 and January 1, 2017.

	As at December 31, 2017		
	As reported	Impacts from the adoption of IFRS 15	As restated
Unbilled revenue	\$ 595,639	(21,000)	\$ 574,639
Deferred income tax liabilities	109,719	(5,500)	104,219
Retained earnings	355,970	(15,500)	340,470

	As at January 1, 2017		
	As reported	Impacts from the adoption of IFRS 15	As restated
Unbilled revenue	\$ 492,848	(21,000)	\$ 471,848
Deferred income tax liabilities	119,767	(5,500)	114,267
Retained earnings	357,218	(15,500)	341,718

The adoption of IFRS 15 did not impact the consolidated statements of income, comprehensive income, or earnings per share for the three months and six months ended June 30, 2017, and for the year ended December 31, 2017.

IFRS 9, Financial Instruments

IFRS 9 introduces new requirements for classifying and measuring financial instruments and is a partial replacement of IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 mainly affects the classification and measurement of financial assets and financial liabilities, the recognition of expected credit losses, and hedge accounting.

The adoption of IFRS 9 had no impact on the Company's financial position or results of operations, and the Company's financial assets and financial liabilities continue to be measured on the same basis as was previously applied under IAS 39.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(in thousands of Canadian dollars, except per share amounts) (unaudited)

7. FUTURE ACCOUNTING CHANGES

IFRS 16, Leases

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 will supersede the current lease recognition guidance including IAS 17 “Leases” and the related interpretations when it becomes effective. IFRS 16 is effective for accounting periods beginning on or after January 1, 2019.

The main changes to current lease accounting as a result of IFRS 16 when it becomes effective include the following:

- The definition of a lease will change under the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration;
- Under IFRS 16, the lessee recognizes a right-of-use asset and a lease liability upon lease commencement for leases with a lease term of greater than one year. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Subsequent measurement is determined based on the nature of the underlying asset. The lease liability is initially measured at the present value of the lease payments payable over the lease term and discounted at the implied lease rate. If the implied lease rate cannot be readily determined, the lessee uses its incremental borrowing rate. Subsequent re-measurement is required under specific circumstances;
- IFRS 16 provides detailed guidance on determining the lease term when the Company has an option to extend the lease; and
- The new standard includes extensive disclosure requirements that differ from current requirements.

A comprehensive change management plan has been developed to guide the implementation of IFRS 16 and assess the impacts on the Company’s business processes, systems and controls. Initially a qualitative assessment was made of the new standard, analyzing the standard’s impact on the Company’s lease portfolio, comparing historical accounting policies and practices to the requirements of the new standard, and identifying potential impacts on reporting systems. In addition, the Company is in the process of gathering detailed information about its property and equipment rentals that will be accounted for as finance leases under the new standard.

At this time, the Company has not finalized its quantification of the effect of the new standard, although the following consequences are anticipated:

- The amount of total assets and total liabilities in the consolidated balance sheets will increase due to the recognition of right-of-use assets and financial liabilities for future payment obligations from leases previously classified as operating leases.
- Operating lease payments previously reported as an operating expense in the consolidated statements of income will be replaced with depreciation expense from the right of use asset and interest expense from the lease liability.

The Company expects to implement the standard retrospectively with the cumulative effect of initially applying the Standard recognized at the date of initial application. Also, the Company expects to adopt the recognition exemptions permitted for short-term leases (less than twelve months) and leases for which the underlying asset has a low value.

IFRS 3, Business Combinations and IFRS 11, Joint Arrangements

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The amendments

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

are effective for annual periods beginning on or after January 1, 2019. The Company does not anticipate any material impact to the Company's financial position or results of operations as a result of these amendments.

IAS 12, Income Taxes

The amendments to IAS 12 clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises. The amendments are effective for annual periods beginning on or after January 1, 2019. The Company does not anticipate any material impact to the Company's financial position or results of operations as a result of these amendments.

IAS 23, Borrowing Costs

The amendments to IAS 23 clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. The amendments are effective for annual periods beginning on or after January 1, 2019. The Company does not anticipate any material impact to the Company's financial position or results of operations as a result of these amendments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

8. CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH

	June 30 2018	December 31 2017
Cash balances excluding joint operations	\$ 28,058	\$ 19,381
Cash balances of joint operations	404,904	285,501
	\$ 432,962	\$ 304,882
<hr/>		
Restricted cash	\$ 259,937	\$ 279,581
	\$ 259,937	\$ 279,581

Cash and cash equivalents on deposit in the bank accounts of joint operations cannot be accessed directly by the Company.

Restricted cash is cash held by Bermuda Skyport Corporation Limited ("Skyport"). This cash cannot be used by the Company other than to finance the Bermuda International Airport Redevelopment Project.

9. TRADE AND OTHER RECEIVABLES

	June 30 2018	December 31 2017
Trade receivables	\$ 347,105	\$ 334,738
Allowance for doubtful accounts	(1,113)	(764)
	345,992	333,974
<hr/>		
Holdbacks receivable	142,681	155,879
Other	16,572	9,609
	159,253	165,488
Total	\$ 505,245	\$ 499,462
<hr/>		
Amounts receivable beyond one year	\$ 61,155	\$ 51,353

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

A reconciliation of the beginning and ending carrying amounts of the Company's allowance for doubtful accounts is as follows:

	June 30 2018	December 31 2017
Balance - beginning of period	\$ (764)	\$ (1,645)
Additional amounts provided for during period	(478)	(616)
Trade receivables written off during period	129	8
Amounts recovered	-	1,489
Balance - end of period	\$ (1,113)	\$ (764)

10. UNBILLED REVENUE AND DEFERRED REVENUE

A reconciliation of the beginning and ending carrying amounts of unbilled revenue and deferred revenue is as follows:

	For the six months ended June 30, 2018		For the year ended December 31, 2017	
	Unbilled revenue	Deferred revenue	Unbilled revenue	Deferred revenue
Balance outstanding - beginning of period	\$ 574,639	\$ (206,681)	\$ 471,848	\$ (201,408)
Revenue earned in the period	828,221	469,877	1,889,710	916,018
Billings in the period	(811,437)	(636,221)	(1,786,919)	(921,291)
Balance outstanding - end of period	\$ 591,423	\$ (373,025)	\$ 574,639	\$ (206,681)

In addition, revenue earned during the three and six-month periods ended June 30, 2018, from performance obligations satisfied in previous periods, was reduced by \$3,600 in both periods. This amount primarily related to the impact of an adjustment to forecasted revenue and cost.

11. INVENTORIES

	June 30 2018	December 31 2017
Raw materials and supplies	\$ 8,609	\$ 6,510
Finished goods	16,939	16,487
	\$ 25,548	\$ 22,997

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

12. PROJECTS ACCOUNTED FOR USING THE EQUITY METHOD

The Company performs some construction and concession related projects through non-consolidated entities. The Company's participation in these entities is conducted through joint ventures and associates and is accounted for using the equity method. The Company's joint ventures and associates are private entities and there is no quoted market price available for their shares.

The summarized financial information below reflects the Company's share of the amounts presented in the financial statements of joint ventures and associates:

	June 30, 2018			December 31, 2017		
	Joint Ventures	Associates	Total	Joint Ventures	Associates	Total
Cash and cash equivalents	\$ 39,932	\$ 3,057	\$ 42,989	\$ 5,144	\$ 2,901	\$ 8,045
Other current assets	72,383	532	72,915	48,822	910	49,732
Total current assets	112,315	3,589	115,904	53,966	3,811	57,777
Non-current assets	344,373	-	344,373	289,411	-	289,411
Total assets	456,688	3,589	460,277	343,377	3,811	347,188
Trade and other payables and provisions	66,639	1,207	67,846	19,218	1,479	20,697
Total current liabilities	66,639	1,207	67,846	19,218	1,479	20,697
Non-current financial liabilities	357,658	-	357,658	292,920	-	292,920
Other non-current liabilities	961	-	961	961	-	961
Total non-current liabilities	358,619	-	358,619	293,881	-	293,881
Total liabilities	425,258	1,207	426,465	313,099	1,479	314,578
Net assets	\$ 31,430	\$ 2,382	\$ 33,812	\$ 30,278	\$ 2,332	\$ 32,610

	For the three months ended					
	June 30, 2018			June 30, 2017		
	Joint Ventures	Associates	Total	Joint Ventures	Associates	Total
Revenue	\$ 98,590	\$ 175	\$ 98,765	\$ 65,675	\$ 2,068	\$ 67,743
Depreciation and amortization	(98)	-	(98)	(112)	-	(112)
Other costs	(93,121)	(119)	(93,240)	(61,030)	(1,645)	(62,675)
Operating profit	5,371	56	5,427	4,533	423	4,956
Finance costs	(3,064)	-	(3,064)	(2,690)	-	(2,690)
Income tax expense	(153)	-	(153)	(168)	-	(168)
Profit for the period	2,154	56	2,210	1,675	423	2,098
Other comprehensive loss	(1,835)	-	(1,835)	(564)	-	(564)
Total comprehensive income	\$ 319	\$ 56	\$ 375	\$ 1,111	\$ 423	\$ 1,534

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

	For the six months ended					
	June 30, 2018			June 30, 2017		
	Joint Ventures	Associates	Total	Joint Ventures	Associates	Total
Revenue	\$ 156,770	\$ 175	\$ 156,945	\$ 116,892	\$ 4,164	\$ 121,056
Depreciation and amortization	(193)	-	(193)	(220)	-	(220)
Other costs	(147,970)	(119)	(148,089)	(109,346)	(3,306)	(112,652)
Operating profit	8,607	56	8,663	7,326	858	8,184
Finance costs	(5,697)	-	(5,697)	(5,274)	-	(5,274)
Income tax recovery	90	-	90	70	-	70
Profit for the period	3,000	56	3,056	2,122	858	2,980
Other comprehensive loss	(1,351)	-	(1,351)	(576)	-	(576)
Total comprehensive income	\$ 1,649	\$ 56	\$ 1,705	\$ 1,546	\$ 858	\$ 2,404

The movement in the investment in projects accounted for using the equity method is as follows:

	For the six months ended		For the year ended	
	June 30 2018		December 31 2017	
Projects accounted for using the equity method - as at beginning of period	\$ 32,610	\$	27,618	
Share of profit for the period	3,056		8,417	
Share of other comprehensive income (loss) for the period	(1,351)		2,816	
Distributions from projects accounted for using the equity method	(503)		(6,241)	
Projects accounted for using the equity method - as at end of period	\$ 33,812	\$	32,610	

The following joint ventures and associates are included in projects accounted for using the equity method:

Name	Ownership interest	Joint Venture or Associate	Years included
Yellowline Asphalt Products Ltd.	50%	Joint Venture	2018, 2017
Lower Mattagami Project	20%	Associate	2017
Waterloo LRT Concessionaire	10%	Joint Venture	2018, 2017
Eglinton Crosstown LRT Concessionaire	25%	Joint Venture	2018, 2017
New Post Creek Project	20%	Associate	2017
Finch West LRT	33%	Joint Venture	2018

Projects accounted for using the equity method include various concession joint ventures as listed above. However, the construction activities related to these concessions are classified as joint operations which are accounted for in the consolidated financial statements by reflecting, line by line, Aecon's share of the assets held jointly, liabilities incurred jointly, and revenue and expenses arising from the joint operations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and leasehold improvements	Aggregate properties	Machinery and construction equipment	Office equipment, furniture and fixtures, and computer hardware	Vehicles	Heavy equipment	Total
Cost								
Balance as at January 1, 2018	\$ 33,480	\$ 97,732	\$ 55,952	\$ 293,802	\$ 33,003	\$ 69,415	\$ 269,585	\$ 852,969
Additions	-	3,512	38	11,285	604	3,057	7,685	26,181
Disposals	-	(467)	-	(8,546)	(266)	(4,269)	(6,184)	(19,732)
Foreign currency translation adjustments	-	7	-	-	35	36	-	78
Balance as at June 30, 2018	\$ 33,480	\$ 100,784	\$ 55,990	\$ 296,541	\$ 33,376	\$ 68,239	\$ 271,086	\$ 859,496
Accumulated depreciation and impairment								
Balance as at January 1, 2018	-	47,137	18,184	155,463	27,032	48,058	99,944	395,818
Depreciation	-	2,836	521	11,581	1,638	4,106	12,039	32,721
Disposals	-	(467)	-	(6,741)	(266)	(4,033)	(4,504)	(16,011)
Foreign currency translation adjustments	-	1	-	1	6	6	-	14
Balance as at June 30, 2018	\$ -	\$ 49,507	\$ 18,705	\$ 160,304	\$ 28,410	\$ 48,137	\$ 107,479	\$ 412,542
Net book value as at June 30, 2018	\$ 33,480	\$ 51,277	\$ 37,285	\$ 136,237	\$ 4,966	\$ 20,102	\$ 163,607	\$ 446,954
Net book value as at January 1, 2018	\$ 33,480	\$ 50,595	\$ 37,768	\$ 138,339	\$ 5,971	\$ 21,357	\$ 169,641	\$ 457,151
Net book value of assets under finance lease as at June 30, 2018	\$ -	\$ -	\$ 75	\$ 60,655	\$ -	\$ 16,735	\$ 12,274	\$ 89,739

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

14. INTANGIBLE ASSETS

	Concession rights	Goodwill	Licences, software and other rights	Total
Cost				
Balance as at January 1, 2018	\$ 208,642	\$ 49,373	\$ 89,112	\$ 347,127
Additions				
Acquired separately	37,938	-	801	38,739
Interest capitalized	8,364	-	-	8,364
Disposals	-	-	(749)	(749)
Foreign currency translation adjustments	11,766	-	20	11,786
Balance as at June 30, 2018	\$ 266,710	\$ 49,373	\$ 89,184	\$ 405,267
Accumulated amortization and impairment				
Balance as at January 1, 2018	23,404	-	29,845	53,249
Amortization	11,702	-	4,709	16,411
Disposals	-	-	(622)	(622)
Foreign currency translation adjustments	1,459	-	5	1,464
Balance as at June 30, 2018	\$ 36,565	\$ -	\$ 33,937	\$ 70,502
Net book value as at June 30, 2018	\$ 230,145	\$ 49,373	\$ 55,247	\$ 334,765
Net book value as at January 1, 2018	\$ 185,238	\$ 49,373	\$ 59,267	\$ 293,878

Amortization of intangible assets is included in the depreciation and amortization expense line item on the consolidated statements of income.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

15. BANK INDEBTEDNESS

The Company maintains a committed revolving credit facility of \$500,000 (December 31, 2017 - \$500,000). Bank indebtedness, representing borrowings on the Company's revolving credit facility, as at June 30, 2018 was \$14,650 (December 31, 2017 - \$17,940). Letters of credit amounting to \$75,789 were also issued against the credit facility as at June 30, 2018 (December 31, 2017 - \$69,314). Cash drawings under the facility bear interest at rates ranging from prime to prime plus 1.20% per annum. Letters of credit reduce the amount remaining available-for-use under the facility.

The Company also maintains an additional letter of credit facility of \$700,000 (December 31, 2017 - \$700,000) provided by Export Development Canada of which \$497,703 was utilized as at June 30, 2018 (December 31, 2017 - \$258,275).

16. TRADE AND OTHER PAYABLES

	June 30 2018	December 31 2017
Trade payables and accrued liabilities	\$ 602,470	\$ 534,607
Holdbacks payable	62,265	87,256
	\$ 664,735	\$ 621,863
Amounts payable beyond one year	\$ 900	\$ 592

17. PROVISIONS

	Contract related obligations	Asset decommissioning costs	Tax assessments	Other	Total
Balance as at January 1, 2018	\$ 3,701	\$ 4,127	\$ 6,456	\$ 3,074	\$ 17,358
Additions made	42	17	-	1,661	1,720
Amounts used	(18)	(72)	-	(2,727)	(2,817)
Other changes	4	86	-	-	90
Balance as at June 30, 2018	\$ 3,729	\$ 4,158	\$ 6,456	\$ 2,008	\$ 16,351

Reported as:

Current	\$ 2,470	\$ -	\$ 6,456	\$ 1,896	\$ 10,822
Non-current	1,259	4,158	-	112	5,529
	\$ 3,729	\$ 4,158	\$ 6,456	\$ 2,008	\$ 16,351

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

18. LONG-TERM DEBT AND NON-RECOURSE PROJECT DEBT

	June 30 2018	December 31 2017
Long-term debt:		
Finance leases	\$ 72,652	\$ 73,974
Equipment and other loans	50,330	61,709
Total long-term debt	\$ 122,982	\$ 135,683
Reported as:		
Current liabilities:		
Current portion of long-term debt	\$ 41,182	\$ 44,472
Non-current liabilities:		
Long-term debt	81,800	91,211
	\$ 122,982	\$ 135,683
Non-recourse project debt:		
Bermuda International Airport Redevelopment Project financing (a)	\$ 370,413	\$ 352,888
Total non-recourse project debt	\$ 370,413	\$ 352,888
Reported as:		
Non-current liabilities:		
Non-recourse project debt	\$ 370,413	\$ 352,888
	\$ 370,413	\$ 352,888

(a) Included in the Company's consolidated balance sheets as at June 30, 2018 is debt, net of transaction costs, of \$370,413 (US\$281,298) (December 31, 2017 - \$352,888; US\$281,298) representing the debt of Skyport. This debt is secured by the assets of Skyport and is without recourse to the Company.

The financing is denominated in US dollars and bears interest at 5.9% annually. Debt repayments commence in 2022 and are scheduled to continue until 2042.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

19. CONVERTIBLE DEBENTURES

Convertible subordinated debentures consist of:

	June 30 2018	December 31 2017
Debt component:		
Debt maturing on December 31, 2018	\$ 167,127	\$ 168,466
Total convertible debentures	\$ 167,127	\$ 168,466
Reported as:		
Current liabilities:		
Convertible debentures	167,127	168,466
	\$ 167,127	\$ 168,466
Equity component:		
Debt maturing on December 31, 2018	\$ 8,499	\$ 8,664

Interest expense on the debentures is composed of the interest calculated on the face value of the debentures and notional interest representing the accretion of the carrying value of the debentures.

	For the three months ended		For the six months ended	
	June 30 2018	June 30 2017	June 30 2018	June 30 2017
Interest expense on face value	\$ 2,322	\$ 2,372	\$ 4,621	\$ 4,744
Notional interest representing accretion	1,244	966	1,875	1,927
	\$ 3,566	\$ 3,338	\$ 6,496	\$ 6,671

During the six months ended June 30, 2018 and 2017, debentures with a face value of \$3,285 and \$nil, respectively, were converted at \$19.71 per share by the holders into 166,664 common shares (2017 – nil).

The 2018 convertible debentures bear interest at a rate of 5.50%, payable on a semi-annual basis. At the holder's option, the 2018 convertible debentures may be converted into common shares of the Company at any time up to the maturity date at a conversion price of \$19.45 for each common share, subject to adjustment in certain circumstances. From December 31, 2017 through to the maturity date, the Company, at its option, may redeem the 2018 convertible debentures, in whole or in part, at par plus accrued and unpaid interest. As at June 30, 2018, the face value of the 2018 convertible debentures, which remains outstanding, was \$169,022 (December 31, 2017 - \$172,307).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

20. CONCESSION RELATED DEFERRED REVENUE

Concession related deferred revenue consists of:

		June 30 2018	December 31 2017
Bermuda International Airport Redevelopment Project	(a)	\$ 117,238	\$ 112,381
Other concession projects		10,329	5,999
		\$ 127,567	\$ 118,380

(a) As part of acquiring, in 2017, the rights to operate the Existing Bermuda Airport, concession related deferred revenue includes the estimated value of the “inducement” received by Skyport to develop, finance and operate the New Airport Terminal as well as development funds related to the Bermuda International Airport Redevelopment Project. These concession deferred revenue amounts will be amortized to earnings over the term of the New Airport Terminal concession period.

21. INCOME TAXES

The provision for income taxes differs from the result that would be obtained by applying the combined Canadian federal and provincial statutory income tax rates to profit or loss before income taxes. This difference results from the following:

	For the six months ended	
	June 30 2018	June 30 2017
Loss before income taxes	\$ (19,690)	\$ (22,858)
Statutory income tax rate	26.75%	26.75%
Expected income tax recovery	5,267	6,115
Effect on income taxes of:		
Projects accounted for using the equity method	(67)	(52)
Impact of change in enacted tax rates on deferred tax balances	-	(725)
Provincial and foreign rate differences	3,868	1,472
Other non-deductible expenses	(629)	(548)
Reversal of tax provision from prior year	-	(1,118)
Other	410	175
	3,582	(796)
Income tax recovery	\$ 8,849	\$ 5,319

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

22. EMPLOYEE BENEFIT PLANS

Employee future benefit expenses for the period are as follows:

	For the three months ended		For the six months ended	
	June 30 2018	June 30 2017	June 30 2018	June 30 2017
Defined benefit pension expense:				
Company sponsored pension plans	\$ 124	\$ 251	\$ 305	\$ 502
Defined contribution pension expense:				
Company sponsored pension plans	1,883	1,718	3,592	3,351
Multi-employer pension plans	19,836	17,622	35,253	36,317
Total employee future benefit expenses	\$ 21,843	\$ 19,591	\$ 39,150	\$ 40,170

23. CONTINGENCIES

During the quarter, the Company filed a statement of claim in the Court of Queen's Bench for Saskatchewan (the "Court") against K+S Potash Canada ("KSPC") and KSPC filed a statement of claim in the Court against the Company. Both actions relate to the Legacy mine project in Bethune, Saskatchewan. The Company is seeking \$180,000 in payments due to it pursuant to agreements entered into between the Company and KSPC with respect to the project plus approximately \$14,000 in damages. The Company has recorded \$133,000 of unbilled revenue and accounts receivable as at June 30, 2018. Offsetting this amount to some extent, the Company has accrued \$45,000 in trade and other payables for potential payments to third parties pending the outcome of the claim against KSPC. KSPC is seeking an order that the Company repay to KSPC approximately \$195,000 already paid to the Company pursuant to such agreements. The Company believes that it will be successful in its claim and considers KSPC's claim to be without merit. See Note 4, "Critical Accounting Estimates".

The Company is involved in various disputes and litigation both as plaintiff and defendant. In the opinion of management, the resolution of disputes against the Company, including those provided for (see Note 17, "Provisions"), will not result in a material effect on the consolidated financial position of the Company.

As part of regular operations, the Company has the following guarantees and/or letters of credit outstanding:

	Project	June 30 2018
Letters of credit:		
In support of the Company's equity obligations	Bermuda International Airport Redevelopment Project	\$ 91,373
Financial and performance - issued in the normal course of business	Various	\$ 484,484

Under the terms of many of the Company's associate and joint arrangement contracts with project owners, each of the partners is jointly and severally liable for performance under the contracts. As at June 30, 2018, the value of uncompleted work for which the Company's associate and joint arrangement partners are responsible, and which the Company could be responsible for assuming, amounted to approximately \$10,421,477, a substantial portion of which is supported by

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

performance bonds. In the event the Company assumed this additional work, it would have the right to receive the partner's share of billings to the project owners pursuant to the respective associate or joint arrangement contract.

24. CAPITAL STOCK

	For the six months ended June 30, 2018		For the year ended December 31, 2017	
	Number	Amount	Number	Amount
Number of common shares outstanding - beginning of period	59,298,857	\$ 367,612	57,863,017	\$ 346,770
Common shares issued on exercise of share options	120,000	1,751	150,000	2,610
Common shares issued on conversion of debentures	166,664	3,379	9,790	198
Shares issued to settle LTIP/Director DSU obligations	166,488	2,357	1,276,050	18,034
Number of common shares outstanding - end of period	59,752,009	\$ 375,099	59,298,857	\$ 367,612

The Company is authorized to issue an unlimited number of common shares.

STOCK-BASED COMPENSATION

Long-Term Incentive Plan

In 2005 and 2014, the Company adopted Long-Term Incentive Plans (collectively "LTIP" or individually "2005 LTIP" or "2014 LTIP") to provide a financial incentive for its senior executives to devote their efforts to the long-term success of the Company's business. Awards to participants are based on the financial results of the Company and are made in the form of Deferred Share Units ("DSUs") or in the form of Restricted Share Units ("RSUs"). Awards made in the form of DSUs will vest only on the retirement or termination of the participant. Awards made in the form of RSUs will vest annually over three years. Compensation charges related to the LTIP are expensed over the estimated vesting period of the awards in marketing, general and administrative expenses. Awards made to individuals who are eligible to retire under the plan are assumed, for accounting purposes, to vest immediately.

For the three and six months ended June 30, 2018, the Company recorded LTIP compensation charges of \$3,450 (2017 - \$3,300) and \$6,900 (2017 - \$8,884), respectively.

Stock option plans

The aggregate number of common shares that can be issued under the 2005 Stock Option Plan shall not exceed 5,000,000. Each share option issuance under the 2005 Stock Option Plan specifies the period during which the share option thereunder is exercisable (which in no event shall exceed ten years from the date of grant) and the date the share option will expire. The Company's Board of Directors determines the vesting period on the dates of share option grants. The exercise price of share option grants equals the market price of the common shares on the grant date. The Company issues common shares on exercise of the options.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

Details of common shares issued on the exercise of share options as well as details of changes in the balance of options outstanding are detailed below:

	For the six months ended June 30, 2018		For the year ended December 31, 2017	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Balance outstanding - beginning of period	120,000	\$ 11.92	270,000	\$ 12.38
Exercised	(120,000)	11.92	(150,000)	12.74
Balance outstanding - end of period	-	-	120,000	11.92
Options exercisable - end of period	-	\$ -	120,000	\$ 11.92

Unless subsequently modified, all option grants have a term of five years from the date of grant and vest immediately or over a three-year period.

Other Stock-based Compensation – Director DSU Awards

In May 2014, the Board of Directors modified the director compensation program by replacing stock option grants to non-management directors with a director deferred share unit plan (the “Director DSU Plan”). A DSU is a right to receive an amount from the Company equal to the value of one common share. Commencing in 2014, directors have the option of receiving up to 50% of their annual retainer fee, that is otherwise payable in cash, in the form of DSUs pursuant to the Director DSU Plan. The number of DSUs awarded to a director is equal to the value of the compensation that a director elects to receive in DSUs or the value awarded by the Company on an annual basis divided by the volume weighted average trading price of a common share on the TSX for the five trading days prior to the date of the award. DSUs are redeemable on the first business day following the date the director ceases to serve on the Board.

As equity settled awards, Director DSUs are expensed in full on the date of grant and recognized in marketing, general and administrative expenses in the consolidated statements of income. Director DSUs have accompanying dividend equivalent rights, which are also expensed as earned in marketing, general and administrative expenses.

For the three and six months ended June 30, 2018, the Company recorded Director DSU compensation charges of \$26 (2017 - \$722) and \$939 (2017 - \$814), respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

Details of the changes in the balance of LTIP awards and Director DSUs outstanding are detailed below:

	For the six months ended June 30, 2018		For the six months ended June 30, 2017	
	LTIP Share Units	Weighted Average Grant Date Fair Value Per Unit	Director DSU	Weighted Average Grant Date Fair Value Per Unit
Balance outstanding - beginning of period	2,844,449	\$ 12.54	217,676	\$ 14.33
Granted	641,816	19.18	46,410	19.26
Dividend equivalent rights	40,518	13.24	3,136	14.87
Settled	(166,488)	12.46	-	-
Forfeited	(5,147)	15.88	-	-
Balance outstanding - end of period	3,355,148	\$ 13.82	267,222	\$ 15.20

Amounts included in contributed surplus in the consolidated balance sheets as at June 30, 2018 in respect of LTIP and Director DSUs were \$36,938 (December 31, 2017 - \$32,396) and \$4,060 (December 31, 2017 - \$3,120), respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

25. EXPENSES

	For the three months ended		For the six months ended	
	June 30 2018	June 30 2017	June 30 2018	June 30 2017
Personnel	\$ 196,431	\$ 266,152	\$ 377,301	\$ 539,752
Subcontractors	236,169	214,171	414,837	448,399
Materials	244,270	140,591	394,262	253,418
Equipment costs	33,690	32,600	61,725	78,923
Depreciation of property, plant and equipment and amortization of intangible assets	25,386	24,428	49,132	45,073
Other expenses	8,657	6,139	14,630	11,650
Total expenses	\$ 744,603	\$ 684,081	\$ 1,311,887	\$ 1,377,215

Reported as:

	For the three months ended		For the six months ended	
	June 30 2018	June 30 2017	June 30 2018	June 30 2017
Direct costs and expenses	\$ 675,277	\$ 614,593	\$ 1,171,632	\$ 1,238,414
Marketing, general and administrative expenses	43,940	45,060	91,123	93,728
Depreciation and amortization	25,386	24,428	49,132	45,073
Total expenses	\$ 744,603	\$ 684,081	\$ 1,311,887	\$ 1,377,215

26. OTHER INCOME

	For the three months ended		For the six months ended	
	June 30 2018	June 30 2017	June 30 2018	June 30 2017
Foreign exchange gain	\$ 343	\$ 1,389	\$ 950	\$ 2,540
Gain (loss) on sale of property, plant and equipment	92	(230)	392	(1,296)
Total other income	\$ 435	\$ 1,159	\$ 1,342	\$ 1,244

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

27. FINANCE COSTS

	For the three months ended		For the six months ended	
	June 30 2018	June 30 2017	June 30 2018	June 30 2017
Interest and notional interest on long-term debt and debentures	\$ 4,073	\$ 4,365	\$ 7,512	\$ 8,421
Interest on finance leases	473	446	916	923
Interest on short-term debt	1,040	1,213	2,233	1,911
Unwinding of discount on provisions	47	40	90	90
Total finance costs	\$ 5,633	\$ 6,064	\$ 10,751	\$ 11,345

28. EARNINGS (LOSS) PER SHARE

Details of the calculations of earnings (loss) per share are set out below:

	For the three months ended		For the six months ended	
	June 30 2018	June 30 2017	June 30 2018	June 30 2017
Profit (loss) attributable to shareholders	\$ 8,404	\$ 807	\$ (10,841)	\$ (17,539)
Interest on convertible debentures, net of tax ⁽¹⁾	2,611	2,445	4,758	4,886
Diluted net earnings (loss)	\$ 11,015	\$ 3,252	\$ (6,083)	\$ (12,653)
Average number of common shares outstanding	59,726,509	58,593,786	59,640,566	58,374,224
Effect of dilutive securities: ⁽¹⁾				
Options	-	29,164	-	30,956
Convertible debentures ⁽¹⁾	11,493,171	11,530,914	10,514,979	11,303,533
Long-term incentive plan	3,622,370	3,679,032	3,622,370	3,679,032
Weighted average number of diluted common shares outstanding	74,842,050	73,832,896	73,777,915	73,387,745
Basic earnings (loss) per share	\$ 0.14	\$ 0.01	\$ (0.18)	\$ (0.30)
Diluted earnings (loss) per share ⁽¹⁾	\$ 0.13	\$ 0.01	\$ (0.18)	\$ (0.30)

(1) When the impact of dilutive securities increases the earnings per share or decreases the loss per share, they are excluded for purposes of the calculation of diluted earnings (loss) per share.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

29. SUPPLEMENTARY CASH FLOW INFORMATION

Change in other balances relating to operations

	For the six months ended	
	June 30 2018	June 30 2017
Decrease (increase) in:		
Trade and other receivables	\$ (4,665)	\$ 74,696
Unbilled revenue	(16,448)	(180,233)
Inventories	(2,551)	2,700
Prepaid expenses	(11,638)	(4,333)
Increase (decrease) in:		
Trade and other payables	41,327	36,767
Provisions	(2,817)	(7,550)
Deferred revenue	166,091	7,636
Concession related deferred revenue	4,331	24,361
	\$ 173,630	\$ (45,956)

Cash flows from interest

	For the six months ended	
	June 30 2018	June 30 2017
Operating activities		
Cash interest paid	\$ (19,324)	\$ (8,894)
Cash interest received	2,419	448

	For the six months ended	
	June 30 2018	June 30 2017
Non-cash transactions		
Property, plant and equipment acquired and financed by finance leases	\$ 10,250	\$ 11,485

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

30. FINANCIAL INSTRUMENTS

Fair value

From time to time, the Company enters into forward contracts and other foreign exchange hedging products to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar, but does not hold or issue such financial instruments for speculative trading purposes. As at June 30, 2018, the Company had outstanding contracts to sell US\$400 (December 31, 2017 - sell US\$600) on which there was a net unrealized exchange loss of \$18 (December 31, 2017 - gain of \$11). The net unrealized exchange gain or loss represents the estimated amount the Company would have received/paid if it terminated the contracts at the end of the respective periods, and is included in other income (loss) in the consolidated statements of income.

IFRS 13, "Fair Value Measurement", enhances disclosures about fair value measurements. Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs. The first two levels are considered observable and the last unobservable. These levels are used to measure fair values as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 – Inputs, other than Level 1 inputs, that are observable for assets and liabilities, either directly or indirectly. Level 2 inputs include: quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

	As at June 30, 2018			
	Total	Level 1	Level 2	Level 3
Financial assets (liabilities) measured at fair value:				
Cash flow hedge	\$ (209)	\$ -	\$ (209)	\$ -
Financial assets (liabilities) disclosed at fair value:				
Long-term financial assets	13,969	-	13,969	-
Current portion of long-term debt	(43,251)	-	(43,251)	-
Long-term debt	(80,865)	-	(80,865)	-
Non-recourse project debt	(370,413)	-	(370,413)	-
Convertible debentures	(170,678)	(170,678)	-	-

During the six-month period ended June 30, 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Risk management

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from exposures that occur in the normal course of business and are managed on a consolidated Company basis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

Credit risk

Concentration of credit risk associated with accounts receivable, holdbacks receivable and unbilled revenue is limited by the Company's diversified customer base and its dispersion across different business and geographic areas.

As at June 30, 2018, the Company had \$74,830 in trade receivables that were past due. Of this amount, \$57,515 was over 60 days past due, against which the Company has recorded an allowance for doubtful accounts of \$1,113.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or another financial asset.

Contractual maturities for financial liabilities as at June 30, 2018 are as follows:

	Due within one year	Due between one and five years	Due after five years	Total undiscounted cash flows	Effect of interest	Carrying value
Bank indebtedness	\$ -	\$ 14,650	\$ -	\$ 14,650	\$ -	\$ 14,650
Trade and other payables	\$ 663,835	\$ 900	\$ -	\$ 664,735	\$ -	\$ 664,735
Finance leases	\$ 23,954	\$ 48,579	\$ 4,784	\$ 77,317	\$ (4,665)	\$ 72,652
Equipment and other loans	20,228	29,715	2,635	52,578	(2,248)	50,330
	44,182	78,294	7,419	129,895	(6,913)	122,982
Non-recourse project debt	22,142	93,129	651,514	766,785	(396,372)	370,413
Convertible debentures	173,670	-	-	173,670	(6,543)	167,127
Long-term financial liabilities	\$ 239,994	\$ 171,423	\$ 658,933	\$ 1,070,350	\$ (409,828)	\$ 660,522

Interest rate risk

The Company is exposed to interest rate risk on its short-term deposits and its long-term debt to the extent that its investments or credit facilities are based on floating rates of interest.

For the six months ended June 30, 2018, a 1% increase or a 1% decrease in interest rates applied to the Company's variable rate long-term debt would not have a significant impact on net earnings or comprehensive income.

Currency risk

The Company operates internationally and is exposed to risk from changes in foreign currency rates. The Company is mainly exposed to fluctuations in the US dollar.

The Company's sensitivity to a 10% change in the US dollar against the Canadian dollar as at June 30, 2018 to profit or loss for currency exposures would be \$4,321. The sensitivity analysis includes foreign currency denominated monetary items but excludes all investments in joint ventures and hedges and adjusts their translation at year-end for the above 10% change in foreign currency rates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(in thousands of Canadian dollars, except per share amounts) (unaudited)

31. CAPITAL DISCLOSURES

For capital management purposes, the Company defines capital as the aggregate of its shareholders' equity and debt. Debt includes the current and non-current portions of long-term debt (excluding non-recourse debt) and the current and non-current long-term debt components of convertible debentures.

Although the Company monitors capital on a number of bases, including liquidity and working capital, debt (excluding non-recourse debt and drawings on the Company's credit facility presented as bank indebtedness) as a percentage of total capitalization (debt to capitalization percentage) is considered to be the most important metric in measuring the strength and flexibility of its consolidated balance sheets. As at June 30, 2018, the debt to capitalization percentage including convertible debentures as debt was 28% (December 31, 2017 - 28%). If the convertible debentures were to be excluded from debt and added to equity on the basis that they could be redeemed for equity, either at the Company's option or at the holder's option, then the adjusted debt to capitalization percentage would be 12% as at June 30, 2018 (December 31, 2017 - 13%). While the Company believes this debt to capitalization percentage is acceptable, because of the cyclical nature of its business, the Company will continue its current efforts to maintain a conservative capital position.

As at June 30, 2018, the Company complied with all of its financial debt covenants.

32. OPERATING SEGMENTS

Segment reporting is based on the Company's divisional operations. The breakdown by division mirrors the Company's internal reporting systems.

Commencing in 2018, the Company's previous Energy and Mining segments were combined into an Industrial segment to align with the Company's new operating management structure, and to build on the "One Aecon" business strategy to capitalize on and combine the strengths and synergies of the Aecon group. Prior year comparative figures have been restated to conform to the presentation adopted in the current year.

The Company currently operates in three principal segments within the construction and infrastructure development industry: Infrastructure, Industrial and Concessions.

The Infrastructure segment includes all aspects of the construction of both public and private infrastructure, primarily in Canada, and on a selected basis, internationally.

The Industrial segment encompasses a full suite of service offerings, primarily to the energy and mining markets including conventional industrial construction and manufacturing activities such as in-plant construction, site construction, fabrication, module assembly and contract mining. The Industrial segment offers turnkey services consolidating the Company's industrial and manufacturing capabilities and services across Canada, with a focus on delivering construction services that span the scope of a project's life cycle from site preparation, overburden removal, and resource extraction to processing and environmental reclamation.

Activities within the Concessions segment include the development, financing, construction and operation of infrastructure projects by way of build-operate-transfer, build-own-operate-transfer and other public-private partnership contract structures.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

For the three months ended June 30, 2018					
	Infrastructure	Industrial	Concessions	Other and eliminations	Total
Statement of income					
External customer revenue	\$ 286,668	\$ 415,473	\$ 52,632	\$ -	\$ 754,773
Inter-segment revenue	33,747	4,672	-	(38,419)	-
Total revenue	320,415	420,145	52,632	(38,419)	754,773
Expenses	\$ (308,308)	\$ (419,314)	\$ (45,309)	\$ 28,328	\$ (744,603)
Which include:					
Depreciation and amortization	(5,304)	(12,506)	(7,632)	56	(25,386)
Other income (loss):					
Foreign exchange gain (loss)	\$ (193)	\$ 626	\$ (225)	\$ 135	\$ 343
Gain (loss) on sale of property, plant and equipment	396	(304)	-	-	92
Income from projects accounted for using the equity method	\$ 665	\$ 98	\$ 1,447	\$ -	\$ 2,210
Operating profit (loss)	\$ 12,975	\$ 1,251	\$ 8,545	\$ (9,956)	\$ 12,815
Finance income (cost):					
Finance income					\$ 249
Finance cost					(5,633)
Profit before income taxes					\$ 7,431
Income tax recovery					973
Profit for the period					\$ 8,404
Revenue by contract type					
Lump sum	\$ 188,318	\$ 65,029	\$ 52,498	\$ (29,979)	\$ 275,866
Cost plus/unit price	132,097	355,116	134	(8,440)	478,907
Total revenue	320,415	420,145	52,632	(38,419)	754,773
Revenue by service type					
Construction revenue	\$ 320,415	\$ 420,145	\$ -	\$ (8,509)	\$ 732,051
Concession revenue	-	-	52,632	(29,910)	22,722
Total revenue	320,415	420,145	52,632	(38,419)	754,773
Balance sheet					
Segment assets	\$ 825,158	\$ 1,391,785	\$ 631,681	\$ (141,464)	\$ 2,707,160
Which include:					
Projects accounted for using the equity method	19,575	805	13,432	-	33,812
Segment liabilities	\$ 694,873	\$ 475,745	\$ 527,185	\$ 265,414	\$ 1,963,217
Additions to non-current assets:					
Property, plant and equipment	\$ 7,288	\$ 9,225	\$ 112	\$ 193	\$ 16,818
Intangible assets	\$ -	\$ -	\$ 29,509	\$ 798	\$ 30,307

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

For the six months ended June 30, 2018					
	Infrastructure	Industrial	Concessions	Other and eliminations	Total
Consolidated Statements of Income					
External customer revenue	\$ 420,119	\$ 794,078	\$ 83,901	\$ -	\$ 1,298,098
Inter-segment revenue	52,938	7,154	-	(60,092)	-
Total revenue	473,057	801,232	83,901	(60,092)	1,298,098
Expenses	\$ (481,285)	\$ (793,476)	\$ (74,928)	\$ 37,802	\$ (1,311,887)
Which include:					
Depreciation and amortization	(10,060)	(27,022)	(11,997)	(53)	(49,132)
Other income (loss):					
Foreign exchange gain (loss)	\$ (430)	\$ 1,422	\$ (310)	\$ 268	\$ 950
Gain (loss) on sale of property, plant and equipment	807	(415)	-	-	392
Income from projects accounted for using the equity method	\$ 156	\$ 98	\$ 2,802	\$ -	\$ 3,056
Operating profit (loss)	\$ (7,695)	\$ 8,861	\$ 11,465	\$ (22,022)	\$ (9,391)
Finance income (cost):					
Finance income					\$ 452
Finance costs					(10,751)
Loss before income taxes					\$ (19,690)
Income tax recovery					8,849
Loss for the period					\$ (10,841)
Revenue by contract type					
Lump sum	\$ 314,260	\$ 121,806	\$ 83,582	\$ (47,928)	\$ 471,720
Cost plus/unit price	158,797	679,426	319	(12,164)	826,378
Total revenue	473,057	801,232	83,901	(60,092)	1,298,098
Revenue by service type					
Construction revenue	\$ 473,057	\$ 801,232	\$ -	\$ (12,235)	\$ 1,262,054
Concession revenue	-	-	83,901	(47,857)	36,044
Total revenue	473,057	801,232	83,901	(60,092)	1,298,098
	Infrastructure	Industrial	Concessions	Other and eliminations	Total
Consolidated Balance Sheets					
Additions to non-current assets:					
Property, plant and equipment	\$ 8,514	\$ 17,310	\$ 164	\$ 193	\$ 26,181
Intangible assets	\$ -	\$ -	\$ 46,305	\$ 798	\$ 47,103

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

For the three months ended June 30, 2017					
	Infrastructure	Industrial	Concessions	Other and eliminations	Total
Statement of income					
External customer revenue	\$ 209,766	\$ 439,053	\$ 37,345	\$ -	\$ 686,164
Inter-segment revenue	27,611	2,615	-	(30,226)	-
Total revenue	237,377	441,668	37,345	(30,226)	686,164
Expenses	\$ (235,381)	\$ (434,759)	\$ (34,166)	\$ 20,225	\$ (684,081)
Which include:					
Depreciation and amortization	(5,081)	(10,759)	(8,307)	(281)	(24,428)
Other income (loss):					
Foreign exchange gain (loss)	\$ 161	\$ 1,227	\$ 193	\$ (192)	\$ 1,389
Gain (loss) on sale of property, plant and equipment	321	(553)	-	2	(230)
Income from projects accounted for using the equity method	\$ 1,042	\$ -	\$ 1,056	\$ -	\$ 2,098
Operating profit (loss)	\$ 3,520	\$ 7,583	\$ 4,428	\$ (10,191)	\$ 5,340
Finance income (cost):					
Finance income					\$ 143
Finance cost					(6,064)
Loss before income taxes					\$ (581)
Income tax recovery					1,388
Profit for the period					\$ 807
Revenue by contract type					
Lump sum	\$ 122,395	\$ 16,128	\$ 37,344	\$ (18,090)	\$ 157,777
Cost plus/unit price	114,982	425,540	1	(12,136)	528,387
Total revenue	237,377	441,668	37,345	(30,226)	686,164
Revenue by service type					
Construction revenue	\$ 237,377	\$ 441,668	\$ -	\$ (13,694)	\$ 665,351
Concession revenue	-	-	37,345	(16,532)	20,813
Total revenue	237,377	441,668	37,345	(30,226)	686,164
	Infrastructure	Industrial	Concessions	Other and eliminations	Total
Balance sheet					
Segment assets	\$ 712,536	\$ 1,143,227	\$ 584,307	\$ 146,107	\$ 2,586,177
Which include:					
Projects accounted for using the equity method	24,470	2,220	2,915	-	29,605
Segment liabilities	\$ 492,030	\$ 487,549	\$ 499,363	\$ 390,879	\$ 1,869,821
Additions to non-current assets:					
Property, plant and equipment	\$ 6,331	\$ 11,803	\$ -	\$ 464	\$ 18,598
Intangible assets	\$ -	\$ -	\$ 4,817	\$ 723	\$ 5,540

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

For the six months ended June 30, 2017					
	Infrastructure	Industrial	Concessions	Other and eliminations	Total
Consolidated Statements of Income					
External customer revenue	\$ 320,374	\$ 966,739	\$ 73,917	\$ -	\$ 1,361,030
Inter-segment revenue	68,749	5,621	-	(74,370)	-
Total revenue	389,123	972,360	73,917	(74,370)	1,361,030
Expenses	\$ (407,292)	\$ (950,027)	\$ (72,290)	\$ 52,394	\$ (1,377,215)
Which include:					
Depreciation and amortization	(9,759)	(25,010)	(10,148)	(156)	(45,073)
Other income (loss):					
Foreign exchange gain (loss)	\$ 280	\$ 2,500	\$ 79	\$ (319)	\$ 2,540
Gain (loss) on sale of property, plant and equipment	640	(1,938)	-	2	(1,296)
Income from projects accounted for using the equity method	\$ 968	\$ -	\$ 2,012	\$ -	\$ 2,980
Operating profit (loss)	\$ (16,281)	\$ 22,895	\$ 3,718	\$ (22,293)	\$ (11,961)
Finance income (cost):					
Finance income					\$ 448
Finance costs					(11,345)
Loss before income taxes					\$ (22,858)
Income tax recovery					5,319
Loss for the period					\$ (17,539)
Revenue by contract type					
Lump sum	\$ 232,841	\$ 32,192	\$ 73,916	\$ (51,466)	\$ 287,483
Cost plus/unit price	156,282	940,168	1	(22,904)	1,073,547
Total revenue	389,123	972,360	73,917	(74,370)	1,361,030
Revenue by service type					
Construction revenue	\$ 389,123	\$ 972,360	\$ -	\$ (24,765)	\$ 1,336,718
Concession revenue	-	-	73,917	(49,605)	24,312
Total revenue	389,123	972,360	73,917	(74,370)	1,361,030
	Infrastructure	Industrial	Concessions	Other and eliminations	Total
Consolidated Balance Sheet					
Additions to non-current assets:					
Property, plant and equipment	\$ 8,729	\$ 19,163	\$ -	\$ 470	\$ 28,362
Intangible assets	\$ -	\$ -	\$ 169,772	\$ 1,393	\$ 171,165

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

33. REMAINING PERFORMANCE OBLIGATIONS

Backlog (i.e remaining performance obligations) means the total value of work that has not yet been completed that: (a) has a high certainty of being performed as a result of the existence of an executed contract or work order specifying job scope, value and timing; or (b) has been awarded to the company, as evidenced by an executed binding letter of intent or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract in respect of such work is reasonably assured. Operations and maintenance (“O&M”) activities are provided under contracts that can cover a period of up to 30 years. In order to provide information that is comparable to the backlog of other categories of activity, the Company limits backlog for O&M activities to the earlier of the contract term and the next five years.

Reported backlog as at June 30, 2018 of \$6,443,350 compares to backlog of \$4,365,440 as at June 30, 2017. New contract awards of \$2,584,000 and \$3,494,000 were booked in the second quarter and year-to-date 2018, respectively, compared to \$686,000 and \$1,522,000 in the same periods in 2017.

Backlog	As at June 30	
	2018	2017
Infrastructure	\$ 3,967,708	\$ 2,033,507
Industrial	2,454,495	2,317,448
Concessions	21,147	14,485
Consolidated	\$ 6,443,350	\$ 4,365,440

Backlog duration, representing the expected period during which backlog on hand will be converted into revenue, is set out in the table below:

Estimated backlog duration	As at June 30			
	2018		2017	
Next 12 months	\$ 2,007,935	31%	\$ 1,432,400	33%
Next 13-24 months	1,292,998	20%	880,340	20%
Beyond	3,142,417	49%	2,052,700	47%
	\$ 6,443,350	100%	\$ 4,365,440	100%

The Company does not report as backlog the significant number of contracts and arrangements in hand where the exact amount of work to be performed cannot be reliably quantified or where a minimum number of units at the contract specified price per unit is not guaranteed. Examples include time and material and some cost-plus and unit priced contracts where the extent of services to be provided is undefined or where the number of units cannot be estimated with reasonable certainty. Other examples include the value of construction work managed under construction management advisory contracts, concession agreements, multi-year operating and maintenance service contracts where the value of the work is not specified, supplier of choice arrangements and alliance agreements where the client requests services on an as-needed basis. None of the expected revenue from these types of contracts and arrangements is included in backlog. Therefore, the Company’s contractual future work to be performed at any given time is greater than what is reported as backlog.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(in thousands of Canadian dollars, except per share amounts) (unaudited)

Reported backlog includes the revenue value of backlog that relates to projects that are accounted for using the equity method. The equity method reports a single amount (revenue less expenses) on the Company's consolidated statement of income, and as a result the revenue component of backlog for these projects is not included in the Company's reported revenue. As at June 30, 2018, reported backlog from projects that are accounted for using the equity method was \$nil (June 30, 2017 - \$520).

INVESTOR RELATIONS INQUIRIES

EMAIL ir@aecon.com

MEDIA RELATIONS INQUIRIES

EMAIL corpaffairs@aecon.com

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc.

PHONE 514 982 7555

TOLL FREE 1 800 564 6253

EMAIL service@computershare.com

Cover: John Hart Generating Station
Campbell River, British Columbia



AECON GROUP INC.

AECON.COM

AECON EAST HEADQUARTERS

20 Carlson Court, Suite 800
Toronto, Ontario M9W 7K6

PHONE 416 297 2600
TOLL FREE 1 877 232 2677
EMAIL aecon@aecon.com

AECON WEST HEADQUARTERS

110 9th Avenue SW, Suite 300
Calgary, Alberta T2P 0T1

PHONE 403 695 3085
TOLL FREE 1 800 787 5008
EMAIL aecon@aecon.com

AECON PACIFIC HEADQUARTERS

1055 Dunsmuir Street
Four Bentall Centre, Suite 2124
Vancouver, BC V7X 1G4

PHONE 604 235 1398
EMAIL aecon@aecon.com

AECON

