Aecon Group Inc. | Second Quarter Report 2001

Six months ended June 30, 2001

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Report to Shareholders

I am pleased to report on the financial results of Aecon Group Inc. for the second quarter of fiscal 2001. This is the first report I've made to you under our new corporate identity – Aecon and I am very proud to open this new chapter in the history of our predecessor companies, Armbro and BFC.

You will find detailed financial information in the attached Management Discussion and Analysis and financial statements. Here I would like to focus on some of the key highlights and results achieved this quarter.

Aecon continues to produce strong revenue growth with particularly solid results in our Industrial and Utilities divisions, our operations in Israel and at our subsidiary Innovative Steam Technologies. This strong revenue growth and improved margins have contributed to increased operating income this quarter over the second quarter last year. At the same time, higher marketing, general and administrative expenses ("M,G&A") and increased interest and income tax expenses resulted in reduced net income this quarter over the second quarter last year.

The increased M,G&A expenses are due primarily to planned investment in future growth, including the establishment of several new business locations, the strengthening of our senior management team and the pursuit of new strategic initiatives. While Aecon's M,G&A expense to revenue ratio is expected to decline by year end, we believe this planned investment in future growth will help place the company on even firmer footing over the months and years to come.

During the quarter, Aecon achieved a significant expansion of its aggregates business with the acquisition from Blue Circle Canada Inc. of all the production rights at a limestone quarry in Ottawa and 50% of the production rights at a major sand and gravel source in Caledon, Ontario. We have also established a joint venture with Lafarge Canada Inc. to operate the Caledon site and launched a second sand and gravel operation in Caledon known as the Pinchin Pit. This is important to the company because it further develops Aecon's vertical integration and helps to secure an inexpensive source of one of the primary road building materials for our operations in Ontario.

An important part of Aecon's success over the past century is our industry-leading safety record. Earlier this year, a safety audit conducted by the Construction Safety Association of Ontario gave Aecon a rating of 99.2%, the highest rating ever given in the construction industry. This is an important achievement for our company and is one of the reasons why Aecon ranks among the most desirable employers in the industry.

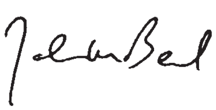
Contract awards in the first six months of this year totalled $501 million, a significant increase from the same period last year. Awards in the second quarter include:

- retrofit of the office buildings and retail concourse at the Hudson's Bay Centre in Toronto;
- construction of the Silver Creek Casino, a gaming, dining and entertainment facility near Ferndale, Washington;
- installation of a welding shop platform, including structural steel, piping and electrical components at Honda's manufacturing plant in Alliston, Ontario;
- repair and resurfacing of Highways 101 and 129 near Chapleau, Ontario; and
- design and supply of two once-through steam generators for AES Corporation in Walla Walla, Washington.

Due to these and other new business awards, Aecon's backlog of contracts continues strong at over $1 billion.

Our plan to expand our business within virtually all construction sectors has generated strong growth and made Aecon the most diversified construction company in Canada. Based upon the results of the first six months of the year, Aecon continues to anticipate revenue growth throughout 2001.

On behalf of the Board of Directors,



John M. Beck, Chaiman and Chief Executive Officer
August 10, 2001

The following discussion and analysis of Aecon's consolidated financial condition and results of operations should be read in conjunction with the Company's Interim Consolidated Financial Statements and Notes.

Results of Operations

The construction industry in Canada is seasonal in nature due to weather conditions, with less work performed in the winter and early spring months. Accordingly, the Company experiences a seasonal pattern in its operating results with the first quarter of the year typically reflecting the lowest revenue as well as operating losses. Results in any one quarter are therefore not indicative of results in any other quarter or for the year.

Revenues

Revenues for the three months ended June 30, 2001 were $258.9 million, an increase of $23.2 million or 9.8% over the same period last year. For the six months, revenues were $447.2 million, an increase of $38.0 million or 9.3% over 2000.

Construction Operations revenues rose by $34.1 million or 16.8% in the second quarter and $55.0 million or 15.9% for the year-to-date. This was due to strong gains in roadbuilding operations, utility and industrial construction and services, and construction of once-through steam generators. Contributing to the gains within these sectors were a strong demand for Aecon products and services as well as favourable spring weather conditions in Ontario allowing for uninterrupted activity in its civil and utilities construction operations.

Infrastructure Development revenues declined by $10.9 million or 33.4% in the second quarter and by $17.0 million or 27.2% for the first six months. The decrease is the result of the near completion of the Sky Train rapid transit system project in Vancouver, in which the company participates through its 40% interest in the SAR Joint Venture. Revenues from this project were $24.6 million lower than last year in the quarter and $39.9 million less for the six-month period. This reduction in SAR Joint Venture revenues was only partially offset by increased revenue from the Cross Israel Highway project which was still at an early stage of construction at this time in 2000.

Gross Margin

Gross margin, which represents revenues less costs and expenses (before marketing, general and administration costs and depreciation and amortization), amounted to $22.6 million in the second quarter – an increase of $9.4 million or 71.1% over the same period of 2000. Included in last year's results for the second quarter was a $15 million charge related to losses on the Sky Train rapid transit system project in Vancouver and a $9.7 million gain representing the recovery of advances, which had been previously written off, to the joint venture building the Nathpa Jhakri Hydro Electric Project in northern India. Exclusive of these two items, the improvement over last year was $4.1 million or 22.0%. For the six months to June 30 gross margin was $38.2 million, representing an improvement of $17.0 million or 80.3% over 2000 ($11.7 million or 44.2% exclusive of the two above noted items).

The following table shows the gross margin by operating segment for the second quarter and six-month period of 2001 and 2000 both before and after these items.

Construction Operations

$ millions	Three months ended June 30		Six months ended June 30	
	2001	2000	2001	2000
Gross margin before undernoted	$ 20.1	$ 17.6	$ 33.3	$ 23.3
Recovery of India advances		9.7		9.7
Gross margin for period	$ 20.1	$ 27.3	$ 33.3	$ 33.0

Infrastructure Development

	Three months ended June 30		Six months ended June 30	
	2001	2000	2001	2000
Gross margin before undernoted	$ 2.5	$ 0.8	$ 4.9	$ 3.2
Provision related to Sky Train project		(15.0)		(15.0)
Gross margin for period	$ 2.5	$ (14.2)	$ 4.9	$ (11.8)

Exclusive of the recovery of advances in 2000, gross margin from Construction Operations improved $2.5 million or 14.2% in the quarter and $10.0 million or 42.9% year-to-date. The largest improvement in gross margin, both for the quarter and six months, was generated by the company's Innovative Steam Technologies division, which manufactures once-through steam generators that are used to generate electrical power. Demand for this product has been exceptional and its sales are expected to be almost triple that of 2000. Gross margin from utility and industrial construction and services was also stronger than 2000.

Within Infrastructure Development, excluding last year's Sky Train project provision, gross margin increased by $1.7 million in both the quarter and six months periods. Higher contribution from the Cross Israel Highway project accounts for the improvement.

Marketing, General and Administrative Expenses ("M,G&A")

Marketing, general and administration expenses increased by $8.8 million in the second quarter and $14.1 million for the six-month period. In the second quarter these costs represented 6.8% of revenue compared to 3.7% in the second quarter last year. For the six-month period M,G&A represented 7.5% of revenue versus 4.7% for the same period in 2000. The increases are the result of the combined effect of increasing sales volumes and restructuring initiatives designed to poise Aecon for profitable future growth. During the year, in addition to the significant strengthening of the senior management team, Aecon has created or expanded a number of administrative offices, particularly to support the newly combined civil construction group as it develops its new market positioning. The Company also expanded its industrial fabrication facilities to support continued growth in this business and established a central unit devoted to Infrastructure Development. Finally, Aecon's recent re-branding initiative, as well as some termination costs resulting from the strengthening of the management team, generated additional non-recurring costs. Overall, although the current M,G&A to revenue ratio remains within both historical and industry norms, management expects this ratio to decrease as its investment in M,G&A generates growth in revenue.

Depreciation and Amortization

Depreciation and amortization expense amounted to $2.6 million in the second quarter and $4.2 million for the six months ended June 30, 2001. The amounts were $0.6 million and $0.9 million lower than the respective periods of 2000. The decreases are a result of assets employed in the Sky Train rapid transit system project in Vancouver being fully amortized.

Operating Income

Operating income before interest and income taxes amounted to $2.4 million in the second quarter, which was an increase of $1.1 million or 84.6% over 2000. For the six months, an operating loss of $0.4 million in 2001 compares to a loss of $2.9 million last year.

Interest

Interest expense, net of interest income, amounted to $1.0 million in the second quarter and $2.0 million for the six months. In the second quarter of 2000, $2.9 million of interest income was received along with the repayment of advances by the joint venture building the Nathpa Jhakri Hydro Electric project. As a result, net interest expense was higher this year by $2.7 million in the quarter and $2.5 million for the six-month period.

Income Taxes

The effective rate of income tax in the quarter was 41.1% and for the six months was 44.9%. These rates reflect the normal impact of differing rates in the various jurisdictions in which the company operates and the effect of differences between tax and accounting income. Last year, because of the benefit from reversing excess income tax reserves, income taxes were much lower than normal – by $2.3 million in the second quarter and $1.3 million for the six months.

Net Income (Loss)

For the second quarter the company had net income of $0.8 million ($0.04 per share) compared to net income of $4.0 million ($0.22 per share) in 2000 and for the six months had a loss of $1.3 million ($0.07 per share) compared to a loss of $0.1 million ($0.01 per share) last year. The impact of income taxes noted above was a significant factor in these declines.

As described in Note 3 to the Consolidated Financial Statements, the Company adopted the new recommendations of The Canadian Institute of Chartered Accountants for Interim Financial Statements. Accordingly, standard cost variances that are planned and expected to reverse are deferred. At June 30, 2001, an amount of $2.5 million ($2.2 million in 2000) of actual costs in excess of standard was deferred. This deferral will reverse in the third quarter and for the full year there will be no impact on earnings from adoption of this accounting policy.

Financial Condition, Liquidity and Capital Resources

Net borrowings at June 30, 2001 of $26.6 million were $1.9 million higher than at the end of the first quarter and $3.9 million higher than December 31, 2000. The components of net borrowings are as follows (millions):

	June 30, 2001	March 31, 2001	December 31, 2000
Bank indebtedness	$ 57.2	$ 54.1	$ 34.8
Current portion of long-term debt	8.1	8.1	8.2
Long-term debt	29.0	29.1	28.6
Convertible debenture	9.1	9.1	9.0
Total interest bearing debt	103.4	100.4	80.6
Less cash and equivalents	76.8	75.7	57.9
Net borrowings	$ 26.6	$ 24.7	$ 22.7

Of the total bank indebtedness, $18.3 million represents the Company's proportionate share of joint venture indebtedness (compared to $17.8 million at December 31, 2000). From the end of 2000, cash and equivalents have grown by $18.9 million, while total interest bearing debt has increased $22.8 million. The increase in cash represents Aecon's proportionate share of cash held by joint ventures that is therefore not immediately accessible to the Company. The increase in total interest bearing debt for the six-month period was financed through Aecon's general operating lines to the extent of $22.3 million, with the balance representing an increase in Aecon's proportionate share of joint venture indebtedness.

For the second quarter, cash and cash equivalents increased by $1.0 million which compares with a decrease of $34.3 million for the same quarter of 2000. Most of this year over year change for the quarter relates to financing activities as there was a net repayment of debt of $26.2 million in the second quarter last year compared to an increase in debt of $2.3 million in 2001. For the six-month period ended June 30, 2001, the increase in cash and cash equivalents was $18.9 million versus a decline of $39.4 million last year. The period over period difference is $58.3 million, of which $54.7 million is due to a net repayment of debt in 2000 versus increased borrowing in 2001.

During the quarter, the Company negotiated an increase of $20 million in its bank operating lines of credit in order to support higher working capital requirements during the summer and early fall months. With this increased accommodation in place, management believes that its current cash and credit resources are sufficient to meet its operating requirements. The operating credit facilities are scheduled for annual renewal and renegotiation in October 2001.

Outlook

Aecon's backlog of work as at June 30, 2001 was $1.083 billion and remains at near record and highly satisfactory levels.

The financial performance of Aecon's Construction Operations segment is expected to remain strong through the balance of the year, with utilities and buildings construction activities, as well as Innovative Steam Technologies, generating strong year over year growth in revenue and margins.

Our Infrastructure Development operations are benefiting from strong performance of the toll highway project in Israel. These strong results are being negatively impacted by Aecon Infrastructure's reduced activity as its Sky Train Rapid Transit project in Vancouver, British Columbia is completed and as the Gdansk Grain Terminal project in Poland continues to be delayed while restructuring and financing efforts continue.

The company continues to work toward a restructuring of the Gdansk Grain Terminal project in which it has a net investment of approximately $13 million. While progress is being made, the process continues to be very challenging and the ultimate results cannot be predicted at this time.

Forward Looking Information

In various places in Management's Discussion and Analysis and in other sections of this document, Management's expectations regarding future performance of the Company was discussed. These "forward-looking" statements are based on currently available competitive, financial and economic data and operating plans, but are subject to risks and uncertainties. Forward-looking statements include information concerning possible or assumed future results of operations or financial position of Aecon, as well as statements preceded by, followed by, or that include the words "believes", "expects", "anticipates", "estimates", "projects", "intends", "should" or similar expressions. Important factors, in addition to those discussed in this document, could affect the future results of Aecon and could cause those results to differ materially from those expressed in any forward-looking statements.

Interim Consolidated Balance Sheets

(in thousands of dollars) (unaudited)

	June 30, 2001	December 31, 2000
Assets		
Current Assets		
Cash and cash equivalents	$ 76,767	$ 57,911
Accounts receivable	166,186	178,380
Holdbacks receivable	30,323	34,378
Deferred contract costs and unbilled revenue	91,111	72,624
Inventories	8,207	7,322
Income taxes recoverable	529	2,257
Prepaid expenses	5,830	6,765
Future income tax assets	34,836	30,965
Assets held for sale	2,708	2,410
	416,497	393,012
Capital assets	107,834	103,145
Future income tax assets	12,444	12,444
Other assets	15,518	17,163
	$ 552,293	$ 525,764

	June 30, 2001	December 31, 2000
Liabilities		
Current liabilities		
Bank indebtedness	$ 57,233	$ 34,749
Accounts payable and accrued liabilities	187,713	172,752
Dividends payable		1,798
Holdbacks payable	17,826	27,395
Deferred revenue	91,065	88,769
Income taxes payable	2,252	2,249
Future income tax liabilities	48,232	48,232
Current portion of long-term debt	8,061	8,203
	412,382	384,147
Long-term debt	28,962	28,631
Other liabilities	2,149	3,206
Future income tax liabilities	7,656	7,656
	451,149	423,640
Redeemable preferred shares of subsidiary	6,000	6,000
Convertible debenture	9,112	9,030
	466,261	438,670
Shareholders' Equity		
Capital stock (note 4)	33,697	33,402
Convertible debenture	1,075	1,075
Retained earnings	51,260	52,617
	86,032	87,094
	$ 552,293	$ 525,764

Approved by the Board,

John M. Beck, Director

Scott C. Balfour, Director

Interim Consolidated Statements of Operations and Retained Earnings

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

Three months ended June 30	2001	2000 (as restated note 3)
Revenues	$ 258,904	$ 235,726
Costs and expenses	236,352	222,545
Marketing, general and administrative expenses	17,648	8,827
Depreciation and amortization	2,578	3,147
Gain on sale of capital assets and investments	(56)	(83)
	256,522	234,436
Operating income before interest and income taxes	2,382	1,290
Interest expense (income), net	1,033	(1,682)
Income before income taxes	1,349	2,972
Income taxes		
Current	2,304	2,697
Future	(1,749)	(3,772)
	555	(1,075)
Net income for the period	794	4,047
Retained earnings – beginning of period	50,466	39,729
Retained earnings – end of period	$ 51,260	$ 43,776
Earnings per share (notes 3 and 4)		
Basic	$ 0.04	$ 0.22
Fully diluted	$ 0.04	$ 0.22
Average number of shares outstanding		
Basic	17,935,336	17,986,882
Fully diluted	21,198,372	18,751,281

Interim Consolidated Statements of Operations and Retained Earnings

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

Six months ended June 30	2001	2000 (as restated note 3)
Revenues	$ 447,222	$ 409,181
Costs and expenses	409,064	388,017
Marketing, general and administrative expenses	33,520	19,412
Depreciation and amortization	4,201	5,140
Loss (gain) on sale of capital assets and investments	837	(457)
	447,622	412,112
Operating loss before interest and income taxes	(400)	(2,931)
Interest expense (income), net	2,034	(501)
Loss before income taxes	(2,434)	(2,430)
Income taxes		
Current	2,779	2,113
Future	(3,871)	(4,468)
	(1,092)	(2,355)
Net loss for the period	(1,342)	(75)
Retained earnings – beginning of period	52,617	37,935
Change in accounting for income taxes		6,031
Common shares purchased in excess of carrying amount (note 4)	(15)	(115)
Retained earnings – end of period	$ 51,260	$ 43,776
Loss per share (notes 3 and 4)		
Basic	$ (0.07)	$ (0.01)
Fully diluted	$ (0.07)	$ (0.01)
Average number of shares outstanding		
Basic	17,929,905	14,157,920
Fully diluted	20,951,857	14,918,658

Interim Consolidated Statements of Cash Flows

(in thousands of dollars) (unaudited)

Three months ended June 30	2001	2000 (as restated note 3)
Cash provided by (used in):		
Operating activities		
Net income for the period	$ 794	$ 4,047
Items not affecting cash –		
Depreciation and amortization	2,578	3,147
Gain on sale of capital assets and investments	(56)	(83)
Notional interest representing accretion	41	
Future income taxes	(1,749)	(3,772)
	1,608	3,339
Change in other balances relating to operations (note 5)	2,855	(5,803)
	4,463	(2,464)
Investing activities		
Purchase of capital assets	(5,387)	(6,772)
Proceeds on sale of capital assets and investments	255	690
Proceeds on disposition of assets held for sale		361
(Increase) decrease in other assets	(334)	185
	(5,466)	(5,536)
Financing activities		
Increase in bank indebtedness	3,091	13,482
Issuance of long-term debt	479	1,945
Repayments of long-term debt	(1,258)	(41,625)
Decrease in other liabilities	(605)	(146)
Issuance of capital stock	324	
	2,031	(26,344)
Increase (decrease) in cash and cash equivalents	1,028	(34,344)
Cash and cash equivalents – beginning of period	75,739	95,832
Cash and cash equivalents – end of period	$ 76,767	$ 61,488

Interim Consolidated Statements of Cash Flows

(in thousands of dollars) (unaudited)

Six months ended June 30	2001	2000 (as restated note 3)
Cash provided by (used in):		
Operating activities		
Net loss for the period	$ (1,342)	$ (75)
Items not affecting cash –		
Depreciation and amortization	4,201	5,140
Loss (gain) on sale of capital assets and investments	837	(457)
Notional interest representing accretion	82	
Future income taxes	(3,871)	(4,468)
	(93)	140
Change in other balances relating to operations (note 5)	6,936	4,604
	6,843	4,744
Investing activities		
Purchase of capital assets	(6,587)	(11,305)
Proceeds on sale of capital assets and investments	1,123	1,521
Proceeds on disposition of assets held for sale		675
Decrease in other assets	185	28
	(5,279)	(9,081)
Financing activities		
Increase in bank indebtedness	22,484	11,621
Issuance of long-term debt	479	12,769
Repayments of long-term debt	(3,096)	(59,182)
Decrease in other liabilities	(1,057)	(211)
Dividends paid	(1,798)	
Repurchase of capital stock (note 4)	(44)	(125)
Issuance of capital stock	324	
	17,292	(35,128)
Increase (decrease) in cash and cash equivalents	18,856	(39,465)
Cash and cash equivalents – beginning of period	57,911	100,953
Cash and cash equivalents – end of period	$ 76,767	$ 61,488

1 CHANGE OF NAME

Effective June 18, 2001, the Company changed its name from Armbro Enterprises Inc. to Aecon Group Inc.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using the same accounting policies as set out in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2000, and should be read in conjunction with those statements. Certain comparative amounts have been restated to conform to the current period's presentation as described in note 3.

3 ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2001 the Company adopted the new recommendations of The Canadian Institute of Chartered Accountants for Interim Financial Statements. In accordance with these recommendations, differences between actual and standard costs in an interim period, which are planned and expected to be absorbed by the end of the year, are deferred at the end of the interim period. At June 30, 2001, standard cost variances amounting to $2,492 (2000 - $2,203), representing actual costs in excess of standard, were deferred and included in Deferred contract costs and unbilled revenue on the balance sheets. These recommendations have been adopted retroactively and, accordingly, operating results for the three months and six months ended June 30, 2000 have been restated. The effect, after income taxes, of adoption of this new accounting policy is to increase earnings for the three months ended June 30, 2001 by $77 (2000 - $70). These increases in net income had an insignificant impact on earnings per share in both periods. The effect of the accounting policy change for the six months ended June 30, 2001 is to reduce the net loss by $1,420 (2000 - $1,256) or $0.08 per share (2000 - $0.08). This change in accounting for interim financial statements will have no impact on the Company's annual financial statements.

Effective December 31, 2000, the Company, on a retroactive basis, changed its method of calculating earnings per share to the new recommendations of The Canadian Institute of Chartered Accountants. Under the new method, the Company's diluted earnings per share are determined using the treasury stock method for the effect of outstanding share options and the dilution impact of the convertible debenture at the stated conversion price.

4 CAPITAL STOCK

	2001		2000	
	Shares	Amount	Shares	Amount
Authorized – unlimited common shares				
Balance – January 1	17,936,682	$ 33,402	9,283,085	$ 2,068
Common shares issued on the conversion of convertible debenture			8,744,197	31,479
Common shares repurchased pursuant to Normal Course Issuer Bids	(15,500)	(29)	(40,400)	(10)
Balance – March 31	17,921,182	33,373	17,986,882	33,537
Common shares issued on exercise of options	92,067	324		
Balance – June 30	18,013,249	$ 33,697	17,986,882	$ 33,537

During the six months ended June 30, 2001 the Company repurchased 15,500 (2000 - 40,400) of its common shares on the open market pursuant to the terms and conditions of Normal Course Issuer Bids at a net cost of $44 (2000 - $125). The amount in excess of the carrying value of the common shares was charged to retained earnings. All shares repurchased by the Company pursuant to its Normal Course Issuer Bids have been cancelled.

Under the terms and conditions of the 1998 Stock Option Plan, the aggregate number of common shares that may be reserved for issuance shall not exceed 2,700,000 common shares. Each option agreement shall specify the period for which the option thereunder is exercisable (which in no event shall exceed 10 years from the date of grant) and shall provide that the option shall expire at the end of such period. The Company's Board of Directors will determine the vesting period on the dates of option grants. The number of shares which may be purchased under options and the weighted average exercise price are as follows:

	2001		2000	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Balance outstanding	2,308,566	$ 3.58	245,000	$ 2.90

For the six months ended June 30, 2001 options to purchase 720,000 shares were granted, 125,367 options were cancelled and 92,067 options were exercised. The options granted have a term of five years from the date of grant and vest on the anniversary date of the grant at the rate of one-third per annum of the total number of share options granted.

Options currently outstanding have the following exercise prices and expiry dates:

Options granted in:	Shares	Exercise price	Expiry date
1999	204,566	$ 2.90	April 15, 2004
2000	1,384,000	$ 3.60	July 20, 2005
2001	220,000	$ 3.60	March 4, 2006
2001	275,000	$ 3.60	April 8, 2006
2001	225,000	$ 4.00	May 6, 2006

Details of the calculation of earnings per share follow:

Three months ended June 30		2001			
		Income (numerator)	Shares (denominator)		Per share
Net income for the period	$	794	17,935,336	$	0.04
Effect of dilutive securities:					
Options			511,747		
Convertible secured subordinated debenture bearing interest at prime rate plus 1.0% maturing on June 30, 2006		136	2,751,289		
	$	930	21,198,372	$	0.04

		2000			
		Income (numerator)	Shares (denominator)		Per share
Net income for the period	$	4,047	17,986,882	$	0.22
Effect of dilutive securities:					
Options			20,912		
Convertible secured subordinated debenture bearing interest at prime rate plus 1.0% maturing on June 30, 2006 (ii)		36	743,487		
	$	4,083	18,751,281	$	0.22

Six months ended June 30		2001			
		Income (numerator)	Shares (denominator)		Per share (i)
Net loss for the period	$	(1,342)	17,929,905	$	(0.07)
Effect of dilutive securities:					
Options			270,663		
Convertible secured subordinated debenture bearing interest at prime rate plus 1.0% maturing on June 30, 2006		271	2,751,289		
	$	(1,071)	20,951,857	$	(0.07)

		2000			
		Income (numerator)	Shares (denominator)		Per share (i)
Net loss for the period	$	(75)	14,157,920	$	(0.01)
Effect of dilutive securities:					
Options			17,251		
Convertible secured subordinated debenture bearing interest at prime rate plus 1.0% maturing on June 30, 2006 (i)		73	743,487		
	$	(2)	14,918,658	$	(0.01)

(i) As the impact of dilutive securities would be to decrease the loss per share, they are excluded for purposes of the calculation of fully diluted loss per share.

(ii) This represents the limit of the number of shares that could be issued to the holder of debentures as a result of restrictions imposed on the number of shares the holder may own.

5 CASH FLOW INFORMATION

Change in other balances relating to operations:

	Three months to June 30		Six months to June 30	
	2001	2000	2001	2000
(Increase) decrease in:				
Accounts receivable	$ (20,186)	$ (8,702)	$ 12,194	$ 5,041
Holdbacks receivable	(1,725)	4,496	4,055	11,743
Deferred contract costs and unbilled revenue	(12,276)	(39,488)	(18,487)	(50,768)
Inventories	(1,694)	95	(885)	(4,445)
Income taxes recoverable	520	2,017	1,728	1,508
Prepaid expenses	897	(1,077)	935	(1,336)
Assets held for sale	(365)	(739)	(298)	3,760
Increase (decrease) in:				
Accounts payable and accrued liabilities	23,620	37,578	14,964	11,314
Holdbacks payable	567	1,189	(9,569)	(3,587)
Deferred revenue	13,038	340	2,296	33,140
Income taxes payable	459	(1,512)	3	(1,766)
	$ 2,855	$ (5,803)	$ 6,936	$ 4,604

Other supplementary information:

	Three months to June 30		Six months to June 30	
	2001	2000	2001	2000
Cash interest paid	$ 2,501	$ 1,711	$ 3,345	$ 2,869
Cash income taxes paid	$ 1,012	$ 3,146	$ 1,957	$ 3,543

Capital assets acquired and financed by capital leases amounted to $579 in the second quarter and $2,772 for the six months to June 30, 2001.

6 SEGMENTED INFORMATION

The Company has two operating segments – Construction Operations and Infrastructure Development.

Construction Operations

Construction activities are carried out primarily in North America, although international projects are undertaken. Activities include construction of roads and other transportation projects, buildings, dams and hydro electric projects, utility projects, industrial, mechanical, electrical and nuclear services and installations, and the manufacture of once through steam generators. Projects within this segment typically do not require involvement in the financing of the project nor operation of the facilities once they are complete.

Infrastructure Development

This segment, international in operational scope, captures the Company's activities relating to the development of infrastructure through contracts which include development, design, construction, operation and financing of complex projects. Delivery of these projects is typically by way of build-operate-transfer, build-own-operate-transfer or public-private partnership contract structures.

Industry segmented information is as follows:

(in thousands of dollars) (unaudited)

as at June 30 and the three months then ended

2001	Construction Operations	Infrastructure Development	Corporate	Total
Revenue	$ 237,131	$ 21,773	$	$ 258,904
EBITDA	7,956	762	(3,758)	4,960
Depreciation and amortization	2,208	53	317	2,578
Segment operating profit (loss)	5,748	709	(4,075)	2,382
Interest and income taxes				1,588
Net income				$ 794
Capital expenditures	$ 5,966	$	$	$ 5,966
Cash flow from operations	$ 7,620	$ (444)	$ (5,568)	$ 1,608

2000	Construction Operations	Infrastructure Development	Corporate	Total
Revenue	$ 203,016	$ 32,710	$	$ 235,726
EBITDA	19,635	(15,239)	41	4,437
Depreciation and amortization	2,133	941	73	3,147
Segment operating profit (loss)	17,502	(16,180)	(32)	1,290
Interest and income taxes				(2,757)
Net income				$ 4,047
Capital expenditures	$ 6,587	$ 185	$	$ 6,772
Cash flow from operations	$ 16,047	$ (11,730)	$ (978)	$ 3,339

as at June 30 and the six months then ended

2001	Construction Operations	Infrastructure Development	Corporate	Total
Revenue	$ 401,742	$ 45,480	$	$ 447,222
EBITDA	10,062	2,359	(8,620)	3,801
Depreciation and amortization	3,475	115	611	4,201
Segment operating profit (loss)	6,587	2,244	(9,231)	(400)
Interest and income taxes				942
Net loss				$ (1,342)
Total assets	$ 446,627	$ 92,058	$ 13,608	$ 552,293
Capital expenditures	9,359			9,359
Cash flow from operations	$ 9,298	$ 1,279	$ (10,670)	$ (93)

2000	Construction Operations	Infrastructure Development	Corporate	Total
Revenue	$ 346,709	$ 62,472	$	$ 409,181
EBITDA	17,704	(14,074)	(1,421)	2,209
Depreciation and amortization	3,308	1,585	247	5,140
Segment operating profit (loss)	14,396	(15,659)	(1,668)	(2,931)
Interest and income taxes				(2,856)
Net loss				$ (75)
Total assets	$ 411,658	$ 74,882	$ 10,306	$ 496,846
Capital expenditures	11,056	249		11,305
Cash flow from operations	$ 14,002	$ (10,295)	$ (3,567)	$ 140

EBITDA represents earnings or loss before interest, taxes, depreciation and amortization.

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