AECON GROUP INC. THIRD QUARTER REPORT

Nine months ended September 30, 2003

3

REPORT TO SHAREHOLDERS

Dear Fellow Shareholders,

Although Aecon recorded a profit in the third quarter of 2003, we continue to report unsatisfactory results. For the quarter, our revenue of $269 million and our net income of $0.8 million are both below the results posted in same quarter last year. Similarly, our year to date net loss of $11.1 million represents a decline from the same period last year.

Aecon's 2003 results to date have been negatively impacted by a number of factors. Most significant are the continuing unrealized foreign exchange losses, bid costs associated with large infrastructure projects and cost overruns pending claim recoveries on four domestic projects.

There is no question that our year to date financial performance remains well below acceptable levels. We are not achieving the kind of results we expect and are capable of.

As announced at our Annual General Meeting in June, we are currently implementing an extensive realignment plan to improve our bottom line results and maximize our shareholder returns. I am pleased to report that, while financial results have yet to return to expected levels, the execution of our strategic plan is progressing well and several positive changes have resulted since its inception.

In our Infrastructure segment, we have re-focused our heavy civil activities in the Canadian market. We have concentrated our Ontario roadbuilding efforts on expanding our Ministry of Transportation base into federal, municipal and private sector projects, while focusing our international infrastructure development resources on the Cross Israel Highway project and the Quito airport in Ecuador.

In addition to these strategic initiatives, Aecon has developed a new partnership agreement with Hochtief, our anchor shareholder, for bidding and executing large civil projects in North America – an agreement which has already led to successful cooperation on a number of joint bids.

In our Buildings segment, we are continuing on the path to becoming a national contractor and have successfully expanded the business into new geographic markets including, most recently, Halifax and Ottawa. At the same time, we have maintained our focus on growing our Interiors and Renovations business. As a result, Aecon Buildings has generated new contract awards of $322 million so far this year and built a record backlog of $296 million.

In the Industrial segment, Aecon's former Industrial Division has been fully integrated with the Innovative Steam Technology ("IST") division to form the new Industrial Group, which will help us take advantage of synergies and improved efficiencies.

Additionally, IST continues to show signs of market recovery. It has recently entered into a strategically important licensing agreement with Lurgi Lentjes Standardkessel Group – one of the largest process engineering companies in the world. Under the terms of this agreement, this Germany-based company will distribute Aecon's patented Once Through Steam Generator technology to various markets across Europe and former Soviet Union countries, where the power sector is growing rapidly.

All of these strategic initiatives will have a positive impact on our financial results and will help us strengthen Aecon and provide improved returns to our shareholders.

For the nine-month period ended September 30, 2003, Aecon received contracts totaling $690 million, a $53 million increase from the same period last year. Our core backlog of $574 million (consisting of all backlog not related to Aecon's major international projects in Israel and India) remained above the levels recorded at the same time last year despite a modest decline in the third quarter.

Some of the new contracts and major milestones achieved in the third quarter include:

- Aecon begins recording revenue from its interest in operating the Cross Israel Highway, which is now 80% open to traffic with a fully functioning toll system.
- Strong progress on the Nathpa Jhakri hydroelectric project in India continues and the facility is now producing power commercially.
- Aecon's Seattle division awarded four contracts totaling CDN $32 million.
- Buildings division awarded $20 million of additional work for the construction management of the new terminal at Lester B. Pearson International Airport in Toronto.
- A new partnership agreement developed with Hochtief, our anchor shareholder, for bidding and executing large civil projects in North America. The new agreement has already borne fruit with the successful award of a $108 million hydroelectric project in Northern Quebec.
- IST awarded a $7.6 million contract by Siemens Netherlands, whereby they will engineer, supply and construct two Once Through Steam Generators for a power plant in Ashkelon, Israel.
- The Industrial Group's revenue from pipe fabrication increases by four times the amount recorded in the same period in 2002.
- The Industrial Group also awarded $8 million in additional work by Syncrude Canada to manufacture equipment modules for its expansion in Fort McMurray, Alberta.

Overall, I expect that, notwithstanding a profitable third quarter and an anticipated improvement in the fourth quarter, results in the second half of the year will not likely be sufficient to completely reverse the weak results reported in the first half of 2003. Aecon's ability to reach profitability in 2003 may come down to issues such as timing of claim recoveries and the size and direction of shifts in foreign exchange rates.

Looking toward 2004 and beyond, I remain confident in Aecon's ability to improve our bottom line results. We have the people, the expertise and the strategy in place to build a solid platform for profitability.

On behalf of the Board of Directors,

John M. Beck
Chairman and CEO
November 14, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION

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

Results of Operations

Introduction

Aecon operates in three principal segments within the construction industry - Infrastructure, Buildings and Industrial. Aecon's joint venture interest in the nuclear power market, which, until the third quarter of 2002, was included in Corporate and Other, is now included in the Industrial segment, and comparative figures have been reclassified accordingly.

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, Aecon 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.

Consolidated

Financial Highlights

	Three months ended September 30			Nine months ended September 30		
$ millions	**2003**	2002	% Change	**2003**	2002	% Change
Revenues	**$ 269.0**	$ 299.9	(10.3)%	**$ 695.1**	$ 764.3	(9.1)%
Operating profit (loss)	**$ 3.6**	$ 6.4	(43.7)%	**$ (12.5)**	$ 1.6	n/a
Return on revenue	**1.3%**	2.1%	(37.2)%	**(1.8)%**	0.2%	n/a
Backlog - September 30	**$ 623.2**	$ 721.2	(13.6)%			

Revenues for the third quarter of $269.0 million were 10.3% lower than the same period of 2002 as all operating segments experienced reduced volumes. This was due to a combination of generally soft demand in several sectors and the wind-down of a number of major contracts. For the nine months, revenues were down $69.2 million or 9.1% from 2002.

Operating margins, which are equal to revenues less costs and expenses, were 5.9% of revenues in the quarter, compared to 6.8% last year. Margins declined in both the Infrastructure and Buildings segments but were higher in the Industrial segment. For the first nine months of the year, operating margins amounted to 4.3% of revenues, compared to 6.3% in 2002. Results in each of the three principal segments are discussed separately under Reporting Segments.

Unrealized foreign exchange, related principally to the translation of Aecon's investments in international projects, resulted in a gain of $1.3 million in the current quarter and a loss of $4.8 million for the nine months. Most of the gain in the current quarter was due to the translation of shekel denominated assets and liabilities in Aecon's Cross Israel Highway project. For the nine months, the unrealized foreign exchange loss was principally due to the weakening of the U.S. dollar and rupee against the Canadian dollar.

Marketing, general and administrative expenses ("MG&A") for the third quarter amounted to $10.1 million, a reduction of $2.9 million compared to the same period of 2002. Of this reduction, $1.7 million was due to the impact of other income items, principally foreign currency translation gains referred to in the previous paragraph, which are included in MG&A. The balance of the reduction reflects cutbacks in overheads and the fact that Quito bid costs which were expensed as incurred during the third quarter of 2002 are currently being deferred as they are incurred subsequent to the signing of the concession contract on September 16, 2002. For the nine months, MG&A amounted to $38.3 million, which was $3.4 million or 8.1% less than the same period last year.

Depreciation and amortization amounted to $2.2 million in the third quarter and $6.8 million for the nine months, both amounts slightly less than corresponding periods of 2002.

Gains from the disposal of fixed assets and investments were minor in the third quarter, amounting to $0.1 million, compared to $0.3 million last year. For the nine months, gains from the sale of fixed assets and investments amounted to $3.0 million, which included $1.8 million from the sale of Aecon's investment in Tanknology Canada Inc. and $0.5 million from the sale of real estate in Barrie, Ontario. This compares with gains of $0.8 million in the first three quarters of 2002 from the sale of assets.

Net interest expense amounted to $0.9 million in the third quarter, a reduction of $0.4 million from 2002. For the first nine months of the year, interest of $2.0 million was $1.1 million less than the prior period. The decrease is predominantly due to lower interest costs incurred within the Nathpa Jhakri hydroelectric joint venture project in India as interest bearing contract advances from the owner have been substantially repaid.

For the third quarter the effective income tax rate was 71.0%, which is substantially higher than the combined Canadian federal and provincial (Ontario) statutory income tax rate of 36.6%. A cumulative adjustment of $0.9 million in the tax on profits in Israel accounted for the majority of the rate differential. For the nine months, the effective rate of tax recovery on pre-tax losses was 23.3%. In addition to the impact of taxes on income in Israel, the rate recovery was affected by to the combined effect of losses reported in low rate jurisdictions and income reported in high rate jurisdictions, foreign exchange losses treated as capital losses for tax purposes and recoverable at only 18.3%, as well as expenses that are non-deductible for tax purposes and large corporations tax.

For the three months ended September 30, 2003, Aecon had net income of $0.8 million or $0.03 per basic share, compared with income of $2.7 million or $0.11 per basic share for the same period last year. For the first nine months of the year, Aecon incurred a loss of $11.1 million or $0.47 per basic share, compared to a loss of $2.3 million or $0.10 per basic share in 2002.

Contracts worth $232 million were awarded to Aecon in the quarter and $690 million year to date, compared to $260 million and $637 million for the same periods last year. Backlog at September 30 amounted to $623 million, compared to $721 million at the same time last year. Backlog was up $119 million in the Buildings segment but was down $203 million in the Infrastructure segment, principally due to progress on Aecon's two major international projects. Core backlog, which is exclusive of these major projects, amounted to $574 million at the end of the third quarter - an increase of 2% over the same point in 2002. Approximately 40% of the value of Aecon's backlog at September 30 is expected to be completed by the end of the year.

Reporting segments

Infrastructure

Financial Highlights

	Three months ended September 30			Nine months ended September 30		
$ millions	**2003**	2002	% Change	**2003**	2002	% Change
Revenues	**$ 151.8**	$ 170.1	(10.8)%	**$ 331.0**	$ 360.5	(8.2)%
Segment operating profit (loss)	**$ 0.1**	$ 4.7	(98.9)%	**$ (12.9)**	$ 6.3	n/a
Return on revenue	**–**	2.8%	(98.7)%	**(3.9)%**	1.7%	n/a
Backlog - September 30	**$ 254.1**	$ 457.1	(44.4)%			

Within the Infrastructure segment, revenues from roadbuilding operations continued to show strength in the quarter, increasing $14 million or 25% over 2002. Although not material from a revenue standpoint, amounting to about $1 million per quarter, a milestone was reached as Aecon began recording revenue from its interest in operating the Cross Israel Highway, where 80% of the highway is now open for traffic. Other activities within the segment produced lower revenues. The Cross Israel Highway project and the Nathpa Jhakri hydroelectric project had a combined reduction of $17 million in the quarter as both projects near completion. During the quarter, 6% of the total contract value of the Cross Israel Highway was completed, compared to 9% in the third quarter of 2002 and the project is currently 87% complete. For the Nathpa Jhakri hydroelectric project, 1% of the contract was completed in the third quarter versus 4% last year and the project is now 93% complete. Utilities work remained soft in the quarter, with revenues down $9 million or 22%. The Quebec civil division was down $13 million or 43% in revenues as there were fewer major projects as well as the fact that $2.5 million of revenue was included in the third quarter of 2002 on account of the settlement of a claim with Hydro-Quebec. For the nine months, Infrastructure revenues were down $29.5 million or 8.2% from 2002.

Segment operating profit for the Infrastructure segment amounted to $0.1 million in the third quarter, a drop of $4.6 million from 2002. The largest declines were in the Quebec division, down $4.1 million, and the Utilities operations, down $4.5 million. In Quebec, losses incurred on two major contracts accounted for $3.0 million of the year-over-year decline. In addition, the Hydro-Quebec claim settlement resulted in a $1.3 million one-time earnings contribution in 2002 (see note above). In Utilities, operating margins were negatively affected by poor volumes due to weak demand in several key sectors and very competitive pricing. Expenses, particularly in the largely fixed-cost equipment pool, could not be reduced sufficiently to protect net margins. These negative variances were exacerbated by an additional loss of $1.7 million incurred to complete a major pipeline project. Although operating profit from the Cross Israel Highway project was $3.5 million higher than last year, the third quarter of 2002 was negatively impacted by the cumulative effect of a downward profit revision amounting to $3.8 million. Partially offsetting these negative impacts, the Ontario roadbuilding operations showed improved operating profits, with income rising $1.3 million in the quarter. For the nine months, the Infrastructure segment incurred an operating loss of $12.9 million compared to a profit of $6.3 million in 2002.

New contract awards of $110 million were recorded in the quarter and $226 million year-to-date, compared to $179 million and $383 million for the same periods last year. Backlog declined by $203 million from the third quarter of 2002, principally as a result of the significant amount of construction work completed on the Cross Israel Highway project and the Nathpa Jhakri hydroelectric project. Approximately 50% of the value of the Infrastructure segment's backlog at September 30 is expected to be completed by the end of the year.

Buildings

Financial Highlights

	Three months ended September 30			Nine months ended September 30		
$ millions	**2003**	2002	% Change	**2003**	2002	% Change
Revenues	**$ 67.9**	$ 79.9	(15.1)%	**$ 213.6**	$ 261.7	(18.4)%
Segment operating profit	**$ 0.3**	$ 1.3	(77.8)%	**$ 1.4**	$ 3.9	(64.2)%
Return on revenue	**0.4%**	1.6%	(73.9)%	**0.6%**	1.5%	(56.2)%
Backlog - September 30	**$ 295.9**	$ 176.6	67.5%			

Revenue in the Buildings' segment of $67.9 million in the third quarter was $12 million lower than the same period of 2002. As noted in prior quarters, the decline in commercial office building work in central Ontario has had a significant impact on revenues, with five projects underway last year compared to only one in 2003. Although this work has been replaced with new contracts for interiors and renovations work, institutional projects and high-rise residential contracts and backlog is at record levels, most of these new contracts will not begin producing significant revenue volumes until later this year and into 2004. For the nine months, revenues of $213.6 million were down $48.1 million or 18.4%.

Operating profit fell by $1.0 million in the quarter to $0.3 million. In addition to the negative impact on margins of the decline in revenues, costs associated with bidding on several public-private partnership projects amounted to $0.6 million in the quarter and $0.9 million for the year to date. The majority of these bid costs were for two hospital contracts in Ontario, which Aecon was unsuccessful in winning. For the nine months, operating income of $1.4 million was $2.5 million less than 2002. The percentage return on revenue has been negatively impacted by the above noted bid costs, the mix of work and the fact that MG&A and overhead costs, although lower in absolute terms compared to 2002, represent a higher percentage of the reduced revenue base.

A certain amount of the work undertaken by the Buildings segment is construction management or fee based. The revenue from these contracts is recorded only to the extent of the fee income earned, and thus the full value of the construction activity that is managed is not recorded as revenue. If the value of construction that the group manages had been included in revenue, its total construction volume would have been $130.5 million in the quarter, compared to $144.7 million for the same period of 2002, and $755.5 million for the nine months, compared to $422.8 million last year.

New contract awards of $78 million were recorded in the quarter and $322 million year-to-date, compared to $53 million and $160 million for the same periods last year. Backlog of $296 million remains at a record level. Approximately 30% of the value of the Building segment's backlog at September 30 is expected to be completed by the end of the year.

Industrial

Financial Highlights

	Three months ended September 30			Nine months ended September 30		
$ millions	**2003**	2002	% Change	**2003**	2002	% Change
Revenues	**$ 49.8**	$ 52.1	(4.4)%	**$ 151.1**	$ 146.3	3.3%
Segment operating profit (loss)	**$ 5.2**	$ 2.5	110.6%	**$ 2.7**	$ (0.8)	n/a
Return on revenue	**10.5%**	4.8%	120.3%	**1.8%**	(0.5)%	n/a
Backlog - September 30	**$ 73.2**	$ 87.5	(16.3)%			

Although Industrial revenues of $49.8 million in the third quarter were only slightly lower than 2002, there were significant year-over-year variances within the segment operations. Pipe fabrication and module assembly volumes increased almost fourfold, or $12 million, over the third quarter of 2002. Most of this increase results from Aecon's manufacturing operations in western Canada where pipe is being supplied to Syncrude's $3+ billion upgrader expansion at the Mildred Lake facility in Fort McMurray. Revenues at Innovative Steam Technologies ("IST"), which sells and licenses the technology for once-through steam generators, were down $9 million in the quarter as there was a lack of new work booked earlier in the year. Recently though, contract awards have improved backlog at IST to $9 million at September 30, compared to $2 million at the same time last year. Nuclear revenues, represented by Aecon's 38.75% interest in Canatom NPM Inc., were down $7 million as its major contract in China reaches completion. For the nine months, Industrial segment revenues were up $4.8 million or 3.3% compared to the same period of 2002.

Segment operating results for the third quarter were $2.7 million better than 2002, with improvements in most operating units. Pipe fabrication produced a $1.3 million earnings increase on the strength of its higher volumes. Nuclear profits were $1.3 million better than last year due to the receipt of performance bonuses on its Quinshan project in China and cost reductions at IST resulted in a $0.4 million earnings improvement despite the lower revenues.

New contract awards of $44 million were recorded in the quarter and $143 million year to date, compared to $29 million and $98 million for the same periods last year. Backlog at September 30 is down $14 million compared to the same period last year, which is due to work-off in the nuclear sector. Approximately 70% of the value of the Industrial segment's backlog at September 30 is expected to be completed by the end of the year.

Corporate and Other

The Corporate and Other category includes corporate costs and other activities not directly allocable to segments and also includes inter-segment eliminations. For the quarter, this category had an operating loss of $2.0 million, compared to a loss of $2.1 million in 2002. For the nine months, the loss in Corporate and Other was $3.8 million, compared to a loss of $7.8 million last year, a reduction of $4.0 million. Of this amount, $2.1 million was due to the impact of non-operating items such as the gain on sale of Aecon's investment in Tanknology Canada Inc., income and losses from foreign exchange, and profit and loss on disposals of fixed assets. The balance of the reduction, $1.9 million for the nine months, represents reductions in corporate overhead costs (primarily salaries, bid costs, and consulting and professional fees).

Financial Condition, Liquidity and Capital Resources

Cash and cash equivalents at September 30, 2003 totaled $67.9 million, compared to $72.6 million at the end of the previous quarter and $76.0 million at the end of 2002. Of these amounts, $61.7 million, $66.6 million and $72.5 million, respectively, are on deposit in joint venture and affiliate bank accounts, which Aecon cannot access directly. Marketable securities amounted to $9.8 million at September 30, compared to $10.9 million at June 30, 2003 and $12.6 million at the end of 2002. These securities represent investments in short-term corporate debentures held within a joint venture.

Cash generated from operations, before changes in other balances, amounted to $1.1 million in the third quarter, which compares with a cash generation of $3.2 million in the same period of 2002. For the first nine months of the year, operating activities, before changes in other balances, resulted in a use of cash of $10.6 million, compared to a use of $0.3 million for the same period in 2002.

Changes in other balances related to operations, representing increases or decreases in working capital items, resulted in a use of cash of $9.1 million in the third quarter of 2003 and $23.1 million for the first nine months of the year. This compares with uses of cash amounting to $10.8 million in the third quarter of 2002 and $41.0 million for the first nine months of last year. The improvements reflect Aecon's continuing focus on minimizing the cash investment in working capital.

Purchases of property, plant and equipment amounted to $0.5 million for the third quarter and $1.5 million for the nine months. Aecon entered into new operating leases for approximately $1 million worth of equipment in the quarter and $15 million for the nine months. Proceeds from the sale of property, plant and equipment and investments amounted to $0.3 million in the quarter. For the nine months, proceeds from disposals of property, plant and equipment and investments amounted to $7.8 million, of which the sale of Tanknology Canada Inc. represented $2.0 million, the sale of the Barrie property produced $1.7 million and other sales of fixed assets generated $4.1 million. Cash used for Other Assets amounted to $1.4 million in the quarter, almost all of which relates to deferred development and pre-construction costs for the Quito project. For the nine months, cash used for Other Assets amounted to $8.8 million. This included $4.2 million in deferred Quito project costs (for the project-to-date, a total of $5.6 million has been deferred) and a deposit of US $3.1 million made to fund Aecon's ultimate investment in the company that will operate and collect tolls for the Cross Israel Highway. Investing activities, overall, resulted in a net use of cash of $1.6 million in the quarter and $2.4 million in the first nine months.

Financing activities provided $5.1 million in the quarter and $34.4 million for the year-to-date, which primarily represents changes in bank borrowings and long-term debt.

The effect of foreign exchange on cash balances resulted in a reduction in cash of $0.2 million in the third quarter and $6.3 million for the nine months. As previously noted, unrealized foreign exchange gains amounted to $1.3 million in the quarter and a loss of $4.8 million for the nine months.

Interest bearing debt amounted to $100.1 million at September 30, 2003 compared to $94.4 million at June 30, 2003, and $64.8 million at the end of 2002. The composition of interest bearing debt is as follows ($ millions):

	Sept. 30, 2003	June 30, 2003	Dec. 31, 2002
Bank indebtedness*	**$ 45.0**	**$ 39.3**	$ 30.1
Current portion of long-term debt	**3.6**	**2.9**	2.4
Long-term debt	**44.1**	**44.8**	25.0
Convertible debenture	**7.4**	**7.4**	7.3
Total	**$ 100.1**	**$ 94.4**	$ 64.8

* Includes issued but uncleared cheques.

Aecon's operating credit accommodations provided by a three bank lending group and its various operating and capital lease arrangements continue to be adequate to supplement internally generated funds in support of ongoing normal operations. As indicated in the second quarter report, Aecon has continued to work with its bankers and related parties to structure a further supplemental credit arrangement, which is specifically designed to smooth the cash generated from large international Joint Venture operations. As of September 29, 2003 Aecon signed a stand-by facility agreement with its principal shareholder, Hochtief Canada Inc. which is more fully described in note 7 to the Interim Consolidated Financial Statements. Draws under this stand-by facility arrangement will be repaid on the earlier of December 31, 2004 and the date that profit distributions from certain designated international Joint Ventures are received by Aecon. On October 23, 2003 Aecon borrowed the equivalent of Cdn $5 million under this facility.

New Accounting Standards

The Canadian Institute of Chartered Accountants' (CICA) new accounting standard on Share Purchase Loans was adopted effective January 1, 2003. Also, the CICA's new accounting guideline on Disclosure of Guarantees was adopted on January 1, 2003. Details of the new standard and guideline are set out in note 2 to the Consolidated Financial Statements.

Outlook

In the first three quarters of 2003, Aecon's new contract awards totaled $690 million, a $53 million increase from the same period last year. Core backlog (consisting of all backlog not related to Aecon's major international projects in Israel and India) remained slightly above the levels recorded at the same time last year despite a small decline during the quarter.

Major project backlog (consisting of the Cross Israel Highway and the Nathpa Jhakri hydroelectric project in India) fell to $49 million as progress continued toward completion of these two projects. This decline in major project backlog is expected to continue until the anticipated financial close of the Quito Airport project. Financial closing for the Quito project has not yet been achieved and it is unlikely that all of the arrangements required for financial closing will be in place before the 2003 year end.

During the first three quarters of 2003, Aecon's Infrastructure segment benefited from strong roadbuilding results in Ontario as the record backlog in place at the end of 2002 was worked-off. However, due in large part to post election government spending restraints and project delays, this strong performance is expected to slow considerably in the fourth quarter. This slowdown, combined with a depressed utilities market as a result of the continuing weakness in the telecommunications industry, is expected to lead to a decline in Aecon's Ontario Infrastructure results in the fourth quarter.

Aecon's two largest infrastructure projects, the Cross Israel Highway and the Nathpa Jhakri hydro-electric project in India, continue to progress on schedule toward completion in next year. Contributions from these projects are expected to remain strong through the balance of 2003 before slowing in the months leading to project completion. While not yet material, Aecon's first $1 million of revenue from its interest in the operation of the Cross Israel Highway is an important turning point for this project.

Aecon's cooperation with Hochtief on joint bids in the North American heavy civil sector has met with its first success in the recent award of the $108 million Eastmain hydroelectric project in Northern Quebec. While this project will not provide significant revenue in 2003, it is expected to generate healthy volumes throughout 2004.

The record backlog in Aecon's Buildings segment bodes well for the continued success of this segment and is a strong indication that Aecon successfully made the transition to the institutional and multi-unit residential markets as the suburban office market declined. While most of the impact of this strong backlog is not expected to be felt until 2004, the fourth quarter of 2003 is expected to be the Buildings segment's strongest quarter this year. This anticipated improvement is due in part to the Interiors and Renovations business, which is expected to record its strongest quarter since the strategic business unit was formed in 2002.

Aecon's Industrial segment has shown substantial improvement this year from a disappointing 2002 and is the only segment to improve on last year's results in the first three quarters of 2003. This trend of improving on last year's results is expected to continue through year end and is the result, in large part, of substantially improved results in Aecon's fabrication business and the significant reduction in losses at Innovative Steam Technology ("IST"). While IST is not expected to record a profit this year, it remains on track to return to profitability in 2004.

One of the characteristics of the construction industry, especially in the civil sector, is that important and often financially material changes are regularly made to projects in the period between the signing of the contract and completion of the project. Project timetables, logistical considerations and cost efficiency often prevent settlement of the cost and contract value implications of such changes with the client prior to completion of the work, sometimes resulting in unsettled claims for additional compensation at the conclusion of the project. While the settlement of these claims is normally achieved within a reasonable time following completion of the project, pursuant to Aecon's accounting policy, the costs of these changes are fully expensed when known, and no provision is made for expected recovery until the claims are actually settled.

The result of this accounting policy is that contract losses arising from the expensing of recoverable costs can be booked in one period, with the recovery booked in a future period, only once a claim is settled. At that time the full recovered amount (after applicable taxes) would be added directly to Aecon's bottom line. Aecon currently has significant claims outstanding, a portion of which can reasonably be expected to contribute to earnings in future periods.

Overall, management expects that, notwithstanding a profitable third quarter and an anticipated improvement in the fourth quarter, results in the second half of the year will not likely be sufficient to completely reverse the weak results reported in the first half of 2003.

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 Aecon 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.

CONSOLIDATED BALANCE SHEETS

(in thousands of dollars) (unaudited)

	September 30, 2003	December 31, 2002
Assets		
Current assets		
Cash and cash equivalents	**$ 67,898**	$ 76,006
Marketable securities	**9,807**	12,578
Accounts receivable	**162,483**	154,889
Holdbacks receivable	**39,168**	40,056
Deferred contract costs and unbilled revenue	**50,570**	58,717
Inventories	**14,486**	13,478
Prepaid expenses	**3,937**	5,276
Future income tax assets	**18,623**	10,724
	366,972	371,724
Property, plant and equipment	**73,635**	80,192
Future income tax assets	**22,940**	22,728
Other assets	**46,299**	41,076
	$ 509,846	$ 515,720
Liabilities		
Current liabilities		
Bank indebtedness	**$ 45,015**	$ 30,136
Accounts payable and accrued liabilities	**161,180**	172,105
Holdbacks payable	**28,164**	27,396
Deferred revenue	**50,987**	68,036
Income taxes payable	**1,517**	1,642
Future income tax liabilities	**24,198**	24,298
Current portion of long-term debt	**3,581**	2,349
	314,642	325,962
Long-term debt	**44,099**	24,957
Employee benefit plans	**1,068**	1,764
Future income tax liabilities	**17,825**	17,825
Redeemable preferred shares of subsidiary	**5,400**	6,310
Convertible debenture	**7,430**	7,348
	390,464	384,166
Shareholders' Equity		
Capital stock (notes 2 and 3)	**67,950**	68,336
Contributed surplus	**164**	68
Convertible debenture	**836**	836
Retained earnings	**50,432**	62,314
	119,382	131,554
	$ 509,846	$ 515,720

Approved by the Board of Directors

John M. Beck, Director

Scott C. Balfour, Director

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three Months ended September 30		Nine Months ended September 30	
	2003	2002	**2003**	2002
Revenues	**$ 268,997**	$ 299,895	**$ 695,058**	$ 764,281
Costs and expenses	**253,189**	279,643	**665,478**	716,017
Marketing, general and administrative expenses	**10,120**	12,995	**38,314**	41,708
Depreciation and amortization	**2,242**	2,399	**6,784**	6,986
Gain on sale of assets	**(133)**	(330)	**(2,986)**	(829)
Gain on disposal of joint venture	**–**	(1,169)	**–**	(1,169)
Interest expense, net	**926**	1,292	**1,991**	3,131
	266,344	294,830	**709,581**	765,844
Income (loss) before income taxes	**2,653**	5,065	**(14,523)**	(1,563)
Income taxes				
Current	**2,469**	875	**4,833**	3,346
Future	**(585)**	1,487	**(8,211)**	(2,644)
	1,884	2,362	**(3,378)**	702
Net income (loss) for the period	**$ 769**	$ 2,703	**$ (11,145)**	$ (2,265)
Earnings (loss) per share				
Basic	**$ 0.03**	$ 0.11	**$ (0.47)**	$ (0.10)
Diluted	**$ 0.03**	$ 0.10	**$ (0.47)**	$ (0.10)
Average number of shares outstanding (note 3)				
Basic	**23,719,879**	25,071,696	**23,696,085**	21,875,130
Diluted	**27,257,265**	27,750,665	**27,420,624**	24,578,187

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands of dollars) (unaudited)

	Three Months ended September 30		Nine Months ended September 30	
	2003	2002	**2003**	2002
Retained earnings - beginning of period	**$ 49,657**	$ 57,116	**$ 62,314**	$ 64,988
Net income (loss) for the period	**769**	2,703	**(11,145)**	(2,265)
Dividends	**–**	–	**(756)**	(2,245)
Interest received on share purchase loans (note 2)	**6**	–	**19**	–
Change in accounting treatment for stock-based compensation (note 2)	**–**	–	**–**	(659)
Retained earnings - end of period	**$ 50,432**	$ 59,819	**$ 50,432**	$ 59,819

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars) (unaudited)

	Three Months ended September 30		Nine Months ended September 30	
	2003	2002	**2003**	2002
Cash provided by (used in)				
Operating activities				
Net income (loss) for the period	**$ 769**	$ 2,703	**$ (11,145)**	$ (2,265)
Items not affecting cash -				
Depreciation and amortization	**2,242**	2,399	**6,784**	6,986
Gain on sale of assets	**(133)**	(330)	**(2,986)**	(829)
Gain on disposal of joint venture	**–**	(1,169)	**–**	(1,169)
Loss (gain) on foreign exchange	**(1,255)**	(1,944)	**4,846**	(508)
Notional interest representing accretion	**28**	40	**82**	114
Future income taxes	**(585)**	1,487	**(8,211)**	(2,644)
	1,066	3,186	**(10,630)**	(315)
Change in other balances relating to operations (note 6)	**(9,052)**	(10,793)	**(23,099)**	(41,034)
	(7,986)	(7,607)	**(33,729)**	(41,349)
Investing activities				
Purchase of property, plant and equipment	**(507)**	(960)	**(1,519)**	(2,720)
Proceeds on sale of assets	**347**	1,130	**7,847**	7,521
Proceeds from disposal of joint venture	**–**	2,603	**–**	2,603
Increase in other assets	**(1,437)**	(5,724)	**(8,766)**	(5,928)
	(1,597)	(2,951)	**(2,438)**	1,476
Financing activities				
Increase in bank indebtedness	**5,681**	7,558	**17,516**	4,619
Issuance of long-term debt	**–**	–	**20,000**	–
Repayments of long-term debt	**(577)**	(2,342)	**(2,881)**	(12,758)
Issuance of capital stock (note 3)	**–**	192	**471**	837
Issuance of special warrants (note 4)	**–**	–	**–**	31,540
Dividends paid	**–**	–	**(756)**	(2,245)
Interest received on share purchase loans (note 2)	**6**	–	**19**	–
	5,110	5,408	**34,369**	21,993
Decrease in cash and cash equivalents	**(4,473)**	(5,150)	**(1,798)**	(17,880)
Effects of foreign exchange on cash balances	**(241)**	2,842	**(6,310)**	(1,257)
Cash and cash equivalents - beginning of period	**72,612**	80,386	**76,006**	97,215
Cash and cash equivalents - end of period	**$ 67,898**	$ 78,078	**$ 67,898**	$ 78,078

Supplementary disclosure (note 6)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2003 and 2002 (in thousands of dollars, except per share amounts) (unaudited)

1 Summary of significant accounting policies

These interim consolidated financial statements are unaudited and include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows. Results for the three-month and nine-month periods ended September 30, 2003 are not necessarily indicative of results expected for the full fiscal year or any other future period.

The disclosures provided in these interim periods do not conform in all respects to the requirements of Canadian generally accepted accounting principles for annual financial statements and accordingly, the interim financial information should be read in conjunction with the Company's annual financial statements. The interim financial information has been prepared using the same accounting policies as set out in note 1 to the Consolidated Financial Statements for the year ended December 31, 2002, except those accounting policies adopted January 1, 2003 as described in note 2 hereunder.

2 Adoption of new accounting standards

Effective January 1, 2002, the Company adopted the new recommendations of The Canadian Institute of Chartered Accountants for Stock-Based Compensation and Other Stock-Based Payments. In accordance with these recommendations, the liability for stock based awards that will be settled in cash, which is recognized through compensation expense, is recorded at an amount equivalent to the quoted market value of the related shares. For Aecon's stock-based compensation arrangement, which was terminated on January 31, 2003, the new section required that the cumulative amount that would have been recognized in prior years had this new section been in effect, less any amounts previously recognized, was to be recognized as the effect of a change in accounting policy and charged to opening retained earnings at January 1, 2002. Subsequently, at each balance sheet date before settlement, changes in the share value resulted in an adjustment to the award liability, which was recognized through compensation expense. As a result of adopting the new recommendations, retained earnings at January 1, 2002 have been reduced by $659.

Effective January 1, 2002, the Company adopted the new recommendations of The Canadian Institute of Chartered Accountants for Goodwill and Other Intangible Assets. In accordance with these recommendations, accounting for goodwill was changed from an amortization method to an impairment only approach. As a result, goodwill is no longer amortized to income but is subject to an annual impairment review and should there be an impairment, that amount would be charged to income. No impairment charge was recorded in the three-month and nine-month periods ended September 30, 2003 and September 30, 2002.

Effective January 1, 2003, the Company adopted the new recommendations of The Canadian Institute of Chartered Accountants on accounting for share purchase loans receivable from employees. Except in certain circumstances, such loans are now required to be presented as deductions from shareholders' equity. Accordingly, and notwithstanding that the Company considers the loans collectible, loans totaling $857 as at January 1, 2003 are no longer presented as loans receivable within Other Assets, but as a deduction from Capital Stock. Also, interest received on such loans is no longer considered as income, but accounted for as a capital transaction in shareholders' equity. In the nine months ended September 30, 2003 interest amounting to $19, after provision for income taxes, was received on these loans.

Effective January 1, 2003, the Company adopted the new guidelines of The Canadian Institute of Chartered Accountants for guarantees. Disclosure in accordance with these guidelines is included in note 5.

3 Capital stock

	2003			2002		
	Number of shares issued		Amount	Number of shares issued		Amount
Balance - January 1 (i)	**23,589,046**	**$**	**67,479**	18,018,583	$	33,713
Common shares issued on exercise of options	**130,833**		**471**	198,833		645
Common shares issued on the conversion of convertible debenture	**–**		**–**	613,543		2,209
Balance - June 30	**23,719,879**		**67,950**	18,830,959		36,567
Common shares issued on exercise of options	**–**		**–**	59,000		192
Common shares issued on exercise of special warrants	**–**		**–**	6,192,150		31,540
Balance - September 30	**23,719,879**	**$**	**67,950**	25,082,109	$	68,299

(i) As described in note 2, in accordance with new recommendations of The Canadian Institute of Chartered Accountants, which were adopted effective January 1, 2003, the number of shares issued at the beginning of the year has been reduced by 1,522,063 and share capital has been reduced by $857 on account of share purchase loans receivable from employees.

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

Pursuant to the loan agreement with the Company's bankers, the Company is restricted from paying dividends, except for an aggregate of $4,000 per fiscal year, provided that the financial covenants set out in the loan agreement are met on a post-dividend basis.

Under the terms and conditions of the 1998 Stock Option Plan (the 1998 Plan), the aggregate number of common shares, which may be reserved for issuance under the 1998 Plan, shall not exceed 2,700,000 common shares. At September 30, 2003, the maximum number of shares reserved for issuance under the plan, after deducting options that have been exercised, is 2,179,933, of which 1,880,400 have been issued. Each option agreement shall specify the period for which the option thereunder is exercisable (which in no event shall exceed ten 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.

	2003			2002		
	Shares		Weighted average exercise price	Shares		Weighted average exercise price
Options outstanding - January 1	**1,911,233**	**$**	**3.71**	2,143,066	$	3.58
Granted	**100,000**		**4.75**	75,000		5.55
Exercised	**(130,833)**		**3.60**	(198,833)		3.24
Forfeited	**–**		**–**	(20,000)		4.10
Options outstanding - June 30	**1,880,400**		**3.78**	1,999,233		3.69
Exercised	**–**		**–**	(59,000)		3.26
Options outstanding - September 30	**1,880,400**	**$**	**3.78**	1,940,233	$	3.70
Options exercisable at end of period	**1,505,400**	**$**	**3.66**	1,023,566	$	3.59

No options were exercised during the three months ended September 30, 2003. In the same period of 2002, 59,000 options were exercised for which share capital was increased by $192. For the nine months ended September 30, 2003, 130,833 options were exercised (2002 – 257,833) for which share capital was increased by $471 (2002 – $837). Options currently outstanding have the following exercise prices and expiry dates:

Options granted in	Number of shares		Exercise price	Expiry date
1999	28,900	$	2.90	April 15, 2004
2000	976,500		3.60	July 20, 2005
2001	200,000		3.60	March 5, 2006
2001	275,000		3.60	April 9, 2006
2001	225,000		4.00	May 7, 2006
2002	75,000		5.55	April 9, 2007
2003	100,000		4.75	April 1, 2008

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.

In connection with the issue of Special Warrants in 2002 the Company issued to the underwriters 166,750 compensation options ("Compensation Options"). Each Compensation Option entitles the holder thereof to purchase one common share at an exercise price of $5.25 per common share. The Compensation Options have an expiry date of May 6, 2004 and vest as follows: (i) one-third on November 6, 2002; (ii) one-third on May 6, 2003; and (iii) one-third on November 6, 2003. All of the Compensation Options were outstanding at September 30, 2003.

Details of the calculation of earnings per share are set out below. For purposes of calculating the dilutive effect of options in 2003, the number of shares represented by share purchase loans, which have been deducted from shares outstanding, have been treated as options.

Three months ended September 30

2003		Income (numerator)	Shares (denominator)		Per share
Net income for the period	$	769	23,719,879	$	0.03
Effect of dilutive securities -					
Options		–	1,490,239		–
Convertible secured subordinated debenture bearing interest at prime rate plus 1.0% maturing on June 30, 2006		85	2,047,147		–
	$	854	27,257,265	$	0.03

2002		Income (numerator)	Shares (denominator)		Per share
Net income for the period	$	2,703	25,071,696	$	0.11
Effect of dilutive securities -					
Options		–	597,066		–
Convertible secured subordinated debenture bearing interest at prime rate plus 1.0% maturing on June 30, 2006		86	2,081,903		–
	$	2,789	27,750,665	$	0.10

Nine months ended September 30

					2003
		Loss (numerator)	Shares (denominator)		Per share (i)
Net loss for the period	$	(11,145)	23,696,085	$	(0.47)
Effect of dilutive securities -					
Options		–	1,677,392		–
Convertible secured subordinated debenture bearing interest at prime rate plus 1.0% maturing on June 30, 2006		258	2,047,147		–
	$	(10,887)	27,420,624	$	(0.47)

					2002
		Loss (numerator)	Shares (denominator)		Per share (i)
Net loss for the period	$	(2,265)	21,875,130	$	(0.10)
Effect of dilutive securities -					
Options		–	621,154		–
Convertible secured subordinated debenture bearing interest at prime rate plus 1.0% maturing on June 30, 2006		249	2,081,903		–
	$	(2,016)	24,578,187	$	(0.10)

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

4 Special warrants

On May 6, 2002 the Company issued 6,192,150 special warrants ("Special Warrants") at a price of $5.25 per Special Warrant for total proceeds of $32,509. Each Special Warrant was exercisable, without additional consideration, for one common share of Aecon. On July 29, after filing a final prospectus with regulatory authorities qualifying the distribution of certain of the common shares, the Company issued 6,192,150 common shares. Net proceeds, after fees and expenses, amounted to $31,495.

5 Guarantees

The Company has outstanding guarantees and letters of credit amounting to $46,066 (December 31, 2002 - $54,831) of which $40,165 (December 31, 2002 - $50,498) is in support of financial and performance related obligations for the Nathpa Jhakri hydroelectric project in India, which has also been guaranteed by Hochtief AG, the parent of the Company's principal shareholder. In addition, in connection with the Cross Israel Highway project, letters of credit have been issued for which the Company has provided joint and several indemnification of $44,600 (December 31, 2002 - $59,500), net of funded deposits, in support of financial related obligations, including the requirement to invest in the project at the completion of construction, as well as joint and several guarantees of $62,000 (December 31, 2002 - $74,100) in support of performance related obligations.

In connection with the Cross Israel Highway project the Company is jointly and severally liable for revenue guarantees during the period of highway construction, which is expected to extend to April 2004, in the maximum amount of approximately US$25,000 (December 31, 2002 - US$30,000). As well, after construction the Company is jointly and severally liable for additional revenue guarantees in the maximum amount of approximately US$10,000 (December 31, 2002 - US$10,000).

In addition, under the terms of many of the Company's joint ventures' contracts with project owners, each of the partners is joint and severally liable for performance under the contracts. Circumstances that could lead to a loss include a partner's inability to contribute additional funds to the venture in the event that the project incurs a loss or additional costs that the Company could incur should the partner fail to provide the contractually committed services and resources. At September 30, 2003, the value of uncompleted work for which Aecon's joint venture partners are responsible, and which Aecon could be responsible for assuming, amounted to approximately $225,000, a substantial portion of which is supported by performance bonds. In the event that Aecon assumed this additional work it would have the right to receive the partner's share of billings to the project owners pursuant to the joint venture contract.

The Company has, over time, sold portions of its business. Pursuant to the sale agreements, the Company may have to indemnify the purchaser against liabilities related to events prior to the sale, such as tax, environmental, litigation and employment matters or related to representations made by the Company. The Company is unable to estimate the potential liability for these types of indemnification guarantees as the amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. However the maximum guarantee is not to exceed the proceeds from disposal. Historically, the Company has not made any significant indemnification payments under such agreements.

6 Cash flow information

Change in other balances relating to operations:

	Three months to September 30		Nine months to September 30	
	2003	2002	**2003**	2002
(Increase) decrease in:				
Marketable securities	**$ 1,239**	$ 2,208	**$ 1,283**	$ (2,454)
Accounts receivable	**(18,552)**	(27,673)	**(9,790)**	(9,996)
Holdbacks receivable	**(5,997)**	3,382	**436**	851
Deferred contract costs and unbilled revenue	**6,322**	(810)	**5,191**	11,245
Inventories	**2,002**	3,434	**(1,008)**	(3,619)
Prepaid expenses	**4,147**	(49)	**1,093**	(1,336)
Increase (decrease) in:				
Accounts payable and accrued liabilities	**7,979**	20,389	**(7,926)**	(22,257)
Holdbacks payable	**31**	745	**1,520**	4,714
Deferred revenue	**(3,634)**	(10,352)	**(12,846)**	(16,679)
Income taxes payable	**(1,926)**	(1,262)	**(356)**	(886)
Employee benefit plans	**(663)**	(805)	**(696)**	(617)
	$ (9,052)	$ (10,793)	**$ (23,099)**	$ (41,034)

Other supplementary information:

	Three months to September 30		Nine months to September 30	
	2003	2002	**2003**	2002
Cash interest paid	**$ 1,533**	$ 2,209	**$ 5,053**	$ 4,955
Cash income taxes paid	**$ 1,174**	$ 1,508	**$ 3,095**	4,254

Property, plant and equipment acquired and financed by means of capital leases during the three months ended September 30, 2003 amounted to $540 (2002 – nil) and $3,255 (2002 – $899) for the nine months ended September 30, 2003.

During the nine months ended September 30, 2002 the company's largest shareholder, Hochtief Canada Inc., exercised its option to convert $2,209 of convertible debentures into common shares. This resulted in a decrease in the debt component of convertible debentures amounting to $1,970, a decrease in the equity component of convertible debentures amounting to $239 and an increase in capital stock amounting to $2,209.

7 Related party transaction

As of September 29, 2003 the Company signed a stand-by facility agreement with its principal shareholder, Hochtief Canada Inc. ("HCI"). Under the facility the Company may borrow US dollars up to an amount equivalent to Cdn $10,000 at an interest rate of US Prime + 1.75%. A stand-by fee of 1/4% per annum on the un-drawn amount and an arrangement fee of 1% on each draw are also payable. Borrowings under the facility are supported by security agreements already in place in support of existing financial arrangements between Aecon and HCI, including a General Security Agreement ("GSA") ranking behind the GSA granted to the Company's bankers, which includes security interests in accounts receivable, holdback receivables and pledges of inventory, equipment and property and other assets of the Company, except that HCI's security position is senior to the Company's bankers relative only to future profit distributions received from certain designated international joint ventures. Borrowings are repayable on December 31 2004, or upon receipt of future profit distributions of certain designated international joint ventures, whichever occurs first. On October 23, 2003 the Company borrowed the equivalent of Cdn $5,000 under this stand-by facility.

8 Segmented information and business concentration

The Company has three reportable segments: Infrastructure, Buildings and Industrial. This segmentation reflects the Company's current structure and management. The Corporate and Other category in the summary below includes corporate costs and other activities not directly allocable to segments and also includes inter-segment eliminations.

Infrastructure

This segment includes all aspects of the construction of infrastructure including roads and highways, expressways and toll routes, dams and tunnels, bridges, airports, marine facilities, transit systems and power projects as well as utility distribution systems including natural gas, telecommunications and electrical networks, water and sewer mains, traffic signals and highway lighting. Activities within this segment also include the development, design, construction, operation and financing of infrastructure projects by way of build-operate-transfer, build-own-operate-transfer or public-private partnership contract structures.

Buildings

This segment is active in the construction of commercial, institutional and high-rise residential buildings principally in Canada and the north-western United States and selected international projects.

Industrial

This segment includes all of the Company's industrial manufacturing and industrial construction activities. These operations include the fabrication of small and large bore pipe and module assembly for the petrochemical industry, and the design and manufacture of once-through heat recovery steam generators for industrial and power plant applications. Also included are the Company's industrial construction, installation and maintenance activities where the Company has special expertise in the power, automotive and steel industries. This segment also includes the Company's interest in Canatom NPM Inc., which provides engineering and construction services to nuclear power markets, that was previously included in Corporate and Other. Prior year figures have been reclassified to reflect this change.

Information by reportable segments is as follows:

as at September 30 and the three months then ended

										2003
		Infrastructure		Buildings		Industrial		Corporate and Other		Total
Revenues	$	151,796	$	67,889	$	49,839	$	(527)	$	268,997
EBITDA	$	1,625	$	330	$	5,646	$	(1,780)	$	5,821
Depreciation and amortization		1,571		44		417		210		2,242
Segment operating profit (loss)	$	54	$	286	$	5,229	$	(1,990)	$	3,579
Interest and income taxes										(2,810)
Net income									$	769
Total assets	$	295,871	$	66,735	$	77,560	$	69,680	$	509,846
Capital expenditures		227		81		59		140		507
Cash flow from operations	$	567	$	–	$	5,640	$	(5,141)	$	1,066

										2002
		Infrastructure		Buildings		Industrial		Corporate and Other		Total
Revenues	$	170,084	$	79,919	$	52,146	$	(2,254)	$	299,895
EBITDA	$	6,493	$	1,324	$	2,887	$	(1,948)	$	8,756
Depreciation and amortization		1,779		36		404		180		2,399
Segment operating profit (loss)	$	4,714	$	1,288	$	2,483	$	(2,128)	$	6,357
Interest and income taxes										(3,654)
Net income									$	2,703
Total assets	$	351,250	$	65,708	$	77,199	$	73,489	$	567,646
Capital expenditures		129		18		249		564		960
Cash flow from operations	$	4,216	$	1,323	$	1,722	$	(4,075)	$	3,186

as at September 30 and the nine months then ended

2003	Infrastructure	Buildings	Industrial	Corporate and Other	Total
Revenues	$ 331,021	$ 213,644	$ 151,080	$ (687)	$ 695,058
EBITDA	$ (8,099)	$ 1,505	$ 4,004	$ (3,158)	$ (5,748)
Depreciation and amortization	4,795	125	1,257	607	6,784
Segment operating profit (loss)	$ (12,894)	$ 1,380	$ 2,747	$ (3,765)	$ (12,532)
Interest and income taxes					1,387
Net loss					$ (11,145)
Capital expenditures	$ 614	$ 118	$ 428	$ 359	$ 1,519
Cash flow from operations	$ (4,438)	$ 1,505	$ 3,926	$ (11,623)	$ (10,630)

2002	Infrastructure	Buildings	Industrial	Corporate and Other	Total
Revenues	$ 360,467	$ 261,665	$ 146,295	$ (4,146)	$ 764,281
EBITDA	$ 11,211	$ 3,971	$ 516	$ (7,144)	$ 8,554
Depreciation and amortization	4,941	111	1,315	619	6,986
Segment operating profit (loss)	$ 6,270	$ 3,860	$ (799)	$ (7,763)	$ 1,568
Interest and income taxes					(3,833)
Net loss					$ (2,265)
Capital expenditures	$ 715	$ 53	$ 1,057	$ 895	$ 2,720
Cash flow from operations	$ 9,896	$ 3,965	$ (669)	$ (13,507)	$ (315)

EBITDA represents earnings or loss before interest, income taxes, depreciation and amortization. Segment operating profit (loss) represents net income (loss) before interest and income taxes. Cash flow from operations is before change in other balances related to operations.

9 Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the three-month and nine-month periods ended September 30, 2003.

Aecon Group Inc.
3660 Midland Avenue
Toronto, Ontario
Canada, M1V 4V3
Telephone 416·754·8735
Facsimile 416·293·0271
aecon@aecon.com
www.aecon.com