

AECON GROUP INC.

FIRST
QUARTER

REPORT 2009

THREE
MONTHS
ENDED
03/31/09

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Dear Fellow Shareholders,

On behalf of Aecon's Board of Directors, we are pleased to report that Aecon's overall results in the first quarter of 2009 continued the upward momentum of the past two years.

Revenues grew to \$341 million, reflecting increases in all four of Aecon's operating segments, with operating profit reaching \$1.8 million and pre-tax earnings reaching a first quarter record of \$0.1 million.

Aecon's backlog also continues to be very strong. At \$1.4 billion, backlog at the end of the first quarter was \$128 million higher than at the same time last year, a record backlog for the end of a first quarter.

As the second quarter begins, most of the key trends that shaped Aecon's outlook at the beginning of 2009 remain in place.

The record levels of government investment in transportation infrastructure across the country continue to offer substantial opportunity for Aecon.

And there is ongoing strong demand for social infrastructure, especially in the healthcare and education sectors, as evidenced by Aecon's recent \$82 million award from Infrastructure Ontario for the redevelopment of the Lakeridge Health Oshawa Hospital.

There is also growing demand for water and wastewater infrastructure in municipalities across the country – a demand that Aecon is well positioned to respond to through the recent addition of Lockerbie & Hole Inc. to the Aecon family.

At the same time however, Canada's economic outlook in several key sectors, including automotive and oilsands, is weak and is expected to remain so at least for the next few quarters. The Ontario power market is slowing modestly due to reduced near-term demand, although prospects in this market remain very encouraging in the longer term.

These conflicting trends continue to produce near record backlog in the Buildings and Infrastructure segments but a 54% decline in the Industrial backlog from a year ago. This decline signals that a shift in the mix of Aecon's business may be taking shape over the next several quarters which reconfirms the success of Aecon's diversified portfolio of services and skills.

A number of significant events in the first quarter of 2009 bear special mention.

In January, Aecon was once again named one of the 50 Best Employers in Canada, this year moving into the top 10. This is an important strategic achievement in an industry where hiring and retaining the most talented and dedicated people is critical to continued profitable growth.

In addition, the acquisitions of Lockerbie & Hole and of South Rock, both of which were finalized during the first quarter of 2009, provide Aecon with added depth and scale in the important Western Canadian market.

Overall, we believe that Aecon's record seasonal backlog, the relative durability of our Infrastructure and Buildings markets, our strong balance sheet and a robust bidding pipeline continue to provide reason for optimism regarding the continued success of our business.

We thank you for your continued support of Aecon.

(signed) John M. Beck
Chairman and Chief Executive Officer

(signed) Scott C. Balfour
President and Chief Financial Officer

May 5, 2009

Aecon Group Inc.

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

March 31, 2009

Management's Discussion And Analysis Of Operating Results And Financial Condition ("MD&A")

The following discussion and analysis of the consolidated results of operations and financial condition of Aecon Group Inc. ("Aecon") should be read in conjunction with the Company's March 31, 2009 Interim Consolidated Financial Statements and Notes (which have not been reviewed by the Company's external auditors) and in conjunction with the Company's annual MD&A for the year ended December 31, 2008. This interim MD&A has been prepared as of May 5, 2009. Additional information on Aecon is available through the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and includes the Company's Annual Information Form and other securities and continuous disclosure filings.

Introduction

Aecon operates in four principal segments within the construction and infrastructure development industry – Infrastructure, Buildings, Industrial and Concessions. A description of these operating segments is included in the 2008 annual MD&A.

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

The MD&A presents certain non-GAAP (Canadian generally accepted accounting principles) financial measures to assist readers in understanding the Company's performance. Non-GAAP financial measures are measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with GAAP.

CONSOLIDATED FINANCIAL HIGHLIGHTS

\$ millions	Three Months Ended March 31	
	2009	2008
Revenues	\$ 340.9	\$ 302.0
Gross margin ⁽¹⁾	32.6	18.5
EBITDA ⁽²⁾	9.8	4.5
Operating profit (loss) ⁽³⁾	1.8	(1.3)
Interest expense	(1.6)	(2.1)
Earnings (loss) before taxes ⁽⁴⁾	0.1	(3.5)
Income tax recovery (expense)	0.3	4.0
Net income (loss) for the period	(0.6)	0.3
Return on revenue ⁽⁵⁾	0.5%	(0.4)%
Backlog – March 31	\$ 1,359	\$ 1,231

- (1) Gross margin is calculated as revenues less direct costs and expenses. Marketing, general and administrative expenses, depreciation and amortization, foreign exchange, interest, gains or losses on sale of assets, income taxes, and non-controlling interests are not included in the calculation of gross margin.
- (2) EBITDA represents earnings or loss before interest expense, income taxes, depreciation and amortization, and non-controlling interests.
- (3) Operating profit (loss) represents the profit (loss) from operations, before interest expense, income taxes and non-controlling interests.
- (4) Earnings before taxes represent income before income taxes and non-controlling interests.
- (5) Return on revenue is calculated as operating profit as a percentage of revenues.

Revenues in the first quarter of 2009 were \$341 million, representing an increase of \$39 million, or 13%, over the same quarter last year. Revenues increased in the Infrastructure, Buildings, Industrial, and Concessions segments by \$17 million, \$0.4 million, \$6 million, and \$10 million, respectively. Results for each of the four principal operating segments are discussed separately under Reporting Segments.

Gross margin increased from \$19 million or 6.1% of revenues in the first quarter of 2008 to \$33 million or 9.6% of revenues in 2009. Of the \$14 million increase in gross margin in 2009, the Industrial and Concessions segments reported improvements of approximately \$12 million and \$3 million respectively, while margins decreased in the Buildings segment by \$1 million and were essentially unchanged in the Infrastructure segment. The margin increases resulted primarily from improved margin percentages, particularly in the Ontario operations of the Industrial segment as a result of the commencement of profit recognition on one project and the benefit of margin improvements on a small number of projects, and also from higher volumes in both the Industrial and Concessions segments.

Marketing, general and administrative expenses (“MG&A”) as a percentage of revenues increased from 5.3% in the first quarter of 2008 to 7.1% in the first quarter of 2009. In the Buildings segment, higher MG&A costs were primarily the result of reserves established for potentially uncollectible amounts in the segment’s Montreal operations. In the other segments, higher MG&A resulted from

growth in the operations such as from the acquisition of South Rock Ltd. (“South Rock”) in January 2009 by the Infrastructure segment.

Despite the increases in MG&A, operating profit as a percentage of revenues increased in the first quarter of 2009 compared to the same period in 2008.

Depreciation and amortization expense of \$8.0 million in the first quarter of 2009 was \$2.2 million higher than in 2008. The increase occurred mainly in the Infrastructure and Concessions segments and resulted primarily from higher depreciation charges on equipment acquired as part of the South Rock acquisition and from higher amortization charges related to Quito concession operations primarily due to the impact of changes in foreign exchange rates quarter-over-quarter.

Interest expense of \$1.6 million in the first quarter of 2009 was \$0.5 million lower than in the same period in 2008. The conversion to common shares of the outstanding convertible debentures, which occurred in the first quarter of 2008, and the repayment of Aecon’s term loan facility in the second quarter of 2008, were the primary reasons for the lower interest costs in 2009. Partially offsetting these savings in interest costs were increases in non-recourse project debt interest related to three Infrastructure Ontario “build-finance” projects.

Interest income of \$2.9 million in the first quarter of 2009 was \$1.0 million higher than in same quarter of 2008. The higher interest income in 2009 was a result of having higher cash balances on hand compared to 2008 and higher interest income from foreign denominated long-term loans receivable.

Earnings before taxes for the quarter ended March 31, 2009 were \$0.1 million, representing a \$3.6 million improvement over the first quarter of 2008.

Set out in note 5 of the 2009 Interim Consolidated Financial Statements is a reconciliation between the expected income tax recovery/(expense) in 2009 and 2008 based on statutory income tax rates and the actual income tax recovery/(expense) reported for both these periods. In the first quarter of 2009, there was an income tax recovery of \$0.3 million on pre-tax income of \$0.1 million, compared to an income tax recovery of \$4.0 million on pre-tax losses of \$3.5 million in 2008. The high tax recovery in 2008 was due to a \$3.4 million reversal of tax valuation allowances recorded in prior periods. Without the benefit of this reversal, tax expense in 2008 would have been higher by \$3.4 million.

Overall, there was a net loss for the quarter ended March 31, 2009 of \$0.6 million or \$(0.01) per share on a fully diluted basis, which compares with net income of \$0.3 million or \$0.01 per share in the first quarter of 2008.

Backlog at March 31, 2009 was \$1,359 million, representing a \$128 million increase over the amount on hand at the same time in 2008, a new record for first quarter ending backlog. New contract awards of \$296 million were booked in the first quarter of 2009, which compared with \$298 million in the first quarter of 2008.

It is important to note that Aecon does not report as backlog the significant and increasing number of contracts and arrangements in hand where the exact quantity of work to be performed cannot be

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

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

REPORTING SEGMENTS

INFRASTRUCTURE

Financial Highlights

\$ millions	Three Months Ended	
	March 31	
	2009	2008
Revenues	\$ 111.7	\$ 94.7
Segment operating loss ⁽¹⁾	(13.2)	(6.8)
Capital charges and allocations of corporate overhead ⁽²⁾	(7.5)	(5.0)
Segment loss before income taxes	(20.6)	(11.9)
Return on revenue ⁽³⁾	(11.8)%	(7.2)%
Backlog – March 31 ⁽⁴⁾	\$ 660	\$ 414

- (1) Segment operating profit (loss) represents the profit or loss from operations, before interest expense, income taxes, non-controlling interests, and corporate allocations of overhead costs and capital charges.
- (2) Corporate allocations represent charges from the Corporate segment to each division for Corporate overhead costs and capital charges related to the cash, working capital and long-term capital invested in each segment.
- (3) Segment return on revenue is calculated as segment operating profit (loss) as a percentage of revenues.
- (4) Included in backlog at March 31, 2009 is \$90 million (2008 – \$97 million) related to the new Quito airport project. Although Aecon's 50% share of the remaining construction revenues from this project is estimated at \$155 million (2008 - \$169 million), the amount reported as backlog has been reduced by \$65 million (2008 - \$71 million) or 42.3%. This reduction is to reflect the fact that since Aecon has a 42.3% interest in the concession joint venture for which the new airport is being constructed, it cannot report revenue, and therefore does not report backlog, that effectively arises from transacting with itself.

For the quarter ended March 31, 2009, Infrastructure segment revenues of \$112 million were \$17 million, or 18%, higher than the corresponding quarter in 2008. Revenues from civil, materials and international operations increased by \$4 million, \$3 million and \$10 million, respectively, while revenues from utilities operations were essentially unchanged.

The majority of the increase in revenues from civil operations occurred in western Canada where expansion of the segment's Alberta civil operations in the first quarter of 2009 produced a revenue increase of \$9 million. This increase was, however, partly offset by lower revenues from civil operations in Ontario, mostly as a result of lower work volumes related to heavy civil operations. Revenues from material operations in Ontario were up by \$2 million in the first quarter, while revenues from material operations in Alberta grew by \$1 million as a result of the South Rock acquisition (which is considered part of this segment's "material" operations). The increase in revenues from international operations occurred primarily because of higher revenues from construction of the Quito airport project.

The Infrastructure segment operating loss of \$13.2 million in the first quarter of 2009 represents a \$6.3 million, or 93%, increase over the same quarter in 2008. Operating profits decreased in the civil, materials and utilities operations by \$3 million, \$3 million, and \$2 million, respectively and increased in the international operations by \$2 million.

The majority of the decline in civil operating profits was the result of lower work volumes in Ontario heavy civil operations and higher seasonal losses in civil operations in Ontario. The decline in operating profits from materials occurred primarily in Alberta as a result of seasonal losses from the newly acquired South Rock operations. The decline in utilities profits occurred in Ontario where margins were down generally because of the impact of poor winter weather conditions which hindered volumes and productivity. International operations in the first quarter of 2009 benefited from the recognition of profits on the Quito airport construction project, which reached 44% completion in first quarter of 2009, whereas no profits were recognized on this project in the first quarter of 2008.

In 2008, the arbitration panel considering the first of two major claims launched by Continental Foundation Joint Venture ("CFJV") (in which Aecon is a 45% partner) in respect of the Nathpa Jhakri hydroelectric project in India ruled substantially in the joint venture's favour and dismissed a counter-claim for liquidated damages filed against CFJV. In 2008, CFJV received approximately \$4 million in claim settlements net of expenses which were applied to reduce the carrying value of the unbilled work-in-progress balance of the joint venture. A further \$6 million will be received in 2009. CFJV has also repaid in full the joint venture working capital loan balance, and \$12.8 million of the \$25 million in letters of credit filed by Aecon to cover working capital and performance guarantees have been cancelled as at March 31, 2009, with a further \$7.9 million cancelled in April 2009. A second claim for 2.26 billion Indian Rupees (approximately \$55.9 million) and a counter-claim for liquidated damages by SJVN, both in respect of an adjacent and concurrent project to the one that was settled, remains with the arbitration panel and is expected to be resolved in 2009. Refer to the 2008 Annual MD&A for further details related to this project.

After deducting internally directed capital charges and allocations of Corporate overheads, which increased by \$2.4 million in the first quarter of 2009, the Infrastructure segment's operating loss before income taxes in 2009 was \$20.6 million compared to \$11.9 million in 2008. The higher capital charges in 2009 relate primarily to higher investments in working capital and long-term capital employed as a result of the South Rock acquisition.

Backlog at March 31, 2009 was \$660 million, which represents a \$246 million increase over the same time in the prior year. The quarter-over-quarter improvement results primarily from higher backlog in the civil and materials operations, mostly as a result of the project award for the Seymour Capilano Filtration Project and the acquisition of South Rock. New contract awards totalled \$152 million in the first quarter of 2009 compared to \$135 million in the corresponding period in 2008. The Seymour Capilano Filtration Project was the largest contributor to new awards in 2009.

As discussed in the Consolidated Financial Highlights section, Aecon is a party to significant contracts and arrangements based on time and material, cost-plus, unit prices, and supplier of choice and alliance agreements, which do not show up as backlog when the number of units or volume of work cannot be estimated with reasonable certainty. Therefore, the Infrastructure segment's effective backlog at any given time is greater than what is reported.

BUILDINGS

Financial Highlights

\$ millions	Three Months Ended March 31	
	2009	2008
Revenues	\$ 108.5	\$ 108.1
Segment operating profit (loss)	(1.0)	1.6
Capital charges and allocations of corporate overhead	(0.7)	(0.1)
Segment profit (loss) before income taxes	(1.7)	1.6
Return on revenue	(0.9)%	1.5%
Backlog – March 31	\$ 520	\$ 428

First quarter revenues in the Buildings segment of \$109 million in 2009 were essentially unchanged from last year. Revenue increases of \$15 million in the segment's Toronto operations were almost entirely offset by revenues decreases of \$7 million in Montreal and \$8 million in Seattle. The increase in Toronto reflects the impact of several Infrastructure Ontario projects which were underway during the quarter. Montreal operations experienced a reduction in volumes as part of an intentional downsizing and ongoing restructuring initiative in order to return this unit to expected performance levels. The decline in Seattle revenues was primarily caused by peak production work on a large project in 2008 that is now winding down as the project nears completion.

The segment operating loss of \$1.0 million in the first quarter of 2009 compares with a profit of \$1.6 million in the same quarter last year. Most of the decrease in operating profits occurred in Montreal and Seattle, partly offset by an increase in Toronto. A \$1.9 million decline in Montreal occurred as a result of reserves established for potential uncollectible amounts on certain projects, while a \$0.6 million decline in Seattle resulted from the above noted quarter-over-quarter decline in revenues. Operating profits from Toronto increased by \$0.3 million, which is small relative to the large \$15 million increase in Toronto revenues noted above. This arises because of Aecon's policy not to recognize profits on large projects until they are generally 20% complete. Thus, while Toronto

reported increased revenues from a few large projects in the first quarter of 2009, because these projects had not reached 20% completion, no profits from these projects were recognized.

After deducting capital charges and allocations of corporate overheads, the Buildings segment operating loss before income taxes for the first quarter of 2009 was \$1.7 million compared to a profit of \$1.6 million in the first quarter of 2008.

Backlog of \$520 million at the end of the first quarter of 2009 was \$92 million higher than at the same time in 2008 with the largest increase in backlog occurring in the segment's Toronto operations, which ended the period with a record backlog level of \$388 million, and the largest decrease occurring in Seattle. New contract awards totaling \$94 million were recorded in the first quarter of 2009, which compares with awards of \$56 million in the same period in 2008. The largest contributor to new awards in 2009 was the \$82 million award from Infrastructure Ontario related to the redevelopment of the Lakeridge Health Oshawa hospital project.

As discussed in the Consolidated Financial Highlights section, contracts awarded to Aecon based on supplier of choice and alliance agreements, as well as the value of construction work managed under construction management advisory agreements, do not show up as firm backlog. Therefore, the Buildings segment's effective backlog at any given time is greater than what is reported.

INDUSTRIAL

Financial Highlights

\$ millions	Three Months Ended	
	March 31	
	2009	2008
Revenues	\$ 96.5	\$ 90.9
Segment operating profit	13.2	3.8
Capital charges and allocations of corporate overheads	(1.4)	(1.8)
Segment profit before income taxes	11.8	1.9
Return on revenue	13.6%	4.2%
Backlog – March 31	\$ 179	\$ 390

Revenues in the first quarter of 2009 of \$97 million from the Industrial segment were \$6 million, or 6%, higher than in the same period in 2008. All operating units with the exception of Western Canada reported increases in revenues. In the first quarter of 2009, revenues from construction operations in Ontario were up \$10 million over last year, mostly as a result of increased work in the nuclear, power and gas sectors, while revenues from fabrication operations increased by \$9 million with volume increases in both central and eastern Canada. Revenues in the first quarter of 2009 for Innovative Steam Technologies Inc. ("IST") were up \$6 million over the same quarter last year, reflecting the impact of new orders received in 2008. Partially offsetting these increases were lower revenues from the segment's Western Canada operations which decreased by \$20 million to approximately \$8 million in 2009. Revenues from both module assembly and pipe fabrication

projects as well as from site construction projects were down as a result of a virtual halt in new capital spending in the oilsands in recent months.

In the first quarter of 2009, the Industrial segment generated an operating profit of \$13.2 million compared to \$3.8 million in the corresponding quarter of 2008. Of the \$9.4 million improvement, the majority occurred in Ontario construction operations where profits increased by \$12.8 million resulting from the benefit of margin improvements on a small number of projects as well as a result of higher revenues in the quarter. The results for 2009 also benefited from the commencement of profit recognition on a project in the first quarter of 2009, whereas no profits were recognized on this project in the first quarter of 2008 because the project had yet to reach 20% completion at that time. Offsetting the profit improvement in Ontario construction was a \$5.3 million drop in operating profits from Western Canada, which incurred an operating loss of \$1.9 million in the quarter, resulting from the above noted significant reduction in volumes.

After deducting capital charges and allocations of corporate overheads, the Industrial segment's operating profit before income taxes was \$11.8 million compared to \$1.9 million in 2008.

Backlog at March 31, 2009 of \$179 million was \$211 million lower than at the same time last year with the largest decrease occurring in the Ontario construction operations. The decline in backlog in Ontario construction of \$172 million is largely due to work off on large projects during the past year that has not been replaced. Overall, new contract awards of \$26 million in the first three months of 2009 were \$71 million lower than in same period in 2008. Most of the decrease in new awards occurred in Ontario construction where award levels for the first three months of 2009 are down \$79 million quarter-over-quarter.

As discussed in the Consolidated Financial Highlights section, significant contracts made to Aecon based on time and material, cost-plus, and unit priced contracts, including supplier of choice and alliance agreements do not show up as firm backlog when the number of units or volume of work cannot be estimated with reasonable certainty. Therefore, the Industrial segment's effective backlog at any given time is greater than what is reported.

CONCESSIONS

Financial Highlights

\$ millions	Three Months Ended March 31	
	2009	2008
Revenues	\$ 25.3	\$ 15.2
Segment operating profit	4.4	1.3
Capital charges and allocations of corporate overheads	(3.5)	(2.2)
Segment profit (loss) before income taxes	1.0	(0.9)
Return on revenue	17.6%	8.8%

Revenues in the first quarter of 2009 of \$25 million in the Concessions segment were up \$10 million, or 66%, compared to the corresponding quarter of 2008. The majority of the increase in revenues came from Aecon's proportionate share of the revenues from operating the Cross Israel Highway which is being carried out on a fee for service basis by a company in which Aecon holds a 30.6% interest.

Aecon's long-term concession investment in the Cross Israel Highway, through its 25% interest in Derech Eretz Highways (1997) Ltd. ("Derech Eretz") is carried at cost and, as a result, income is only recognized to the extent of dividends received (i.e. a profit distribution) or when a portion of this investment is sold. As such, even though the Cross Israel Highway is performing well and is generating strong operating cash flow, Aecon has not reported any revenues and profits from this investment. Average weekday traffic on the highway in March 2009 surpassed 102,000 vehicles, a 4.4% increase over March 2008. The project remains on track to deliver an expected 14% after-tax internal rate of return on Aecon's investment.

Segment operating profit of \$4.4 million in the first quarter of 2009 increased by \$3.1 million over the same period in 2008, due to improvements in operating profits from the Quito airport concessionaire, which includes the results from operating the existing Quito airport while the new airport is being constructed, and higher results from Aecon's interest in the company that operates the Cross Israel Highway. Nearly 1.1 million passengers passed through the existing Quito airport in the first three months of 2009, a 1.3% increase over the same period in 2008. It should be noted that operating profits from the operations of the existing Quito airport are required to be invested to finance the development and construction costs of the new airport.

After deducting capital charges and allocations of corporate overheads, the Concessions segment had an operating profit before income taxes for the first quarter of 2009 of \$1.0 million, which compared to an operating loss before income taxes of \$0.9 million in the first quarter of 2008.

Aecon does not include in its reported backlog expected revenues from operations management contracts and concession agreements. As such, while Aecon expects future revenues from its concession assets, no concession backlog is reported at March 31. Therefore, the Concessions segment's effective backlog is greater than what is reported.

For further details on Aecon's investment in the Quito airport concessionaire, refer to note 4 of the 2009 Interim Consolidated Financial Statements.

CORPORATE AND OTHER

Financial Highlights

\$ millions	Three Months Ended	
	March 31	
	2009	2008
MG&A	\$ (4.5)	\$ (3.1)
Other income (expense) ⁽¹⁾	(0.1)	-
Interest income	2.9	1.9
Segment operating loss	(1.7)	(1.2)
Capital charges and allocations of corporate overheads	13.1	9.2
Segment profit before income taxes	11.4	8.0

- (1) Other income (expense) in the Corporate and Other segment includes gains and losses on sales of assets, foreign exchange gains and losses, and depreciation and amortization expense.

Corporate segment operating loss in the first quarter of 2009 was higher than in 2008 by \$0.5 million. Impacting the operating loss in 2009 was marketing, general and administrative expenses (“MG&A”) which were \$1.4 million higher than in 2008. The increase in MG&A was primarily due to increased staffing levels including increases in salaries and performance-related incentive costs, as well as a \$0.2 million impact from stock options awards granted in the third quarter of 2008. Also favourably impacting the segment operating loss in the first quarter of 2009 was a \$1.0 million increase in interest income in 2009.

Fluctuations in interest income are discussed in the Consolidated Financial Highlights section of the MD&A.

Quarterly Financial Data

Set out below are revenues, earnings (loss) before income taxes, net income (loss) and earnings (loss) per share for each of the most recent eight quarters (in millions of dollars, except per share amounts).

(Unaudited)	2009	2008				2007		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Revenues	340.9	\$ 602.7	\$ 534.7	\$ 437.7	\$ 302.0	\$ 482.3	\$ 430.4	\$ 338.3
Earnings (loss) before income taxes	0.1	31.4	35.7	24.3	(3.5)	23.4	17.4	11.1
Net income (loss)	(0.6)	20.4	23.1	15.6	0.3	22.5	19.0	9.7
Earnings (loss) per share:								
Basic	(0.01)	0.41	0.46	0.32	0.01	0.56	0.51	0.26
Diluted	(0.01)	0.40	0.45	0.31	0.01	0.50	0.44	0.24

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Aecon holds a 42.3% economic interest in Corporacion Quiport S.A. (“Quiport JV”), an Ecuadorian company, whose main operations consist of managing and operating the existing Quito airport, and the development, construction, operations and maintenance of the new Quito airport under a concession arrangement. Aecon’s investment in its joint ventures, including Quiport JV, are accounted for by the proportionate consolidation method, whereby the Consolidated Financial Statements reflect, line by line, Aecon’s pro-rata share of each of the assets, liabilities, revenues, expenses and cash flows of Quiport JV. Aecon is also involved in three build finance hospital projects with Infrastructure Ontario. Each of these hospital projects is being financed by non-recourse project financing during the construction period through the use of individual build finance special purpose vehicles (“Build Finance SPVs”).

Given the significant effect of Quiport JV and other joint ventures, as well as the impact of Build Finance SPVs, on Aecon’s Consolidated Financial Statements, Aecon provides supplemental financial information in note 18 to the 2009 Interim Consolidated Financial Statements as additional information about its accounts, thereby enabling the reader to have a greater understanding of Aecon’s underlying assets, earnings base and financial resources.

Cash and Debt Balances

Cash and cash equivalents at March 31, 2009 were \$373.5 million, which compares with \$292.9 million at December 31, 2008. Of these amounts, \$85.9 million and \$62.0 million, respectively, were on deposit in joint venture bank accounts, which Aecon cannot access directly. Of this joint venture cash, \$38 million (December 31, 2008 - \$20 million) was held by Quiport JV. Also included in cash and cash equivalents was \$77 million (December 31, 2008 - \$8 million) of cash held by Build Finance SPVs which was advanced by lenders to finance the construction by Aecon of Infrastructure Ontario hospital projects.

Restricted cash of \$36.4 million at March 31, 2009 (December 31, 2008 - \$28.2 million) represents cash that was deposited as collateral for borrowings and letters of credit issued by Aecon. As such, this cash was not available for general operating purposes. These restricted balances arose primarily from advance payments received on certain joint venture projects where such payments have, in turn, been secured by letters of credit which are, at least in part, collateralized by this restricted cash.

Total debt of \$323.5 million at March 31, 2009 compares to \$182.8 million at December 31, 2008, the composition of which is as follows (\$ millions):

	<u>Mar. 31, 2009</u>	<u>Dec. 31, 2008</u>
Bank indebtedness	\$ 30.0	\$ 2.6
Current portion of long-term debt	23.6	16.4
Long-term debt – non-recourse	230.0	118.7
Long-term debt – recourse	39.9	45.2
Total debt	\$ 323.5	\$ 182.8
Debt held directly	87.7	56.0
Debt held by Build Finance SPVs	116.6	30.7
Debt of joint ventures	119.2	96.1
Total	\$ 323.5	\$ 182.8

Bank indebtedness of \$30.0 million at March 31, 2009 compares to \$2.6 million as at December 31, 2008. The March 31, 2009 balance includes \$30 million of temporary borrowings on Aecon’s operating line of credit. This indebtedness was drawn on March 31 to ensure sufficient working capital funds were on hand after the scheduled \$152.5 million payment made on April 1 to fund the acquisition of Lockerbie & Hole Inc. (“Lockerbie”) common shares, and was fully repaid on April 2, 2009. The December 2008 balance represents Aecon’s 45% share of funds borrowed by the Nathpa Jhakri hydroelectric project joint venture in India which was fully repaid in the first quarter of 2009.

At March 31, 2009, the long-term debt component of total debt, including the current portion, totalled \$293.5 million compared to \$180.2 million at December 31, 2008. Of the \$113 million net increase in long-term debt, \$112 million related to increases in non-recourse project financing. Changes in non-recourse long-term debt included an increase of \$26 million resulting from the proportionate consolidation of Aecon’s share of non-recourse borrowings to finance the Quito airport project, and an increase of \$86 million in non-recourse project debt related to three Infrastructure Ontario hospital projects. Other changes in long-term debt included a scheduled \$4 million repayment on the note payable issued in connection with the 2007 acquisition of Karson, and an increase in debt of \$8 million resulting from the purchase of South Rock in the first quarter of 2009.

Aecon’s liquidity position and capital resources continued to strengthen in the first quarter of 2009 and, notwithstanding the large net cash outlay to fund the Lockerbie acquisition, are expected to be sufficient to finance its operations and working capital requirements for the foreseeable future. Aecon’s cash flow from operations in the first quarter of 2009 continued to be strong, with cash inflows generated of approximately \$9 million. This continues the positive trend of recent years where cash flow from operations for the years end December 31, 2008 and 2007 were \$144 million and \$97 million, respectively. In addition to carrying large cash balances, Aecon’s liquidity position is further strengthened by its ability to draw on a committed bank operating line of \$100 million which, except for supporting letters of credit amounting to \$37 million, is otherwise undrawn as of May 5, 2009. This credit facility expires on June 15, 2011. Further details relating to Aecon’s operating lines are described in note 10 to the 2008 Consolidated Financial Statements.

On January 15, 2009, Aecon acquired South Rock, an infrastructure construction company in Alberta focusing primarily on the Southern Alberta civil market. Under the share purchase deal, Aecon assumed South Rock's existing debt of approximately \$8 million and, subject to certain post closing adjustments, paid approximately \$33 million net of cash acquired for all the outstanding shares of South Rock.

On April 1, 2009, Aecon acquired, by a plan of arrangement, all of the issued and outstanding common shares of Lockerbie for total consideration of approximately \$220 million. This transaction was financed by Aecon without any additional debt through the payment of \$152.5 million in cash to Lockerbie shareholders and the issuance to Lockerbie shareholders of 5,510,941 common shares of Aecon representing approximately 10% of Aecon's proforma diluted shares. Transaction costs for the transaction are estimated at approximately \$6 million.

Annual dividends of \$0.20 per share continue to be paid in quarterly payments of \$0.05 per share.

Aecon's remaining equity investment of US\$3.5 million in the Quito airport concessionaire is expected to be funded from ongoing profit distributions from construction operations of the new Quito airport. To date, Aecon has invested cash of US\$30.2 million as equity in the concessionaire for a total investment in the Quito airport concessionaire of approximately US\$46 million, which includes Aecon's share of the earnings of the existing airport, all of which are being directly invested in the cost of constructing the new airport. Aecon has also deposited US\$3.7 million with Export Development Canada ("EDC") to support letters of credit issued by EDC on the Quito airport project. Also, in accordance with an agreement with EDC, Aecon has US\$1.0 million in a segregated account to secure future equity investment requirements in the Quito airport concessionaire. These EDC deposits are included in restricted cash on the Interim Consolidated Balance Sheet at March 31, 2009.

Summary of Cash Flows

	Consolidated Cash Flows	
	Three Months Ended	
	March 31	
	2009	2008
\$ millions		
Cash provided by (used in):		
Operating activities	\$ 6.9	\$ 19.4
Investing activities	(54.6)	(13.5)
Financing activities	126.9	(5.0)
Increase in cash and cash equivalents	79.2	0.8
Effects of foreign exchange on cash balances	1.5	1.2
Cash and cash equivalents - beginning of period	292.9	134.6
Cash and cash equivalents - end of period	\$ 373.5	\$ 136.7

Operating Activities

Cash provided by operating activities of \$7 million in the first quarter of 2009 was \$13 million lower than the same quarter last year. The quarter-over-quarter decline is due to higher investments in

working capital, mostly in build finance projects within the Buildings segment, offset in part by higher cash earnings.

Investing Activities

In the first quarter of 2009, investing activities resulted in a use of cash of \$55 million, which compares with cash used of \$14 million in 2008. Of the cash used in 2009, \$31 million was used to fund the acquisition of South Rock and \$21 million represents Aecon's proportionate share of the cash used by Quiport JV for the construction of the new Quito airport (i.e. increase in concession rights). These Quiport JV related cash outlays were, for the most part, financed by non-recourse project debt (see Financing Activities below). In 2008, Aecon used \$12 million of cash to finance its proportionate share of the cash used by Quiport JV for construction of the new Quito airport

Financing Activities

In the first quarter of 2009, cash provided by financing activities amounted to \$127 million, compared to cash used of \$5 million in the same quarter last year. During 2009, issuances of long-term debt amounted to \$106 million, while repayments totalled \$4 million, for a net change of \$102 million. During the first quarter of 2008, there were net repayments of long-term debt amounting to \$3 million. Of the increase in long-term debt during the first quarter of 2009, \$20 million related to Aecon's proportionately consolidated share of additional non-recourse financing for the new Quito airport project and \$86 million related to non-recourse project financing for various Infrastructure Ontario hospital projects. Repayments of long-term debt in 2009 included a \$4 million scheduled principal repayment on a note payable issued in connection with the acquisition of Karson. Increases in bank indebtedness of \$27 million also were a source of financing in the first quarter of 2009. As noted above, Aecon borrowed \$30 million from its operating line in the quarter, which was repaid on April 2, 2009. This was partly offset by the full repayment by the India joint venture of its bank indebtedness totalling \$3 million. Dividends of \$3 million were paid in the first quarters of 2009 and 2008.

NEW ACCOUNTING STANDARDS

Several new Canadian accounting standards adopted in 2009 and 2008 are described in note 2 to the 2009 Interim Consolidated Financial Statements.

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board confirmed that Canadian public companies will have to adopt IFRS effective for fiscal years beginning on or after January 1, 2011.

Aecon is currently evaluating this new requirement and is in the process of creating and executing a detailed plan to convert to IFRS. Aecon has performed an initial project scoping exercise which identified the more significant differences between Canadian Generally Accepted Accounting Principles and IFRS. The Company is focusing its efforts during 2009 on these major areas of differences which are expected to involve the majority of the work for the transition to IFRS. To

date, the Company has completed a detailed plan for the 2009 portion of the transition project. The financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Aecon has hired a full-time project manager, and has formed a dedicated project team, to lead its transition to IFRS. A steering committee with representation from operations, finance, information technology, investor relations and legal services was formed to provide overall guidance to the project as well as to receive regular updates on the project's progress. Aecon's audit committee will also receive regular updates on the progress, cost and major milestones of the project.

The Company has also established an IFRS technical committee which meets monthly to provide initial approval of IFRS accounting policies for recommendation to the audit committee. The technical committee will review the judgments and policy recommendations of the IFRS implementation team.

The Company expects that it will incur costs of approximately \$2 million to effect this conversion.

SUPPLEMENTAL DISCLOSURES

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer have designed disclosure controls and procedures to ensure that material information with respect to Aecon is made known to them. The Chief Executive Officer and Chief Financial Officer have also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP and to report any material changes in internal controls over financial reporting.

Changes in Internal Controls Over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during the interim period ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting except for the acquisition of South Rock during the first quarter of 2009 for which internal controls have yet to be fully evaluated. Further details related to the acquisition of South Rock are disclosed in note 12 to the 2009 Interim Consolidated Financial Statements.

Contractual Obligations

At December 31, 2008, the Company had commitments totalling \$248 million for equipment and premises under operating leases requiring minimum payments and principal repayment obligations under long-term debt. The only material changes since year end resulted from additional non-recourse project financing for the Quito airport and three Infrastructure Ontario hospital projects (approximately \$112 million), a partial repayment on the note payable issued in connection with the acquisition of Karson (approximately \$4 million), and additional debt incurred as part of the purchase of the operations of South Rock (approximately \$8 million).

At March 31, 2009, Aecon had contractual obligations to complete projects that were in progress. The revenue value of these contracts was \$1,424 million. This consists of the reported backlog of \$1,359 million plus an additional \$65 million representing Aecon's share of the Quito project revenues not included in reported backlog revenues.

Off-Balance Sheet Arrangements

In connection with its joint venture operations in Quito, India and Israel, Aecon has provided various financial and performance guarantees and letters of credit, which are described in note 9 to the 2009 Interim Consolidated Financial Statements.

There was no material change in the funded status of Aecon's pension plans during the first three months of 2009. Aecon's defined benefit pension plans (the "Pension Plans") had a combined deficit of \$2.0 million at December 31, 2008 (2007 - \$0.7 million). These deficits include experience and other actuarial gains and losses which, in accordance with Canadian generally accepted accounting principles, are not immediately recognized in the accounts of the Company but are amortized over the average remaining service life of employees. At December 31, 2008, unrecognized liabilities amounted to \$7.2 million (2007 - \$2.8 million). Aecon's pension expense in 2009 is expected to increase by approximately \$0.7 million when the 2008 experience and other actuarial losses begin to be amortized into income. Further details relating to Aecon's defined benefit plans are set out in note 20 to the 2008 Consolidated Financial Statements and in the 2008 Annual MD&A.

The current actuarial valuation of the Pension Plans for statutory and contribution purposes was completed as at December 31, 2007. Under current pension benefits regulations, the next actuarial valuation of the Pension Plans must be performed with a valuation date of no later than December 31, 2010. No change in contributions will be required before 2011 and any change thereafter will reflect December 31, 2010 market conditions.

It is important to note that the accounting for pension plans involves a number of assumptions, including those that are disclosed in note 20 to the 2008 Consolidated Financial Statements. As a result of the uncertainty associated with these estimates, there is no assurance that the plans will be able to earn the assumed rate of return on plan assets. Furthermore, market driven changes may result in changes to discount rates and other variables which would result in Aecon being required to make contributions to the plans in the future that may differ significantly from current estimates. As a result, there is a significant amount of measurement uncertainty involved in the actuarial valuation process. This measurement uncertainty may lead to potential fluctuations in financial results attributable to the selection of actuarial assumptions and other accounting estimates involved in the determination of pension expense and obligations.

From time to time Aecon enters into forward contracts and other foreign exchange hedging products to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar. At March 31, 2009, the Company had outstanding contracts to buy and/or sell U.S. dollars or euros on which there was a net unrealized exchange loss of \$1.6 million. The net unrealized exchange gain (loss) represents the estimated amount the Company would have

received (paid) if it terminated the contracts at the end of the respective period. Financial instruments are discussed in note 14 to the 2009 Interim Consolidated Financial Statements.

Related Party Transactions

There were no significant related party transactions since December 31, 2008.

Critical Accounting Estimates

The reader is referred to the detailed discussion on Critical Accounting estimates as outlined in the notes to the Company's 2008 Consolidated Financial Statements and in the 2008 Annual MD&A.

Outstanding Share Data

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

(in thousands of dollars, except share amounts)

	<u>March 31, 2009</u>	<u>May 5, 2009</u>
Number of common shares outstanding (1)	50,899,290	56,430,231
Paid-up capital of common shares outstanding (2)	\$ 262,644	\$ 304,183
Outstanding securities exchangeable or convertible into common shares:		
Number of stock options outstanding	1,989,318	1,969,318
Number of common shares issuable on exercise of stock options	1,989,318	1,969,318
Increase in paid-up capital on exercise of stock options	\$ 22,224	\$ 22,098
Principal amount of convertible debentures outstanding	\$ -	\$ -
Number of common shares issuable on conversion of convertible debentures	-	-
Increase in paid-up capital on conversion of convertible debentures	\$ -	\$ -

- (1) The number of common shares outstanding as per the above table at March 31, 2009 includes 691,366 shares (May 5, 2009 – 1,642,222 shares) held by the trustee of Aecon's Long-Term Incentive Plan ("LTIP").

The number of common shares outstanding at March 31, 2009 for financial statement purposes, after deducting the above LTIP shares, was 50,207,924 shares (May 5, 2009 – 54,788,009 shares) (see note 10 to the 2009 Interim Consolidated Financial Statements).

- (2) As described in note 10 to the 2009 Interim Consolidated Financial Statements, and in accordance with the recommendations of The Canadian Institute of Chartered Accountants, share capital at March 31, 2009 has been reduced by \$7.6 million to reflect shares held by the trustee of the LTIP plan.

OUTLOOK

As the second quarter begins, most of the key trends that shaped Aecon's outlook at the beginning of the year remain in place.

While equity and debt markets may be showing signs of stabilizing, Canada's economic outlook in several key sectors, including automotive, pulp and paper, and the oilsands remains one of uncertainty.

At the same time, the positive indicators in place at the beginning of the year, including record seasonal backlog, a strong balance sheet and a robust bidding pipeline continue to provide reason for optimism.

A number of other key trends remain in place, including:

- Record levels of government investment in transportation infrastructure across the country;
- Depressed levels of new investment in the oilsands, where restart dates for many of the delayed projects remain uncertain;
- Ongoing strong demand for social infrastructure across the country, especially in the healthcare and education areas;
- Strong medium term demand for new electrical generation capacity in Ontario, but with the timing of many planned projects less certain given the reduced demand impacts from the current economic environment;
- Growing demand for water and wastewater infrastructure in municipalities across the country.

These ongoing trends continue to produce near record seasonal backlog in the Buildings and Infrastructure segments, but a 54% decline in the Industrial backlog from a year ago.

As such, the outlook for Aecon's Infrastructure segment remains strong. Segment backlog has strengthened to \$660 million at March 31, 2009, a 59% increase from a year ago due in large part to the acquisition of South Rock in January. In addition, the healthy bidding pipeline for transportation infrastructure projects across Canada continues to bode well for strong results from this segment into 2010.

Similarly, backlog of \$520 million in the Buildings segment represents a 21% increase from a year ago. This continued strong backlog, and the significant strides made in the segment's Toronto business unit, are evidence of positive momentum in the Buildings segment. With most of the negative impact from the setback encountered in the segment's Montreal operations now behind us, the outlook for Aecon's Buildings segment remains positive.

The Industrial segment, which has been responsible for much of Aecon's growth in profitability over the last two years, is the one segment that is likely to encounter greater difficulty in 2009, as the economic conditions noted above have contributed to a significant decline in backlog from a year ago. In this respect, the strong results achieved in the Industrial segment this quarter are not indicative of the results expected over the balance of the year.

The Lockerbie acquisition in April will, among other things, significantly increase Aecon's market share and presence in Western Canada, including the significant ongoing maintenance requirements of existing oilsands infrastructure, where Lockerbie is well positioned. In addition, Aecon's civil and utilities capabilities will augment Lockerbie's water/wastewater and mining operations, and applying Aecon's strength in the power sector to Lockerbie's strong market presence in Western Canada could produce significant opportunities in that market as well.

Notably, the addition of Lockerbie's commercial mechanical business will also further increase Aecon's backlog in the social infrastructure sector, adding an important western Canadian component to an already healthy social infrastructure backlog in Central and Eastern Canada.

In the Concessions segment, traffic on the Cross Israel Highway and at the Quito airport continues to increase, albeit at a slower pace than was reported a year ago. A close watch is being held for any potential fallout from the current economic turmoil. Construction is progressing well on the Quito Airport project, which continues to proceed on track to open in September of 2010.

Overall, notwithstanding the current economic and financial environment, management continues to believe that its strong backlog and the relative durability of its Infrastructure and Buildings markets bode well for continued strong financial performance throughout 2009 and into 2010.

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 were 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. Recent events in global financial and credit markets have resulted in abnormally high market volatility and a level of uncertainty not seen in decades. The high level of uncertainty arising from this crisis may continue to impact the global, North American and Canadian economies in unpredictable ways and may impact the results of Aecon in a manner which is currently impossible to ascertain. In addition, factors could cause Aecon's actual results, performance or achievements to vary from those expressed or inferred herein, including without limitation, the successful integration of recent acquisitions, the ability of the Eastmain Joint Venture to recover the full value of unpriced change orders, and failure to achieve the targets associated with the construction of the new Quito airport or operation of the existing Quito airport. Risk factors are discussed in greater detail in the section on "Risk Factors" in the Annual Information Form filed on March 31, 2009 and available at www.sedar.com. 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.

Aecon Group Inc.

Consolidated Financial Statements
(Unaudited)

March 31, 2009 and 2008

Notice to Reader

The management of Aecon Group Inc. is responsible for the preparation of the accompanying interim consolidated financial statements. The interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

These interim consolidated financial statements have not been reviewed by an auditor. 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.

(signed) John M. Beck, Chairman and Chief Executive Officer

(signed) Scott C. Balfour, President and Chief Financial Officer

Aecon Group Inc.
Consolidated Balance Sheets

(in thousands of dollars) (unaudited)

	March 31, 2009	December 31, 2008
Assets		
Current assets		
Cash and cash equivalents (note 3)	\$ 373,547	\$ 292,873
Restricted cash	36,379	28,194
Accounts receivable	215,336	259,431
Holdbacks receivable	68,710	92,584
Deferred contract costs and unbilled revenue	141,253	119,170
Inventories	27,867	23,582
Prepaid expenses	9,408	8,158
	872,500	823,992
Property, plant and equipment	149,510	102,333
Future income tax assets	10,649	20,622
Concession rights (note 4)	190,818	167,996
Long-term concession investment (note 6)	32,685	32,685
Other assets (note 7)	58,159	41,236
	\$ 1,314,321	\$ 1,188,864

Approved by the Board of Directors

 (signed) "John M. Beck"

John M. Beck, Director

 (signed) "Michael A. Butt"

Michael A. Butt, Director

Aecon Group Inc.

Consolidated Balance Sheets ...continued

(in thousands of dollars) (unaudited)

	March 31, 2009	December 31, 2008
Liabilities		
Current liabilities		
Bank indebtedness (note 3)	\$ 30,000	\$ 2,631
Accounts payable and accrued liabilities	303,014	319,840
Holdbacks payable	58,245	60,506
Deferred revenue	91,294	91,948
Income taxes payable	5,860	4,015
Future income tax liabilities	48,512	48,512
Current portion of long-term debt (note 8)	23,594	16,387
	560,519	543,839
Non-recourse project debt (note 8)	229,988	118,665
Other long-term debt (note 8)	39,868	45,160
Other liabilities	3,514	3,375
Other income tax liabilities	15,738	15,537
Concession related deferred revenue	80,158	77,574
	929,785	804,150
Non-controlling interests	3,390	2,449
Commitments and contingencies (note 9)		
Shareholders' Equity		
Capital stock (note 10)	262,644	262,644
Contributed surplus (note 10)	3,093	2,828
Retained earnings	107,732	110,903
Accumulated other comprehensive income (note 10)	7,677	5,890
	381,146	382,265
	\$ 1,314,321	\$ 1,188,864

Aecon Group Inc.

Consolidated Statements of Income (Loss)

For the three months ended March 31, 2009 and 2008

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

	2009	2008
Revenues	\$ 340,885	\$ 301,960
Direct costs and expenses	(308,257)	(283,437)
	32,628	18,523
Marketing, general and administrative expenses	(24,162)	(16,149)
Foreign exchange gains (losses)	(1,576)	329
Gain (loss) on sale of assets	23	(53)
Depreciation and amortization	(8,047)	(5,874)
Interest expense	(1,636)	(2,123)
Interest income	2,906	1,884
	(32,492)	(21,986)
Income (loss) before income taxes and non-controlling interests	136	(3,463)
Income tax (expense) recovery (note 5)		
Current	(1,203)	(661)
Future	1,455	4,669
	252	4,008
Income before non-controlling interests	388	545
Non-controlling interests	(1,014)	(269)
Net income (loss) for the period	\$ (626)	\$ 276
Earnings (loss) per share (note 10)		
Basic	\$ (0.01)	\$ 0.01
Diluted	\$ (0.01)	\$ 0.01
Average number of shares outstanding (note 10)		
Basic	50,207,924	42,369,274
Diluted	50,953,865	47,005,640

Aecon Group Inc.

For the three months ended March 31, 2009 and 2008

(in thousands of dollars) (unaudited)

Consolidated Statements of Comprehensive Income (Loss)

	<u>2009</u>		<u>2008</u>
Net income (loss) for the period	\$ (626)	\$	276
Other comprehensive income (loss), net of tax			
Currency translation adjustments	1,932		131
Mark-to-market adjustments on available-for-sale investments	(145)		-
Cash flow hedges			
Net change in fair value of derivatives	-		(560)
Comprehensive income (loss) for the period	\$ 1,161	\$	(153)

Consolidated Statements of Retained Earnings

	<u>2009</u>		<u>2008</u>
Retained earnings - beginning of period	\$ 110,903	\$	61,525
Net income (loss) for the period	(626)		276
Dividends (note 10)	(2,545)		(2,336)
Interest received on share purchase loans (note 10)	-		4
Retained earnings - end of period	\$ 107,732	\$	59,469

Consolidated Statements of Accumulated Other Comprehensive Income (Loss)

	<u>2009</u>		<u>2008</u>
Accumulated other comprehensive income (loss) - beginning of period	\$ 5,890	\$	(2,500)
Currency translation adjustments	1,932		131
Mark-to-market adjustments on available-for-sale investments	(145)		-
Cash flow hedges	-		(560)
Accumulated other comprehensive income (loss) - end of period	\$ 7,677	\$	(2,929)

Aecon Group Inc.

Consolidated Statements of Cash Flows

For the three months ended March 31, 2009 and 2008

(in thousands of dollars) (unaudited)

	2009	2008
Cash provided by (used in)		
Operating activities		
Net income (loss) for the period	\$ (626)	\$ 276
Items not affecting cash		
Depreciation and amortization	8,047	5,874
(Gain) loss on sale of assets	(23)	53
Amortization of commitment fees	99	40
Unrealized (gain) loss on foreign exchange	1,844	(163)
Non-cash interest on other income tax liabilities	201	201
Notional interest representing accretion	(270)	462
Defined benefit pension	256	(913)
Future income taxes	(1,455)	(4,669)
Stock-based compensation	265	47
	8,338	1,208
Change in other balances relating to operations (note 11)	(1,461)	18,182
	6,877	19,390
Investing activities		
Decrease (increase) in restricted cash balances	477	(362)
Purchase of property, plant and equipment	(2,842)	(752)
Proceeds on sale of property, plant and equipment	324	25
Acquisitions (note 12)	(31,381)	-
Investment in concession rights (note 4)	(20,743)	(11,970)
Increase in other assets	(1,344)	(729)
Increase in non-controlling interests	902	269
	(54,607)	(13,519)
Financing activities		
Increase in bank indebtedness	27,313	-
Issuance of long-term debt	105,799	3,214
Repayments of long-term debt	(3,654)	(6,252)
Issuance of capital stock, net of issuance costs (note 10)	-	607
Repayment of share purchase loans (note 10)	-	363
Dividends paid (note 10)	(2,545)	(2,977)
Interest received on share purchase loans (note 10)	-	4
	126,913	(5,041)
Increase in cash and cash equivalents during the period	79,183	830
Effects of foreign exchange on cash balances	1,491	1,218
Cash and cash equivalents - beginning of period	292,873	134,606
Cash and cash equivalents - end of period	\$ 373,547	\$ 136,654

Supplementary disclosures (note 11)

Aecon Group Inc.

Notes to Consolidated Financial Statements

March 31, 2009 and 2008

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

1) Summary of significant accounting policies

These unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”) for interim financial statements. They do not include all of the disclosures required by 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 consolidated financial statements. Except for the adoption of the accounting standards discussed in note 2 below, 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, 2008. In the opinion of management these interim consolidated financial statements include all adjustments, consisting of normal and recurring items that are necessary for a fair presentation of the consolidated financial position, results of operations and cash flows.

The construction industry in Canada is seasonal in nature for companies like Aecon, who do a significant portion of their work outdoors (principally road construction and utilities work) and, as a result, less work is performed in the winter and early spring months than in the summer and fall months. Accordingly, the Company experiences a seasonal pattern in its operating results with the first half of the year typically reflecting lower revenues and profits than the second half of the year. Results for the three-month ended March 31, 2009 are not necessarily indicative of results expected for the full fiscal year or any other future period.

2) Change in accounting policies

Effective January 1, 2009, the Company adopted the following new accounting standards that were issued by The Canadian Institute of Chartered Accountants (“CICA”):

The CICA issued Handbook Section 3064, “Goodwill and Intangible Assets,” which clarifies that costs can be capitalized only when they relate to an item that meets the definition of an asset. Section 1000, “Financial Statement Concepts,” was also amended to provide consistency with this new standard. The new and amended standards are effective on January 1, 2009 for the Company.

There were no significant impacts on the Company’s consolidated financial position or on the results of its operations from adoption of the above new standards.

The CICA has also issued Handbook Section 1582, “Business Combinations,” which replaces Section 1581 and Section 1601, “Consolidated Financial Statements,” and Section 1602, “Non-Controlling Interests,” which together replace Section 1600. Under Section 1582, the purchase price used in a business combination is based on the fair value of shares exchanged at their market price at the date of exchange. Furthermore, virtually all acquisition costs will be expensed which currently are capitalized as part of the purchase price. Contingent liabilities are to be recognized at fair value at the acquisition date and remeasured at fair value through earnings for each period until settled. Currently, only the contingent liabilities that are resolved and payable are included in the cost to acquire the business. In addition, negative goodwill will be recognized immediately in earnings, unlike the current requirement to eliminate it by deducting it from assets in the purchase price allocation. Sections 1601 and 1602 revise and enhance the standards for the preparation of consolidated financial

Aecon Group Inc.

Notes to Consolidated Financial Statements

March 31, 2009 and 2008

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

statements subsequent to a business combination. All three sections come into effect for financial periods beginning January 1, 2011 with prospective application.

In February 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed that Canadian public entities will have to adopt International Financial Reporting Standards (“IFRS”) effective for fiscal years beginning on or after January 1, 2011 (the “changeover date”). The Company will issue consolidated financial statements in accordance with IFRS commencing in the first quarter ended March 31, 2011, with comparative information. The impact of the adoption of IFRS on the consolidated financial statements of the Company will likely be significant and, as such, the Company has begun to develop its convergence plan in order to transition its financial statement reporting, presentation and disclosure for IFRS to meet the January 1, 2011 deadline. The Company continues the process of evaluating the potential impact of IFRS on its consolidated financial statements. The process will be on going as new standards and recommendations are issued by the International Accounting Standards Board and AcSB. It is not the Company’s intention to early adopt IFRS prior to January 1, 2011.

3) Cash and cash equivalents, and bank indebtedness

- (a) Cash and cash equivalents at March 31, 2009 were \$373,547, which compares with \$292,873 at December 31, 2008. Of these amounts, \$85,850 and \$62,003, respectively, were on deposit in joint venture and affiliate bank accounts, which the Company cannot access directly. Also included in cash and cash equivalents was \$77,107 (December 31, 2008 - \$8,034) of cash held by build finance special purpose vehicles (“Build Finance SPVs”) (see note 18) which was advanced by lenders to finance the construction by the Company of Infrastructure Ontario hospital projects.
- (b) As at March 31, 2009, bank indebtedness of \$30,000 was outstanding under the Company’s revolving operating line of credit facility. This balance was fully repaid on April 2, 2009. As at December 31, 2008, bank indebtedness of \$2,631 represented the Company’s proportionate share of amounts borrowed by the Nathpa Jhakri hydroelectric project in India. This bank indebtedness was fully repaid in the first quarter of 2009.

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4) Concession rights

The Company has recorded concession rights as follows:

	March 31, 2009	December 31, 2008
Concession rights to operate the Existing Quito Airport, net of accumulated amortization of \$44,702 (December 31, 2008 - \$39,251)	\$ 27,554	\$ 30,585
Concession rights to operate the New Quito Airport	163,264	137,411
	\$ 190,818	\$ 167,996

(a) Background information

The Company holds a 42.3% effective economic interest in Corporacion Quiport S.A., an Ecuadorian company, whose main operations consist of: (a) managing and operating the existing Mariscal Sucre International Airport (the "Existing Quito Airport") until its operations are transferred to a new airport; and (b) the development, financing, construction, operation and maintenance of the new Quito International Airport ("New Quito Airport") under a concession arrangement with Corporacion Aeropuerto y Zona Franca del Distrito Metropolitano de Quito ("CORPAQ"). The Company's 42.3% effective economic interest reflects a 45.5% investment in Quiport JV less the impact of the Company's share of a 7% carried interest given to one of the other partners for its participation in the project. Under the concession contract with CORPAQ, Quiport JV was awarded a 35-year concession from January 27, 2006. Once the concession period expires, all the facilities will be returned to CORPAQ. Income earned from operating the Existing Quito Airport must be reinvested in the New Quito Airport.

(b) Accounting for operations of the Existing Quito Airport

As consideration to develop and finance the New Quito Airport, Quiport JV was awarded the right to operate and to benefit from the operations of the Existing Quito Airport while the New Quito Airport is being constructed. In accordance with GAAP, an entity acquiring an "in-kind" asset must measure the asset at fair value as at the date of acquisition. Therefore, in accounting for the right to operate the Existing Quito Airport, Quiport JV fair valued this right and recorded an intangible asset (being the "Concession Rights") on its consolidated balance sheet. As at the date of financial close in 2006, the Company's proportionate share of this asset was assigned a value of \$64,000, the then equivalent of US\$57,337 following a valuation by an independent international accounting firm of the consideration received. Quiport JV amortizes these Concession Rights over the remaining term of the right to operate the Existing Quito Airport, and amortization is based on usage (estimated traffic volumes). The offsetting concession related deferred revenue balance (which is the value of the consideration received by Quiport JV to develop and finance the New Quito Airport) will be amortized to earnings over the term of the New Quito Airport concession period. Consequently, income earned from the operation of the Existing Quito Airport, which is being recognized in the normal fashion, is being reduced by the amount of the annual amortization charge related to the Existing Quito Airport Concession Rights.

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(c) Accounting for the costs of the New Quito Airport

At March 31, 2009, \$163,264 (December 31, 2008 - \$137,411) representing the Company's proportionate share of the costs to construct the New Quito Airport has been recorded as Concession Rights to operate the New Quito Airport. Quiport JV capitalizes interest during the construction period until the project opening date. Amortization of these Concession Rights will commence after construction of the New Quito Airport is completed. As a result, there is no amortization expense recorded in the current or prior period results.

The Company's investment in the Quito Airport concession is accounted for by the proportionate consolidation method, whereby the consolidated financial statements reflect, line by line, the pro rata share of each of the assets, liabilities, revenues and expenses of the Quito Airport concession. As a result, the consolidated financial statements include the Company's proportionate share of the non-recourse project debt used to finance the construction of the new airport (see note 8).

5) Income taxes

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

	Three months ended March 31	
	2009	2008
Income (loss) before income taxes and non-controlling interests	\$ 136	\$ (3,463)
Statutory income tax rate	33%	33.5%
Expected income tax (expense) recovery	(45)	1,160
Effect on income tax of:		
Reduction in the valuation allowance	-	3,403
Provincial and foreign rate differentials	643	402
Non-deductible expenses	(190)	(887)
Foreign exchange translation losses	(58)	(31)
Other	(98)	(39)
	297	2,848
Income tax (expense) recovery	\$ 252	\$ 4,008

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6) Long-term concession investment

The long-term concession investment in the amount of \$32,685 at March 31, 2009 (December 31, 2008 - \$32,685) represents the Company's 25% investment, which is carried at cost, in Derech Eretz Highways (1997) Ltd. ("Derech Eretz"), the company that owns the concessionaire rights to the Cross Israel Highway. Under the terms of the concession contract with the State of Israel and lender agreements, the Company is required to obtain approvals in order to sell all or a portion of this investment. In addition, existing shareholders have a right of first refusal to acquire this investment in the event of a sale and also are entitled to participate on a pro rata basis in the event of a sale to a third party. Pursuant to an agreement with the State of Israel, the Company's interest in Derech Eretz would be diluted to approximately 12% if options granted to the State of Israel are exercised.

7) Other assets

		March 31, 2009	December 31, 2008
Goodwill	(a)	\$ 19,585	\$ 9,804
Long-term receivables		9,422	8,903
Share investments		7,827	7,972
Intangibles	(a)	6,762	528
Income tax deposit		5,414	5,414
Pension assets		4,997	5,253
Commitment fees		1,448	883
Other		2,704	2,479
		\$ 58,159	\$ 41,236

The following describes the major changes to other assets during the quarter ended March 31, 2009:

- (a) Goodwill and intangibles increased by \$9,781 and \$6,250, respectively, as a result of the purchase of South Rock Ltd. in the first quarter of 2009 (see note 12).

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8) Long-term debt

	March 31, 2009	December 31, 2008
Non-recourse project debt		
Quiport JV project financing	(a) \$ 113,453	\$ 87,931
Quiport JV CORPAQ debt	5,734	5,542
Rouge Valley Health System project debt	(b) 31,511	24,723
Toronto Rehabilitation Hospital project debt	(c) 15,024	6,011
Lakeridge Health Oshawa Hospital project debt	(d) 70,000	-
	235,722	124,207
Other long-term debt		
Capital leases and equipment loans	27,333	28,807
Term loans	(e) 7,695	-
Note payable	11,086	15,091
Mortgages	6,120	6,226
Loans from Derech Eretz partners	5,060	5,462
Investment loan	434	419
	57,728	56,005
Total long-term debt	293,450	180,212
Less: Amounts due within one year		
- Non-recourse project debt	5,734	5,542
- Other long-term debt	17,860	10,845
	\$ 269,856	\$ 163,825

The following describes the major changes to long-term debt during the quarter ended March 31, 2009:

- (a) The total financing commitment made by the Project Senior Lenders to Quiport JV is US\$376,388. As at March 31, 2009, senior project financing advanced to Quiport JV by the Project Senior Lenders at 100% was US\$203,790 (December 31, 2008 - US\$164,593). Included in the Company's consolidated balance sheets at March 31, 2009, is debt, net of transaction costs, of US\$90,028 (CA\$113,453) (December 31, 2008 - US\$72,193 or CA\$87,931) representing the Company's proportionate share of Quiport JV debt. This debt is secured by the assets of Quiport JV and is otherwise without recourse to the Company.

The financing is denominated in US dollars and is provided for a term of fifteen years from June 28, 2006 using a mix of rates of interest, both variable (some of which can be converted into fixed rates) and fixed, as follows:

- US 91-day treasury bill rate plus 4% (53% of the total financing commitment);
 - six-month LIBOR rate plus 4.5% (20% of the total financing commitment);
 - 4.9% plus exposure fee of 26.51% on disbursed amounts (17% of the total financing commitment);
- and

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- 10.32% (10% of total financing commitment).

No debt repayments are scheduled to be made during the construction period and all interest costs are capitalized during construction.

- (b) Project financing for the Rouge Valley Health System project at March 31, 2009, was \$31,511 (December 31, 2008 - \$24,723). The total amount available to be borrowed over the construction period is \$57,034 and repayment of the loan is due at the end of the project in 2010. Repayment will be entirely funded from a lump sum payment by Infrastructure Ontario upon completion of construction. This debt is secured by the assets of the project and is non-recourse to the Company. Interest on this debt, at an annual rate of 5.3%, is capitalized to the loan balance.
- (c) Project financing for the Toronto Rehabilitation Hospital project at March 31, 2009, was \$15,024 (December 31, 2008 - \$6,011). The total amount available to be borrowed over the construction period is \$101,848. An interim repayment of \$53,177 on the loan is scheduled for May 19, 2010, with final repayment due at the end of the project in 2011. This debt is secured by the assets of the project and is non-recourse to the Company. Interest on this debt at an annual rate of 5.567% is capitalized to the loan balance.
- (d) Project financing for the Lakeridge Health Oshawa Hospital project at March 31, 2009, was \$70,000 (December 31, 2008 - \$nil), and represents an advance of the full amount expected to be required to construct the project. Full repayment of the debt is scheduled at the end of the project in 2011. This debt is secured by the assets of the project and is non-recourse to the Company. Interest on this debt at an annual rate of 5.744% is paid on a monthly basis.
- (e) As part of the acquisition of South Rock Ltd. in 2009 (see note 12), the Company assumed term loans totalling \$7,695. These loans vary in term from being payable on demand to being due in 2013 and bear interest at fixed rates ranging up to 6.13% and floating interest rates ranging from prime plus 0.25% to banker's acceptance rate plus 2.25%. These term loans are secured by certain assets of South Rock Ltd.

9) Guarantees

The Company has outstanding guarantees amounting to \$12,238 (December 31, 2008 - \$11,968) in support of financial and performance related obligations for the Nathpa Jhakri hydroelectric project in India. These guarantees are backed by letters of credit issued by the Company.

In connection with the Cross Israel Highway project, the Company has provided two joint and several guarantees, a continuous guarantee, which guarantees the performance of the concessionaire in which the Company has a 25% interest, and a leakage guarantee, which is a guarantee by the operator of the toll highway, in which the Company has a 30.6% interest, to the concessionaire and covers toll capture and collection rates generated from users of the highway during the operating period. These guarantees extend to the end of the concession period, which ends in 2029. The continuous guarantee (at 100%) is in the amount of US\$32,400 (CA\$40,830) (December 31, 2008 - US\$32,400 or CA\$39,463) and is renewed annually to its full amount, irrespective of any drawings made thereunder. The Company has issued a letter of credit in the amount of US\$8,100 (CA\$10,208) (December 31, 2008 - US\$8,100 or CA\$9,866) to support its share of the continuous guarantee, and its partners have similarly issued letters of credit to support their respective shares. The leakage

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guarantee (at 100%) came into effect when construction was completed and is renewable annually for the lesser of NIS33,000 plus escalation to date (CA\$14,426) (December 31, 2008 - NIS33,000 plus escalation or CA\$15,601) or 6% of the annual toll revenue.

In addition to the above, the Company has provided letters of credit in the amount of NIS2,400 (CA\$716) (December 31, 2008 - NIS2,400 or CA\$778) to support a performance bond that was required of the concessionaire in connection with the construction of an extension to the Cross Israel Highway. This letter of credit is secured by cash. Furthermore, the operator of the Cross Israel Highway project, in which the Company has a 30.6% interest, has provided letters of credit to the concessionaire in support of performance obligations related to the operations of the highway and to secure advances from the concessionaire. These letters of credit totaling NIS27,351 (CA\$8,162) (December 31, 2008 - NIS27,351 or CA\$8,862) are issued utilizing the credit facilities of the operator and are partially secured by cash.

In connection with the Quito Airport project, the Company has provided letters of credit of US\$8,515 (CA\$10,730) (December 31, 2008 - US\$14,325 or CA\$17,448) in support of its remaining equity obligations and a letter of credit of US\$29,393 (CA\$37,041) (December 31, 2008 - US\$29,393 or CA\$35,801) for various project contingencies. These letters of credit are supported by guarantees issued on behalf of the Company to the issuing banks by Export Development Canada ("EDC") and will remain in place until its equity obligations are fulfilled and the conditions giving rise to the contingencies are satisfied or cleared. As a result of EDC issuing these guarantees, the Company was required to place on deposit with EDC the sum of US\$1,500 (CA\$1,890) (December 31, 2008 - US\$1,500 or CA\$1,827), which is classified as restricted cash on the consolidated balance sheets. The Company has also issued a corporate guarantee in the amount of US\$3,129 (CA\$3,943) (December 31, 2008 - US\$3,129 or CA\$3,811) as security to cover 50% of a credit facility set up to assist in the partial release of holdback funds to the Quito construction joint venture with its partner issuing a corporate guarantee to support the 50% balance share.

The Company has also issued letters of credit to secure advances received from the Quito construction joint venture in the sum of US\$10,500 (CA\$13,232) (December 31, 2008 - US\$10,500 or CA\$12,789). The cash received was used as collateral for the letters of credit.

In addition, the Company and its joint venture partner have provided surety bonds, guaranteed jointly and severally, to cover construction and concession related performance obligations of US\$67,055 (CA\$84,503) (December 31, 2008 - US\$67,055 or CA\$81,673), an advance payment bond of US\$74,466 (CA\$93,842) (December 31, 2008 - US\$74,466 or CA\$90,700) and a retention release bond of US\$20,685 (CA\$26,067) (December 31, 2008 - US\$20,685 or CA\$25,194). In each case, the Company's share is supported by guarantees issued by EDC. As a result of EDC issuing these guarantees, the Company was required to place on deposit with EDC the sum of US\$2,000 (CA\$2,520) (December 31, 2008 - US\$2,000 or CA\$2,436), which is classified as restricted cash on the consolidated balance sheets.

The Company has also issued performance guarantees of \$7,634 (December 31, 2008 - \$10,898), which are supported by guarantees issued to the Company by EDC in respect of certain international contracts for the manufacture and supply of equipment by its subsidiary, Innovative Steam Technologies Inc.

In addition, the Company has also issued, in the normal conduct of operations, letters of credit amounting to \$42,908 (December 31, 2008 - \$37,210) in support of financial and performance related obligations of its North American operations.

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As part of the acquisition of South Rock Ltd. in 2009 (see note 12), the Company assumed letters of credit amounting to \$12,609 issued in the normal conduct of operations, in support of financial and performance related obligations of South Rock Ltd. As a result of issuing these guarantees, South Rock Ltd. was required to place on deposit with the bank the sum of \$8,333, which is classified as restricted cash on the consolidated balance sheets.

In connection with the project financing for the Rouge Valley Health System project, the Company has provided a guarantee of additional financing costs (interest and fees) incurred by a wholly owned project company in the event of delays in the completion of construction. This guarantee is capped at \$5,000 (December 31, 2008 - \$5,000). The Company has also provided a guarantee of the obligations of the project company under a \$5,000 (December 31, 2008 - \$5,000) contingency loan facility established exclusively to finance additional costs, if any, associated with delays and working capital requirements due to delayed payments or schedule changes.

In connection with the project financing for the Toronto Rehabilitation Hospital project, the Company has provided a guarantee of additional financing costs (interest and fees) incurred in the event of delays in the completion of construction or due to default under the construction contract or the project agreement. This guarantee is currently capped at \$11,225 (December 31, 2008 - \$11,225).

In connection with the project financing for the Lakeridge Health Oshawa Hospital project, the Company has provided a limited cost overrun guarantee in the event of cost overruns in excess of the guaranteed maximum price. This guarantee is currently capped at \$8,500.

Under the terms of many of the Company's joint venture contracts with project owners, each of the partners is jointly and severally liable for performance under the contracts. At March 31, 2009, the value of uncompleted work for which the Company's joint venture partners are responsible, and which the Company could be responsible for assuming, amounted to approximately \$490,538 (December 31, 2008 - \$418,004), a substantial portion of which is supported by performance bonds. In the event the Company assumed this additional work, it would have the right to receive the partner's share of billings to the project owners pursuant to the joint venture contract.

The Company has, over time, sold portions of its business. Pursuant to the sale agreements, the Company may have had to indemnify the purchaser against liabilities related to events that occurred prior to the sale, such as tax, environmental, litigation, 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.

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10) Capital stock

	2009		2008	
	Number of shares	Amount	Number of shares	Amount
Balance – January 1	50,207,924	\$ 262,644	42,079,119	\$ 162,691
Common shares issued on exercise of options	-	-	121,000	939
Common shares issued on conversion of debentures (i)	-	-	4,167,795	32,362
Repayment of share purchase loans	-	-	-	364
Balance – March 31 (ii)	50,207,924	\$ 262,644	46,367,914	\$ 196,356

- (i) During the quarter ended March 31, 2008, convertible debentures with a face value \$31,675 and carrying values of \$30,261 were converted into 4,167,795 common shares at a conversion price of \$7.60 per share. In addition, share capital was increased by \$2,101, representing the equity portion of the convertible debentures that was previously classified as a separate component of shareholders' equity.
- (ii) In accordance with the recommendations of the CICA Accounting Guideline No. 15 "Consolidation of Variable Interest Entities", share capital and shares outstanding have been reduced to reflect shares purchased by the Trust administrating the Company's Long-Term Incentive Plan. As at March 31, 2009, the Trust held 691,366 shares (December 31, 2008 – 691,366 shares) with a cost basis of \$7,615 (December 31, 2008 - \$7,615).

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

Stock option plans

On June 21, 2005, the Company's shareholders approved a new stock option plan (the "2005 Stock Option Plan") to replace the previous 1998 Stock Option Plan. However, this new plan did not affect the rights granted to the holders of options that were previously issued and remain outstanding under the 1998 Stock Option Plan. The aggregate number of common shares that can be issued under the 2005 Stock Option Plan shall not exceed 2,500,000. Similar to the 1998 Stock Option Plan, each option issuance under the 2005 Stock Option Plan specifies 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.

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

	Three months ended March 31			
	2009		2008	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Balance outstanding at beginning of period	1,993,484	\$ 11.26	1,044,484	\$ 6.08
Granted	50,000	9.12	-	-
Exercised	-	-	(121,000)	5.02
Cancelled	(54,166)	12.43	-	-
Balance outstanding at end of period	<u>1,989,318</u>	<u>\$ 11.17</u>	<u>923,484</u>	<u>\$ 6.22</u>
Options exercisable at end of period	<u>1,097,651</u>	<u>\$ 8.50</u>	<u>656,817</u>	<u>\$ 6.23</u>

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

Options granted in	Number of shares	Exercise price	Expiry date
2004	40,000	\$6.30	August 3, 2009
2004	16,667	\$6.20	November 30, 2009
2005	66,667	\$5.51	November 7, 2010
2006	670,150	\$6.25	March 27, 2011
2007	33,334	\$6.75	January 16, 2012
2008	1,112,500	\$14.95	August 5, 2013
2009	50,000	\$9.12	March 4, 2014
	<u>1,989,318</u>		

All option grants, except for options granted in 2006 and 2008, 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. The options granted in 2006 and 2008 have a term of five years from the date of grant and vested one-quarter immediately and one-quarter per annum thereafter on the anniversary date of the grant.

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The Company has adopted fair value accounting for options granted after 2001 to employees and records compensation expense upon the issuance of stock options under its 1998 and 2005 Stock Option Plans. For options granted, the fair value is estimated on the date of grant using the Black-Scholes fair value option pricing model and the following assumptions:

	<u>2009</u>	<u>2008</u>
Dividend yield	2.19%	1.4%
Expected volatility	54%	32.0%
Risk free interest rate	1.5%	3.5%
Weighted average expected life (years)	3.50	3.25

The resulting fair value is charged to compensation expense over the vesting period of the options.

During the three months ending March 31, 2009, compensation expense and contributed surplus were increased by \$265 (2008 - \$47) on account of options granted.

As options are exercised, the corresponding values previously charged to contributed surplus are reclassified to capital stock. In the quarter ending March 31, 2009, contributed surplus was decreased by \$nil (2008 - \$332) and capital stock was increased by the same amount upon the exercise of options under the stock option plans. Cash proceeds arising from the exercise of these options are credited to capital stock.

Long-Term Incentive Plan

In 2005, the Company adopted a Long-Term Incentive Plan ("LTIP") to provide a financial incentive for its senior executives to devote their efforts to the long-term success of the Company's business. The LTIP provides that shares of the Company shall be purchased by the trustee and held in trust for the future benefit of the participants until such time as awards made to participants under the LTIP have vested and as a result, the participants become eligible to have such shares transferred to them.

Awards to participants are based on the financial results of the Company and are made in the form of Deferred Share Units ("DSUs") or in the form of restricted shares. Awards made in the form of DSUs will vest only upon the retirement or termination of the participant. Awards made in the form of restricted shares will vest annually over three years. Compensation charges related to the LTIP are expensed over the estimated vesting period of the awards. Awards made to individuals who are eligible to retire are assumed for accounting purposes to vest immediately. During the three months ended March 31, 2009, the Company recorded LTIP compensation charges of \$1,050 (2008 - \$600).

The LTIP Trust (the "Trust") currently holds 691,366 shares at March 31, 2009 (December 31, 2008 – 691,366 shares).

The Company has determined that it holds a variable interest in the residual equity of the Trust upon dissolution of the Trust and, as such, the Trust meets the criteria of a variable interest entity that requires consolidation by the Company in accordance with CICA Accounting Guideline No. 15 "Consolidation of Variable Interest

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Entities". Accordingly, at March 31, 2009, share capital was reduced by \$7,615 (December 31, 2008 - \$7,615) and accrued liabilities increased by the same amount.

Earnings (loss) per share

Details of the calculations of earnings per share are set out below. For purposes of calculating basic earnings per share, the number of common shares has been reduced by nil (March 31, 2008 – 334,991) on account of share purchase loans receivable from employees. For purposes of calculating diluted earnings per share, these shares have been treated as options.

	<u>2009</u>	<u>2008</u>
Net income (loss) for the period	\$ (626)	\$ 276
Interest on convertible debentures	-	444
	<u>\$ (626)</u>	<u>\$ 720</u>
Average number of common shares outstanding	50,207,924	42,369,274
Effect of dilutive securities ⁽ⁱ⁾		
Options	311,171	913,406
Convertible debentures	-	3,462,421
Shares held in a trust account in respect of a long-term incentive plan	434,770	260,539
Average number of diluted common shares outstanding	<u>50,953,865</u>	<u>47,005,640</u>
Basic earnings (loss) per share	\$ (0.01)	\$ 0.01
Diluted earnings (loss) per share	\$ (0.01)	\$ 0.01

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

Contributed surplus

Changes in contributed surplus for the three months ended March 31 were as follows:

	<u>2009</u>	<u>2008</u>
Balance – January 1	\$ 2,828	\$ 1,592
Increase (decrease) in contributed surplus resulting from:		
Granting of stock options	265	47
Exercise of stock options	-	(332)
	<u>\$ 3,093</u>	<u>\$ 1,307</u>
Balance – March 31	<u>\$ 3,093</u>	<u>\$ 1,307</u>

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Dividends

Annual dividends in the amount of \$0.20 per share are paid in four quarterly payments of \$0.05 per share. In the fourth quarter of 2008, the Company recorded dividends declared of \$2,545, which were paid on January 2, 2009. At March 31, 2009, the Company recorded dividends declared of \$2,545 which were paid on April 1, 2009.

Accumulated other comprehensive income

Components of accumulated other comprehensive income included:

	March 31, 2009	December 31, 2008
Currency translation adjustments, net of tax	\$ 7,677	\$ 5,745
Mark-to-market adjustments on available-for-sale investments	-	145
Accumulated other comprehensive income	<u>\$ 7,677</u>	<u>\$ 5,890</u>

11) Cash flow information

Change in other balances relating to operations:

	2009	2008
(Increase) decrease in:		
Accounts receivable	\$ 50,752	\$ 41,438
Holdbacks receivable	31,722	6,401
Deferred contract costs and unbilled revenue	(20,325)	1,054
Inventories	(695)	(894)
Prepaid expenses	(336)	(3,101)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(60,099)	(50,274)
Holdbacks payable	(2,420)	(37)
Deferred revenue	(1,847)	23,040
Income taxes payable	1,787	555
	<u>\$ (1,461)</u>	<u>\$ 18,182</u>

Other supplementary information:

	2009	2008
Cash interest paid	\$ 1,487	\$ 2,452
Cash income taxes paid	120	176

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Excluded from the consolidated statements of cash flows are the following transactions that did not require a use of cash:

Property, plant and equipment acquired and financed by means of capital leases during the three months ended March 31, 2009 amounted to \$34 (2008 - nil).

During the quarter ended March 31, 2008, convertible debentures with a face value of \$31,675 and a carrying value of \$30,261 were converted into 4,167,795 common shares at a conversion price of \$7.60 per share (see note 10). In addition, share capital was increased by \$2,101 representing the equity portion of the convertible debentures that was previously classified as a separate component of shareholders' equity.

12) Acquisition

On January 15, 2009, the Company acquired South Rock Ltd., an infrastructure construction company in Alberta focusing primarily on the southern Alberta civil market. The acquisition was accounted for using the purchase method and the results of operations are included from the date of the acquisition.

As part of the share purchase deal, the Company paid \$33,195, net of cash acquired, and assumed \$7,702 of debt. The allocation of the purchase price for the acquisition of this investment has not been finalized pending final determination of the fair values of assets acquired and liabilities assumed.

The following is a summary of the above acquisitions:

Net assets acquired		
Cash	\$	3,619
Restricted cash		8,333
Other current assets		19,023
Property, plant and equipment		48,610
Other assets including intangible assets		6,293
Goodwill		9,781
Current portion of long-term debt		(7,111)
Other current liabilities		(50,959)
Long-term debt		(591)
Other liabilities		(184)
	\$	<u>36,814</u>
Consideration		
Cash	\$	35,000
Contingent consideration payable		1,651
Acquisition costs payable		163
	\$	<u>36,814</u>

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13) Employee benefit plans

Employee future benefit expenses for the three months ended March 31 are as follows:

	<u>2009</u>	<u>2008</u>
Defined benefit plan expense:		
Company sponsored pension plans	\$ 449	\$ 269
Defined contribution plan expense:		
Company sponsored pension plans	596	579
Multi-employer pension plans	5,713	6,061
Total employee future benefit expenses	<u>\$ 6,758</u>	<u>\$ 6,909</u>

14) Financial instruments

Fair values

Cash and cash equivalents, marketable securities, accounts receivable, and accounts payable and accrued liabilities approximate their fair values on a discounted cash flow basis because of the short-term nature of these instruments. The Company considers all highly liquid interest earning investments with a maturity of three months or less at the date of purchase to be cash equivalents. In general, investments with original maturities of greater than three months and remaining maturities of less than one year are classified as short-term investments. Investments with maturities beyond one year may be classified as short-term based on their highly liquid nature and because such marketable securities represent the investment of cash that is available for current operations. All cash equivalents and short-term investments are classified as available-for-sale and are recorded at fair value; unrealized gains and losses (excluding other-than-temporary impairments) are reflected in other comprehensive income.

Other financial instruments held or issued by the Company include holdbacks receivable, non-interest bearing project advances payable or holdbacks payable, which are amounts directly related to construction contracts. These amounts, by their nature, do not bear interest and consideration for the time value of money is thus negotiated into the price of the contracts. The Company does not have plans to sell these financial instruments to third parties and will realize or settle them in the normal course of business. No quoted market price exists for these instruments because they are not traded in an active and liquid market. Accordingly, the fair values of holdbacks receivable, non-interest bearing project advances payable or holdbacks payable, which are due within one year, are considered to approximate their carrying values. For those financial instruments that are due beyond one year, the Company has fair valued them to reflect the time value of money and the credit risk or the borrowing risk associated with these financial instruments.

The Company's long-term investment in Derech Eretz, the company that owns the concessionaire rights to the Cross Israel Highway, is carried at cost. There is not a liquid or quoted market value for the Company's investment in Derech Eretz, and as a result fair value information has not been disclosed in the consolidated financial statements. The investment in Derech Eretz is considered to be impaired when a decline in fair value is judged to be other than temporary. The Company employs a systematic methodology on a periodic basis that considers available quantitative and qualitative evidence in evaluating potential impairment of its investments.

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If the cost of an investment exceeds its fair value, the Company evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and the Company's intent and ability to hold the investment. The Company also considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, operational and financing cash flow factors, and rating agency actions. Once a decline in fair value is determined to be other than temporary, an impairment charge is recorded and a new cost basis in the investment is established.

Long-term notes receivable included in other assets have been discounted at interest rates that result in the carrying value approximating their fair value.

The carrying values of long-term debt approximate their fair value on a discounted cash flow basis because the majority of these obligations bear interest at market rates.

From time to time, the Company enters into forward contracts and other foreign exchange hedging products to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar, but does not hold or issue such financial instruments for trading purposes. At March 31, 2009, the Company had net outstanding contracts to sell euro 2,152, sell US\$13,496, buy euro 70, and buy US\$1,087 (December 31, 2008 - sell euro 3,310, sell US\$16,016, buy euro 70, and buy US\$696) on which there was a net unrealized exchange loss of \$1,621 (December 31, 2008 - net loss of \$1,920). The net unrealized exchange gain (loss) represents the estimated amount the Company would have received (paid) if it terminated the contracts at the end of the respective periods. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. For a derivative instrument designated as a fair value hedge, the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item attributed to the risk being hedged. For a derivative instrument designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and is subsequently recognized in earnings when the hedged exposure affects earnings. The ineffective portion of the gain or loss is recognized in earnings. For options designated either as fair value or cash flow hedges, changes in the time value are excluded from the assessment of hedge effectiveness and are recognized in earnings. Gains and losses from changes in fair values of derivatives that are not designated as hedges for accounting purposes are recognized in earnings. While the Company considers the above contracts to be economic hedges, none of the above contracts were designated as accounting hedges, and as such the unrealized gains (losses) were recognized in net income in the period.

The Company may use foreign currency debt to hedge its exposure to foreign currency volatility in connection with investments in certain foreign operations. The realized and unrealized fair value of these hedges are included in shareholders' equity in the foreign currency translation component of accumulated other comprehensive income and offset translation adjustments on the underlying net assets of foreign operations, which are also recorded in accumulated other comprehensive income. If the debt is no longer considered effective in offsetting changes in the value of the hedged item, or if management determines that designation of the debt as a hedge instrument is no longer appropriate, the fair value of these hedges is included in the consolidated statements of income in foreign exchange gains (losses). At March 31, 2009, the Company does not have any designated hedges of its foreign operations.

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Credit risk

Financial instruments that subject the Company to credit risk consist primarily of cash and cash equivalents, short-term deposits and marketable securities, accounts receivable, deferred contract costs and unbilled revenues, foreign exchange hedges, and interest rate swap agreements.

Credit risk associated with cash and short-term deposits is minimized by ensuring these financial assets are placed with financial institutions with high credit ratings.

With respect to accounts receivable, deferred contract costs and unbilled revenue, concentration of credit risk is limited by the Company's diversified customer base and its dispersion across different business and geographic areas. Allowances are provided for potential losses that have been incurred at the consolidated balance sheet date; however, these allowances are not significant.

The credit risk associated with foreign exchange contracts and interest rate swap agreements arises from the possibility that the counterparty to one of these contracts fails to perform according to the terms of the contract. Counterparties to the Company's foreign exchange contracts and interest rate swap agreements are major Canadian financial institutions.

Under the terms of many of the Company's joint venture contracts, each of the partners is jointly and severally liable for performance under the contracts. The counterparty risk associated with the Company's joint venture partners is discussed in note 9.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed circumstances. Cash flow projections are prepared and reviewed quarterly by the Board of Directors to ensure a sufficient continuity of funding. Long-term debt maturities are spread over a range of dates thereby ensuring that the Company is not exposed to excessive refinancing risk in any one year.

The Company's cash and cash equivalents, short-term investments and restricted cash are invested in highly liquid interest bearing investments.

The following are the contractual maturities of the Company's long-term debt including capital lease obligations at March 31, 2009:

	Next 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Beyond 5 years	Total
Non-recourse project debt	\$ 5,734	\$ 33,597	\$ 94,411	\$ 11,472	\$ 13,976	\$ 76,532	\$ 235,722
Capital leases and equipment loans	13,038	5,830	5,041	4,847	4,900	2,861	36,517
Other long-term debt	4,822	8,733	2,596	-	-	5,060	21,211
	\$ 23,594	\$ 48,160	\$ 102,048	\$ 16,319	\$ 18,876	\$ 84,453	\$ 293,450

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Interest rate risk

The Company is exposed to interest rate risk on its short-term deposits and its long-term debt to the extent that its investments or credit facilities are based on floating rates of interest. At March 31, 2009, the interest rate profile of the Company's long-term debt was as follows:

	<u>2009</u>
Fixed rate instruments held by joint ventures	\$ 62,430
Variable rate instruments held by joint ventures	56,757
Fixed rate instruments	198,103
Variable rate instruments	6,160
Total long-term debt	<u>\$ 323,450</u>

Long-term debt held by joint ventures relates to project financing for the Quito Airport project (see note 8), and because interest is capitalized while the new airport is being constructed, changes in interest rates would not have impacted net earnings or comprehensive income in the current period.

Changes in interest rates related to fixed rate long-term debt instruments would not have impacted net earnings or comprehensive income in the current period.

For the year ended March 31, 2009, an increase of 1% in interest rates applied to the Company's variable rate long-term debt would not have any significant impact on net earnings or comprehensive income.

Cash and cash equivalents, restricted cash and short-term deposits have limited interest rate risk due to their short-term nature.

Currency risk

The Company operates internationally and is exposed to risk from changes in foreign currency rates. The Company is mainly exposed to fluctuations in the US dollar, Israel new shekel, Indian rupee and euro.

The Company's currency exposure to US dollars arises primarily from its investments in the Quito Airport concessionaire and from its US operating unit within the Buildings segment. As these two investments are treated as self-sustaining foreign operations for accounting purposes, the impact of changes in currency rates for these operations does not impact net earnings but is instead reported as currency translation adjustments in other comprehensive income. For these two investments, the Company's sensitivity to a 10% strengthening of the US dollar against the Canadian dollar at March 31, 2009, would have been an increase in comprehensive income of approximately \$6,600. The Company also has currency exposure to US dollars arising from its investment in the Quito construction joint venture. For this investment, the Company's sensitivity to a 10% strengthening of the US dollar against the Canadian dollar on net earnings and comprehensive income at March 31, 2009 would have been a decrease of approximately \$100.

The Company's exposure to Israel new shekels arises primarily from its cost-accounted for investment in Derech Eretz, while the Company's exposure to Indian rupees relates to its net investment in the Nathpa Jhakri hydroelectric project in India. Because the Derech Eretz investment is accounted for at cost, changes in currency rates would not impact net earnings or comprehensive income unless impairment in value arises as discussed above. For the net investment in the Nathpa Jhakri hydroelectric project in India, the Company's

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sensitivity to a 10% strengthening of the Indian rupee against the Canadian dollar on net earnings and comprehensive income at March 31, 2009 would have been an increase of approximately \$800.

The Company's currency exposure on foreign currency debt that is used to hedge its exposure to foreign currency volatility in connection with investments in certain foreign operations is discussed above in the fair value section of this financial instruments note.

For currency exposures other than those discussed elsewhere in this note, the following table details the Company's sensitivity to a 10% strengthening of the US dollar, Israel new shekel and euro on net earnings and comprehensive income against the Canadian dollar. The sensitivity analysis includes foreign currency denominated monetary items but excludes all investments in joint ventures, self-sustaining foreign operations, hedges and Derech Eretz, and adjusts their translation at period-end for a 10% change in foreign currency rates.

	US dollar impact	Shekel impact	Euro impact
Net earnings	\$ 400	\$ 200	\$ -
Comprehensive income	\$ 400	\$ 200	\$ -

For a 10% weakening of the US dollar, Israel new shekel and euro against the Canadian dollar, there would be an equal and opposite impact on net earnings and comprehensive income.

15) Segmented information and business concentration

The Company operates in four principal segments within the construction and infrastructure development industry: Infrastructure, Buildings, Industrial and Concessions. 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 both public and private infrastructure, including roads and highways, as well as toll highways, dams, tunnels, bridges, airports, marine facilities, transit systems and hydroelectric power projects, primarily in Canada, and on a selected basis, internationally. This segment includes the mining, manufacture and supply of asphalt and aggregate products, and the construction and/or installation of utility distribution systems for natural gas, telecommunications and electrical networks, as well as water and sewer mains, traffic signals and highway lighting. The design and construction of the New Quito Airport project is included in the Infrastructure segment.

Buildings

The Buildings segment specializes in the construction and renovation of commercial, institutional and multi-family residential buildings, including hospitals, educational facilities, office buildings, industrial buildings, airport terminals, entertainment facilities, schools, embassies, retail complexes, and high rise condominium buildings among others. Work in this segment is concentrated primarily in Canada and the northwestern United

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States. Services include general contracting, fee for service construction management, design build services, building renovation, tenant fit up and facilities management.

Industrial

The Industrial segment encompasses all of the Company's industrial construction and manufacturing activities including in-plant construction and module assembly in the energy, manufacturing, petrochemical, steel and automotive sectors. Activities in this segment include the construction of alternative, fossil fuel and cogeneration power plants, in-plant construction at nuclear power plants, the fabrication and module assembly of small diameter specialty pipe, and the design and manufacture of "once-through" heat recovery steam generators ("HRSGs") for industrial and power plant applications. Although activities in this segment are concentrated primarily in Canada, the Company, through its subsidiary, Innovative Steam Technologies Inc., sells HRSGs throughout the world.

Concessions

This segment includes the development, financing and operation of infrastructure projects by way of build-operate-transfer, build-own-operate-transfer and other public-private partnership contract structures. This segment focuses primarily on the operation, management, maintenance and enhancement of investments held by the Company in infrastructure concessions, which currently comprise investments in the Cross Israel Highway and the Quito Airport project concession companies. This segment includes the operations of the Highway 104 toll plaza in Atlantic Canada. This segment also has a development function whereby it monitors and, where appropriate, brings together the unique capabilities and strengths of the Company and its strategic partners for the development of domestic and international public-private partnership concession projects in which the Company may play a role as an investor, constructor and/or operator.

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Information by reportable segments is as follows:

As at March 31 and the three months then ended

2009

	Infrastructure	Buildings	Industrial	Concessions	Corporate and Other	Total
Revenues	\$ 111,713	\$ 108,497	\$ 96,531	\$ 25,282	\$ (1,138)	\$ 340,885
EBITDA (i)	\$ (10,295)	\$ (811)	\$ 13,875	\$ 8,514	\$ (1,464)	\$ 9,819
Depreciation and amortization	(2,883)	(175)	(722)	(4,068)	(199)	(8,047)
Segment operating profit (loss) (i)	(13,178)	(986)	13,153	4,446	(1,663)	1,772
Capital charges and allocations of Corporate overheads	(7,455)	(735)	(1,402)	(3,461)	13,053	-
Segment profit (loss) before income taxes	\$ (20,633)	\$ (1,721)	\$ 11,751	\$ 985	\$ 11,390	1,772
Interest expense, income taxes and non-controlling interests						(2,398)
Net loss						\$ (626)
Total assets	\$ 449,099	\$ 238,322	\$ 117,481	\$ 290,997	\$ 218,422	\$ 1,314,321
Intangible assets and goodwill	\$ 20,302	\$ 1,783	\$ 3,750	\$ 190,975	\$ -	\$ 216,810
Capital expenditures	\$ 1,196	\$ 58	\$ 1,153	\$ -	\$ 435	\$ 2,842
Cash flows from (used in) operating activities (i)	\$ (9,632)	\$ (811)	\$ 15,498	\$ 7,083	\$ (3,800)	\$ 8,338

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As at March 31 and the three months then ended

2008

	Infrastructure	Buildings	Industrial	Concessions	Corporate and Other	Total
Revenues	\$ 94,731	\$ 108,143	\$ 90,901	\$ 15,241	\$ (7,056)	\$ 301,960
EBITDA (i)	\$ (4,924)	\$ 1,716	\$ 4,341	\$ 4,498	\$ (1,097)	\$ 4,534
Depreciation and amortization	(1,921)	(101)	(561)	(3,161)	(130)	(5,874)
Segment operating profit (loss) (i)	(6,845)	1,615	3,780	1,337	(1,227)	(1,340)
Capital charges and allocations of Corporate overheads	(5,042)	(63)	(1,844)	(2,247)	9,196	-
Segment profit (loss) before income taxes	\$ (11,887)	\$ 1,552	\$ 1,936	\$ (910)	\$ 7,969	(1,340)
Interest expense, income taxes and non-controlling interests						1,616
Net income						\$ 276
Total assets	\$ 312,197	\$ 108,123	\$ 139,764	\$ 189,933	\$ 136,629	\$ 886,646
Intangible assets and goodwill	\$ 5,767	\$ 2,937	\$ 3,750	\$ 121,352	\$ -	\$ 133,806
Capital expenditures	\$ 462	\$ 195	\$ 50	\$ -	\$ 45	\$ 752
Cash flows from (used in) operating activities (i)	\$ (6,286)	\$ 1,777	\$ 4,752	\$ 5,092	\$ (4,127)	\$ 1,208

- (i) EBITDA represents earnings or loss before interest expense, income taxes, depreciation and amortization, and non-controlling interests. Segment operating profit (loss) represents net income (loss) before interest expense, income taxes, and non-controlling interests. Cash flows from (used in) operating activities is before the change in other balances related to operations. EBITDA, operating profit (loss), and cash flows from (used in) operating activities are not measures that have any standardized meaning prescribed by Canadian GAAP and are considered non-GAAP measures. Therefore, these measures may not be comparable to similar measures presented by other companies. These measures have been described and presented in the manner in which the chief operating decision maker makes operating decisions and assesses performance.

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16) Capital disclosure

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

The Company's principal objectives in managing capital are:

- to ensure that it will continue to operate as a going concern;
- to be flexible in order to take advantage of contract and growth opportunities that are expected to provide satisfactory returns to shareholders;
- to maintain a strong capital base so as to maintain client, investor, creditor and market confidence;
- to provide an adequate rate of return to its shareholders; and
- to comply with financial covenants required under its various borrowing facilities.

The Company manages its capital structure and adjusts it in the light of changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue new debt or repay existing debt, issue new shares, issue convertible debt, or adjust the amount of dividends paid to shareholders. Financing decisions are generally made on a specific transaction basis and depend on such things as the Company's needs, capital markets and economic conditions at the time of the transaction.

Although the Company monitors capital on a number of bases including liquidity and working capital, total debt (excluding non-recourse debt) as a percentage of shareholders' equity (debt to equity percentage) is considered to be the most important metric in measuring the true strength and flexibility of its consolidated balance sheet. While the cumulative impact of unsatisfactory operating results during the 2003 - 2004 periods negatively impacted liquidity and drove up the Company's debt to equity percentage, reaching a high of 112% at the end of 2005, this percentage had dropped to 51% at the end of 2007. This significant improvement was achieved through a return to profitability in 2006, the issuance of common shares in 2006 and the conversion of convertible debt to equity in 2007. The further conversion of all of the Company's remaining convertible debt to equity in the first quarter of 2008, the issuance of 4,000,000 common shares, and the repayment of the long-term debt in the second quarter of 2008 were the primary drivers in bringing the debt to equity percentage down to 15.3% as at December 31, 2008. In the first quarter of 2009, bank indebtedness of \$30,000 temporarily drove up the debt to equity percentage to 23%. This bank indebtedness was repaid in full on April 2, 2009. While the Company believes that this debt to equity percentage is conservative, because of the cyclical nature of its business and market expectations concerning prudent capitalization, the Company will continue its current efforts to maintain a conservative capital position.

At March 31, 2009, the Company complied with all of its financial debt covenants. Although remaining compliant with its debt covenants is an important consideration in managing the Company's capital structure, the Company's current strong operating performance and its conservative debt to equity percentage have significantly lessened the restrictive impact of debt covenants in capital management decisions.

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17) Subsequent events

On April 1, 2009, the Company acquired, by a plan of arrangement, all of the issued and outstanding common shares of Lockerbie & Hole Inc. (“Lockerbie”) for total consideration of approximately \$220,000. This transaction was financed by the Company without any additional debt through the payment of \$152,500 in cash to Lockerbie shareholders and the issuance to Lockerbie shareholders of 5,510,941 common shares of the Company representing approximately 10% of the Company’s proforma diluted shares. Transaction costs for the deal are estimated at approximately \$6,000.

18) Joint ventures and Build Finance Special Purpose Vehicles (“Build Finance SPVs”) – additional information (unaudited)

In accordance with the recommendations of the CICA, the Company’s investments in joint ventures are accounted for by the proportionate consolidation method, whereby the consolidated financial statements reflect, line by line, the pro rata share of each of the assets, liabilities, revenues and expenses of the joint ventures. The Company is also involved in three build finance hospital projects with Infrastructure Ontario. Each of these hospital projects is being financed by non-recourse project financing during the construction period through the use of individual Build Finance SPVs. Given the significant effect of joint ventures and Build Finance SPVs on the Company’s consolidated financial statements, the Company provides the following supplemental worksheets as additional information about its accounts, thereby enabling the reader to have a greater understanding of the Company’s underlying assets, earnings base and financial resources.

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Consolidating Balance Sheet

	Unaudited				As at December 31, 2008
	As at March 31, 2009				
	Consolidated Balance Sheet excluding joint ventures and Build Finance SPVs	Joint ventures	Build Finance SPVs	Consolidated Balance Sheet	Consolidated Balance Sheet excluding joint ventures and Build Finance SPVs
Assets					
Current assets					
Cash and cash equivalents	\$ 210,590	\$ 85,850	\$ 77,107	\$ 373,547	\$ 238,904
Restricted cash	29,417	6,962	-	36,379	20,448
Accounts receivable	168,746	46,590	-	215,336	205,821
Holdbacks receivable	57,001	11,709	-	68,710	79,035
Deferred contract costs and unbilled revenue	85,995	9,601	45,657	141,253	144,483
Inventories	27,867	-	-	27,867	23,582
Prepaid expenses	8,000	726	682	9,408	4,838
	587,616	161,438	123,446	872,500	717,111
Property, plant and equipment	147,834	1,676	-	149,510	100,613
Future income tax assets	4,819	5,200	630	10,649	15,680
Concession rights	-	190,818	-	190,818	-
Long-term concession investment	32,685	-	-	32,685	32,685
Other assets	56,039	-	2,120	58,159	41,875
	\$ 828,993	\$ 359,132	\$ 126,196	\$ 1,314,321	\$ 907,964
Liabilities					
Current liabilities					
Bank indebtedness	\$ 30,000	\$ -	\$ -	\$ 30,000	\$ -
Accounts payable and accrued liabilities	242,602	54,139	6,273	303,014	283,546
Holdbacks payable	51,150	2,684	4,411	58,245	59,752
Deferred revenue	77,880	13,414	-	91,294	78,419
Income taxes payable	2,971	2,757	132	5,860	755
Future income tax liabilities	34,866	13,622	24	48,512	37,267
Current portion of long-term debt	17,860	5,734	-	23,594	10,845
	457,329	92,350	10,840	560,519	470,584
Non-recourse project debt	-	113,453	116,535	229,988	61,468
Other long-term debt	39,868	-	-	39,868	45,160
Other liabilities	3,514	-	-	3,514	3,375
Other income tax liabilities	15,738	-	-	15,738	15,537
Concession related deferred revenue	2,991	77,167	-	80,158	2,991
Convertible debentures	-	-	-	-	-
	519,440	282,970	127,375	929,785	599,115
Non-controlling interests	3,390	-	-	3,390	2,449
Shareholders' Equity	306,163	76,162	(1,179)	381,146	306,400
	\$ 828,993	\$ 359,132	\$ 126,196	\$ 1,314,321	\$ 907,964

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Consolidating Statement of Income For the three months ended March 31, 2009 and 2008

	Unaudited			2008
	2009		Consolidated Statement of Income	
	Consolidated Statement of Income excluding joint ventures	Joint ventures		Consolidated Statement of Income
Revenues	\$ 264,627	\$ 76,258	\$ 340,885	\$ 260,524
Direct costs and expenses	(251,522)	(56,735)	(308,257)	(257,745)
	13,105	19,523	32,628	2,779
Marketing, general and administrative expenses	(22,646)	(1,516)	(24,162)	(8,534)
Foreign exchange (losses) gains	(1,226)	(350)	(1,576)	188
Gain (loss) on sale of assets	23	-	23	(53)
Depreciation and amortization	(3,967)	(4,080)	(8,047)	(2,695)
Interest expense	(1,405)	(231)	(1,636)	(2,072)
Interest income	2,906	-	2,906	1,884
	(26,315)	(6,177)	(32,492)	(11,282)
Income (loss) before income taxes and non-controlling interests	(13,210)	13,346	136	(8,503)
Income tax (expense) recovery	1,417	(1,165)	252	4,665
Income (loss) before non-controlling interests	(11,793)	12,181	388	(3,838)
Non-controlling interests	(1,014)	-	(1,014)	(269)
Net income (loss) for the period	\$ (12,807)	\$ 12,181	\$ (626)	\$ (4,107)

Aecon Group Inc.

Notes to Consolidated Financial Statements

March 31, 2009 and 2008

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

Consolidating Statement of Cash Flows

For the three months ended March 31, 2009 and 2008

	2009		Unaudited		2008	
	Consolidated Statement of Cash Flows excluding joint ventures	Joint ventures	Consolidated Statement of Cash Flows	Consolidated Statement of Cash Flows	Consolidated Statement of Cash Flows excluding joint ventures	Consolidated Statement of Cash Flows
Cash provided by (used in):						
Operating activities						
Net income (loss) for the period	\$ (12,807)	\$ 12,181	\$ (626)	\$ (626)	\$ (4,107)	\$ (4,107)
Items not affecting cash:						
Depreciation and amortization	3,967	4,080	8,047	8,047	2,695	2,695
(Gain) loss on sale of assets	(23)	-	(23)	(23)	53	53
Amortization of commitment fees	99	-	99	99	40	40
Unrealized loss on foreign exchange	1,154	690	1,844	1,844	906	906
Non-cash interest on other income tax liabilities	201	-	201	201	201	201
Notional interest representing accretion	(270)	-	(270)	(270)	462	462
Defined benefit pension	256	-	256	256	(913)	(913)
Future income taxes	(1,806)	351	(1,455)	(1,455)	(3,833)	(3,833)
Stock-based compensation	265	-	265	265	47	47
	(8,964)	17,302	8,338	8,338	(4,449)	(4,449)
Change in other balances relating to operations	(19,176)	17,715	(1,461)	(1,461)	17,298	17,298
	(28,140)	35,017	6,877	6,877	12,849	12,849
Investing activities						
Decrease (increase) in restricted cash balances	(635)	1,112	477	477	(913)	(913)
Purchase of property, plant and equipment	(2,842)	-	(2,842)	(2,842)	(752)	(752)
Proceeds on sale of property, plant, and equipment	324	-	324	324	25	25
Acquisitions	(31,381)	-	(31,381)	(31,381)	-	-
Investments in concession rights	-	(20,743)	(20,743)	(20,743)	-	-
Increase in other assets	(1,123)	(221)	(1,344)	(1,344)	(729)	(729)
Increase in non-controlling interests	902	-	902	902	269	269
	(34,755)	(19,852)	(54,607)	(54,607)	(2,100)	(2,100)
Financing activities						
Increase (decrease) in bank indebtedness	28,006	(693)	27,313	27,313	-	-
Issuance of long-term debt	85,801	19,998	105,799	105,799	3,214	3,214
Repayments of long-term debt	(3,654)	-	(3,654)	(3,654)	(6,252)	(6,252)
Issuance of capital stock, net of issuance costs	-	-	-	-	607	607
Repayment of share purchase loans	-	-	-	-	363	363
Dividends paid	(2,545)	-	(2,545)	(2,545)	(2,977)	(2,977)
Interest received on share purchase loans	-	-	-	-	4	4
Decrease (increase) in investment in joint ventures	11,888	(11,888)	-	-	(1,795)	(1,795)
	119,496	7,417	126,913	126,913	(6,836)	(6,836)
Increase in cash and cash equivalents during the period	56,601	22,582	79,183	79,183	3,913	3,913
Effects of foreign exchange on cash balances	226	1,265	1,491	1,491	168	168
Cash and cash equivalents - beginning of period	230,870	62,003	292,873	292,873	91,948	91,948
Cash and cash equivalents - end of period	\$ 287,697	\$ 85,850	\$ 373,547	\$ 373,547	\$ 96,029	\$ 96,029

Aecon

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