AECON GROUP INC.

SECOND QUARTER

REPORT 2009

SIX
MONTHS
ENDED
06/30/09

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Dear Fellow Shareholders,

Aecon's second quarter of 2009 was characterized, as expected, by strong revenues, somewhat softer earnings and continued strong backlog. Most of the key trends shaping Aecon's outlook through the first two quarters remain in place, with increasing evidence that medium and long-term prospects remain strong.

The recent changes in the economy serve as proof that our strategy of diversifying in a selected number of markets is the correct approach. This diversification has allowed us to benefit from the very strong Industrial market over the past few years, which has temporarily cooled. We are now able to take advantage of the growing transportation and social infrastructure markets, which in turn are mitigating the downturn of the Industrial sector.

In the second quarter of 2009, revenues and gross margin increased over the same quarter last year, driven largely by the South Rock and Lockerbie & Hole acquisitions, with increases in all four segments. Revenues grew to $613 million, a 40 percent increase over the same quarter last year while gross margin increased from $51.7 million to $63.4 million.

EBITDA grew slightly to $33.2 million in the quarter from $32.9 million in the second quarter of 2008. However, depreciation and amortization expense of $15 million in the quarter was $8.6 million higher than in the same quarter last year, primarily as a result of higher depreciation and amortization charges on property, plant and equipment and intangible assets, resulting from the South Rock and Lockerbie acquisitions. As a result, net income for the quarter was $9.9 million, compared to $15.6 million, representing a $5.7 million decline in earnings from the same period in 2008.

Aecon's backlog continues to be very strong. Backlog of $1.66 billion at June 30, represents a $181 million increase over the amount on hand at the same time last year, and is a record-high backlog. This backlog is favourably impacted by $586 million of backlog acquired as part of the Lockerbie and South Rock transactions.

The second quarter includes results from the recently acquired Lockerbie, which have been included in the Industrial segment for reporting purposes. As we reported at the Annual General Meeting in June, the heavy lifting around the integration of Lockerbie with Aecon is largely complete, with the corporate office essentially done. The operational integration is progressing well, with the Lockerbie team and the Aecon Industrial West team being combined into a single operation. The Lockerbie Mechanical group has largely retained the organizational structure and focus that have proven so successful in the past.

Most of Aecon's markets remain strong. In the transportation infrastructure sector, government investment across the country continues at record pace, augmented as government stimulus programs begin to reach the bidding stage. Similarly, capital investment in social infrastructure nationwide continues to be strong, especially in the healthcare and education areas.

The level of new investment in the oilsands continues to be weak but positive signals including the Suncor/Petro-Canada merger, the recent announcement regarding Imperial Oil's investment in the Kearl project, and the relative strengthening of oil prices may see significant new investment once again.

Demand for new electrical generation capacity in Ontario remains strong in the medium term but the timing of many planned projects is uncertain given the impact of the recession on power consumption trends. As well, after decades of under-investment, there is increasing demand for water and wastewater infrastructure across the country.

Construction is progressing well on the Quito Airport project, which is now over fifty percent complete. As recently disclosed in a press release, the Constitutional Court of Ecuador has issued a ruling regarding airport charges and services, which could have an impact on our concession interests in the Quito Airport project. The ruling significantly changes the legal context in which we are operating in Ecuador, including by unilaterally granting significant new authority over the project to the government of Ecuador. As of this writing, it is uncertain what the government's response to the ruling will be as it relates to current arrangements in place for the project, and as a result, it is unclear what impact the ruling will have on Aecon's interests in Ecuador.

Overall, we believe that Aecon's high seasonal backlog, the 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 activities.

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

August 4, 2009

Aecon Group Inc.

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

June 30, 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 June 30, 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 August 4, 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 Aecon's 2008 annual MD&A.

On April 1, 2009, Aecon acquired Lockerbie & Hole Inc. ("Lockerbie"). Lockerbie was founded in 1898 and is one of the largest industrial and mechanical construction contractors in Canada. Lockerbie is a multi-disciplined contractor providing mechanical, electrical, instrumentation, pipe fabrication, module assembly, boiler erection, insulation and civil construction services primarily to the oilsands, mining, institutional, municipal and commercial market sectors. Aecon includes the Lockerbie operations within its Industrial reporting segment.

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 (except per share amounts)	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	**2009**	2008
Revenues	**$ 613.2**	**$ 437.7**	**$ 954.1**	**$ 739.6**
Gross margin (1)	63.4	51.7	96.0	70.3
EBITDA (2)	**33.2**	**32.9**	**43.0**	**37.4**
Operating profit (3)	**18.2**	**26.5**	**20.0**	**25.2**
Interest expense	(3.0)	(2.3)	(4.7)	(4.4)
Earnings before taxes (4)	**15.2**	**24.3**	**15.3**	**20.8**
Income tax recovery (expense)	(4.6)	(8.2)	(4.3)	(4.2)
Net income for the period	**9.9**	**15.6**	**9.3**	**15.9**
Earnings per share - diluted	**$ 0.18**	**$ 0.31**	**$ 0.17**	**$ 0.34**
Return on revenue (5)	**3.0%**	**6.1%**	**2.1%**	**3.4%**
Backlog – June 30	**$ 1,660**	**$ 1,479**		

(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 second quarter of 2009 were $613 million, representing an increase of $176 million, or 40%, over the same quarter last year. Revenues increased in the Infrastructure, Buildings, Industrial and Concessions segments by $85 million, $5 million, $82 million and $7 million, respectively, while Corporate revenue adjustments decreased by $4 million. For the first six months of the year, revenues of $954 million were $215 million higher than in the corresponding period in 2008, as increases were reported in all operating segments. The recent acquisitions of Lockerbie and South Rock contributed $183 million of this increase. Results for each of the four principal operating segments are discussed separately under Reporting Segments.

Gross margin increased from $51.7 million or 11.8% of revenues in the second quarter of 2008 to $63.4 million or 10.3% of revenues in the second quarter of 2009, as gross margin improved in all operating segments. The gross margin increase is the result of the South Rock and Lockerbie acquisitions. Of the $11.7 million increase in gross margin in the second quarter of 2009, Infrastructure, Buildings, Industrial and Concessions segments reported improvements of approximately $3 million, $1 million, $6 million and $2 million, respectively. The 2009 acquisition of South Rock was the largest contributor to the improvement in Infrastructure margins in the second quarter. Partly offsetting this increase were margin declines in Infrastructure's civil operating units and a drop in margins in Ontario materials operations. Similarly, the Lockerbie operation acquired in the second quarter of 2009 was the largest contributor to the improvement in Industrial segment margins. This acquisition offset the impact of lower margins in the balance of the Industrial segment, particularly in Western Canada where the large drop in revenues was matched by significantly lower margins.

For the first six months of 2009, gross margin was $96.0 million or 10.1% of revenues compared to $70.3 million or 9.5% of revenues in the first six months of 2008. Of the $25.8 million increase in gross margin in 2009, the Infrastructure, Industrial and Concessions segments reported improvements of approximately $3 million, $19 million and $5 million, respectively, while margins declined in the Buildings segment by $1 million. Although the gross margin increases resulted primarily for reasons similar to those cited above for the 2009 second quarter improvement, the Industrial segment also benefited from improved margins in its Ontario operations. Margins in the Buildings segment were negatively impacted by weak performance across many of its operating units.

Marketing, general and administrative expenses (“MG&A”) as a percentage of revenues increased from 4.6% in the second quarter of 2008 to 5.2% in the second quarter of 2009. In the Industrial segment, MG&A percentages increased in Western Canada as MG&A costs remained flat but revenues volumes dropped significantly, and in Ontario where the combination of higher bid and incentive costs and a reduction in revenues negatively impacted MG&A percentages. In the Infrastructure and Concessions segments, MG&A as a percentage of revenues dropped quarter-over-quarter, and in the Buildings segment, MG&A as a percentage of revenues was largely unchanged quarter-over-quarter. In the Corporate segment, MG&A costs increased primarily because of higher employee compensation costs including higher incentive, share based compensation and defined benefit pension plan expenses.

For the six months ended June 30, 2009, MG&A as a percentage of revenues was 5.9% compared to 4.9% in the first six months of 2008. Similar to the second quarter, MG&A percentages were up in the Industrial segment for the reasons noted above. In the Buildings segment, higher MG&A percentages were primarily the result of reserves established for potentially uncollectible amounts in the segment’s Montreal operations, and the impact of severance costs. In the Corporate segment, MG&A costs once again increased because of higher training costs, incentive costs, stock compensation costs and defined benefit pension plan expenses.

Foreign exchange losses of $0.1 million in the second quarter of 2009 were $0.1 million better than in 2008, while foreign exchange losses of $1.7 million for the first six months of 2009 were $1.8 million worse than the first six months of 2008. For the six-month period, the majority of the increase in foreign exchange losses occurred in the international operations of the Infrastructure group.

Depreciation and amortization expense of $15.0 million in the second quarter of 2009 was $8.6 million higher than in 2008, while depreciation and amortization expense of $23.0 million for the first six months of 2009 was $10.8 million higher than in the first six months of 2008. The increases occurred mainly in the Infrastructure and Industrial segments and resulted primarily from higher depreciation and amortization charges on property, plant and equipment and intangible assets resulting from the South Rock and Lockerbie acquisitions. In accounting for the South Rock and Lockerbie acquisitions, Aecon was required to fair value the backlog revenue acquired on closing. The impact of amortizing this intangible asset as the backlog is worked off resulted in a $3.6 million amortization charge for the first six months of 2009. The unamortized balance of this intangible asset as of June 30, 2009 was $20 million of which $7 million is expected to be amortized in the second half of 2009. In addition, during the second quarter of 2009, Aecon recorded a one-time depreciation charge of $1.6 million resulting from the accelerated write-off of assets in an office building in Western Canada. The significant decline in activity in the region prompted Aecon to vacate this building and to consolidate its office space in Western Canada.

It is important to note that while restructuring costs related to recent acquisitions are included in the purchase accounting for these transactions, other one-time costs such as those noted above for severances and integration costs were also incurred by Aecon and these costs negatively impacted the operating results for the second quarter and six-month periods in 2009 by $2.3 million.

Interest expense of $3.0 million in the second quarter of 2009 was $0.8 million higher than the same period of 2008, and interest expense of $4.7 million for the first six months of 2009 was $0.3 million higher than in the same period last year. The increase in interest expense resulted from an increase in non-recourse project debt primarily related to three Infrastructure Ontario "build-finance" projects currently in progress. However, some of these higher interest costs were partially offset by the conversion to common shares of convertible debentures in the first quarter of 2008, the repayment of Aecon’s term float facility in the second quarter of 2008, and the repayment of the operating line on the India joint venture project in the first quarter of 2009.

Interest income of $1.8 million in the second quarter of 2009 was unchanged compared to the amount earned in the same quarter last year, and interest income for the first six months of 2009 of $4.7 million was $1.0 million higher than in the same period last year. In the quarter, higher interest income earned on funds on deposit in build finance special purpose vehicles was offset by the interest impact of lower cash balances on hand during the quarter. Cash used to fund the acquisition of Lockerbie in the second quarter was a significant contributor to the lower cash balances during the quarter. For the first six months of 2009, higher interest income from foreign denominated long-term loans receivable and higher interest income earned on funds on deposit in build finance special purpose vehicles offset the impact of lower cash balances on hand during the period.

Earnings before taxes for the quarter ended June 30, 2009 were $15.2 million, representing a $9.1 million decrease over the same period in 2008, while for the six months ended June 30, 2009, earnings before taxes of $15.3 million were $5.5 million lower than the corresponding period last year.

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 second quarter of 2009, there was an income tax expense of $4.6 million on pre-tax income of $15.2 million compared to an income tax expense of $8.2 million on pre-tax income of $24.3 million in the second quarter of 2008. For the first six months of 2009, there was an income tax expense of $4.3 million on pre-tax income of $15.3 million compared to an income tax expense of $4.2 million on pre-tax income of $20.8 million in the first six months of 2008. The lower effective tax rate for the six-month period in 2008 was due to the $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, being the amount of the reversal.

Aecon's non-controlling interests in consolidated entities represents the minority owners' share of the income or loss of Aecon's consolidated subsidiaries/joint ventures, primarily the operator of the Cross Israel Highway and the Quito airport concessionaire. The non-controlling interests share of profits of $0.7 million for the quarter ended June 30, 2009 (2008-$0.4 million) and $1.7 million for the six months ended June 30, 2009 (2008-$0.7 million) were primarily due to higher earnings from the operator of the Cross Israel Highway.

Overall, net income for the quarter ended June 30, 2009 of $9.9 million or $0.18 per share on a fully diluted basis, compares with net income of $15.6 million or $0.31 per share in the second quarter of 2008, while for the six months ended June 30, 2009, net income was $9.3 million or $0.17 per share compared to $15.9 million or $0.34 per share in the corresponding period last year.

Backlog at June 30, 2009 of $1,660 million was $181 million higher than the amount on hand at the same time in 2008. The current year backlog was favourably impacted by $586 million of backlog acquired as part of the Lockerbie and South Rock transactions. New contract awards of $478 million were booked in the second quarter of 2009, which compares with $686 million in the second quarter of 2008, while new contract awards of $774 million were booked in the first six months, compared to $984 million during the first six months of 2008. Further details for each of the segments are included in the discussion below under Reporting Segments.

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 June 30		Six Months Ended June 30	
	2009	2008	**2009**	2008
Revenues	**$ 233.6**	$ 148.6	**$ 345.3**	$ 243.3
Segment operating profit (loss) [(1)]	**2.4**	4.7	**(10.8)**	(2.2)
Capital charges and allocations of corporate overhead [(2)]	**(8.6)**	(5.6)	**(16.0)**	(10.7)
Segment loss before income taxes	**(6.2)**	(1.0)	**(26.8)**	(12.9)
Return on revenue [(3)]	**1.0%**	3.1%	**(3.1)%**	(0.9)%
Backlog – June 30 [(4)]	**$ 588**	**$ 600**		

(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 June 30, 2009 is $71 million (2008 – $90 million) related to the new Quito airport project. Although Aecon's 50% share of the remaining construction revenues from this project is estimated at $123 million (2008 - $156 million), the amount reported as backlog has been reduced by $52 million (2008 - $66 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 June 30, 2009, Infrastructure segment revenues of $234 million were $85 million, or 57%, higher than the corresponding quarter in 2008. Revenues from civil, materials, utilities and international operations increased by $1 million, $46 million, $27 million and $10 million, respectively.

The majority of the increase in revenues from materials operations occurred in Alberta where revenues grew by $40 million following the acquisition of South Rock in the first quarter of 2009 (South Rock is considered part of this segment's "materials" operations). The increase in revenues from utilities operations occurred in Ontario reflecting mostly higher volumes of gas pipeline and communication installation work, and in Alberta where utilities operations in the province commenced in the third quarter of 2008. The revenue increase in international operations occurred primarily because of higher revenues from construction of the Quito airport project.

For the six months ended June 30, 2009, revenues in the Infrastructure segment of $345 million increased by $102 million, or 42%, over the same period last year. Revenues from civil, materials, utilities and international operations increased by $5 million, $50 million, $27 million and $21 million, respectively. Increases in civil revenues were the result of higher volumes in Alberta, offset by declines in Ontario heavy civil operations. Revenues from materials operations were up in both Ontario and Alberta with most of the increase arising from the South Rock acquisition. The revenue increase in utilities essentially occurred for the same reasons that caused the revenue increase in the second quarter of 2009. The increase in revenues from international operations occurred primarily because of higher revenues from construction of the Quito airport project.

The Infrastructure segment operating profit of $2.4 million in the second quarter of 2009 represents a $2.2 million, or 48%, decrease over the same quarter in 2008. Operating profits decreased in the civil operations by $4 million, and increased in the materials and utilities operations, each by $1 million. Operating profits from international operations were unchanged quarter-over-quarter.

The majority of the decline in civil operating profits was the result of lower margins from civil operations in Alberta, and from a change in mix of work in Ontario as lower volumes of heavy civil work negatively impacted margins. The improvement in operating profits from materials occurred primarily in Alberta as a result of the South Rock acquisition, while the increase in utilities profits occurred in Ontario and Alberta reflecting the higher volumes in the quarter. Despite the higher second quarter revenues from international operations, operating profits from these operations were flat quarter-over-quarter. It should be noted that during the second quarter of 2008, Aecon commenced profit recognition on the Quito airport construction project. As a result the cumulative margin recognized in the second quarter of 2008 was disproportionate to the revenues in that period and was significantly higher than the amount recorded in the second quarter of 2009. Also, an unfavourable increase in net foreign exchange losses in the quarter negatively impacted operating results. As at June 30, 2009, the Quito airport construction project was approximately 52% complete. The reduction in operating profits from the Quito airport project was partly offset by recoveries of partner advances on the India project that were previously written off.

For the six months ended June 30, 2009, the Infrastructure segment operating loss of $10.8 million compared to a loss of $2.2 million in the six months of 2008, an increase of $8.6 million. Operating profits decreased in the civil, materials and utilities operations by $6 million, $3 million and $1 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 first quarter seasonal losses in civil operations in Ontario. The decline in material operating profits occurred primarily in Ontario where lower margins from the Karson operating unit offset increases in Alberta operations. The decline in utilities profits occurred in Ontario where first quarter margins were down year-over-year generally because of the impact of poor winter weather conditions which hindered volumes and productivity. International operations in the first six months of 2009 benefited from a small improvement in results from the Quito airport construction project and from the above noted cost recoveries on the India project.

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. Subsequently, CFJV received approximately $8.4 million in claim settlements, net of expenses. These amounts were applied to reduce the carrying value of the unbilled work-in-progress balance of the joint venture. CFJV also repaid in full a working capital loan of $15.7 million. Additionally, $20.8 million of a total of $25 million in letters of credit filed by Aecon to cover working capital and performance guarantees were cancelled as at June 30, 2009.

In July 2009, the arbitration panel considering the second claim launched by CFJV in respect of the India project ruled substantially in the joint venture's favour and dismissed a counter-claim for liquidated damages filed against CFJV.

The ultimate financial impact of these awards is subject to a number of risks and uncertainties including appeal of the second award by the client, finalization of award amounts with the client, collection of all amounts outstanding on both the first and second claims, and collection of all other outstanding project-related accounts receivable balances. As such, the exact financial impact of these awards, including the timing of additional receipts and the timing when additional net income will be recognized, is not entirely clear at this time. However, notwithstanding the various risks and uncertainties, management believes that in addition to recovering its net investment in the project of $8 million, Aecon's share of cash and after tax profits from the awards will be in the range of $4 million to $7 million.

After deducting internally directed capital charges and allocations of Corporate overheads, which increased by $2.9 million in the second quarter of 2009 and by $5.3 million in the first six months of 2009, the Infrastructure segment's operating loss before income taxes in the second quarter of 2009 was $6.2 million compared to $1.0 million in 2008, while a loss of $26.8 million in the first six months of 2009 compared to a loss of $12.9 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 June 30, 2009 was $588 million, which represents a $12 million decrease over the same time in the prior year. The year-over-year change results primarily from higher backlog in the materials operations, mostly as a result of the acquisition of South Rock, offset by lower backlog in civil operations. New contract awards totalled $161 million for the second quarter of 2009 and $313 million year-to-date, compared to $335 million and $472 million, respectively, in the prior year. 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 June 30				Six Months Ended June 30			
	2009		2008		**2009**		2008	
Revenues	**$**	**114.8**	$	109.5	**$**	**223.3**	$	217.6
Segment operating profit		**0.9**		0.7		**-**		2.3
Capital charges and allocations of corporate overhead		**(1.2)**		(0.3)		**(2.0)**		(0.4)
Segment profit (loss) before income taxes		**(0.3)**		0.4		**(2.0)**		1.9
Return on revenue		**0.8%**		0.6%		**0.0%**		1.1%
Backlog – June 30	**$**	**521**	**$**	**496**				

Second quarter revenues in the Buildings segment of $115 million were $5 million, or 5%, higher than in the same period of 2008. The increase resulted primarily from a $23 million increase in Toronto operations, partly offset by a $14 million decline in Seattle operations. The increase in Toronto reflects the impact of several Infrastructure Ontario projects underway during the quarter. 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. In addition, a decrease in revenues of $4 million from Vancouver based Scott Management Limited, in which Aecon has a 49% interest, contributed to the reduction in revenues.

For the six months ended June 30, 2009, the Buildings segment reported revenues of $223 million compared to revenues of $218 million during the same period last year. The $6 million, or 3%, increase resulted primarily from a $38 million increase in Toronto operations, partly offset by a $22 million decrease in Seattle operations. These changes were caused by factors similar to those that affected the change in second quarter revenues. Montreal operations also experienced a $9 million reduction in volumes as part of an intentional downsizing and ongoing restructuring initiative in order to return this unit to expected performance levels.

Segment operating profit of $0.9 million in the second quarter of 2009 compares with a profit of $0.7 million in the same quarter last year. Most of the quarter-over-quarter improvement in operating profits occurred in the Montreal operations where losses decreased from $3.2 million in 2008 to $0.2 million in 2009. This increase was offset by declines in operating profits in the balance of the Buildings operations. The improvement in Montreal operations was due to the quarter-over-quarter impact of profit write downs taken in 2008 on some projects and non-recurring costs in 2008 associated with the relocation of this unit's operations centre. Despite a $23 million increase in revenues, operating profits from Toronto decreased by $0.6 million, as reductions in contract margins realized on some projects offset the impact of higher volumes. The decrease in quarter-over-quarter operating profits in the other operating units is consistent with the lower quarterly revenues in those units.

For the six months ended June 30, 2009, the Buildings segment generated a breakeven operating result, representing a decline of $2.4 million from the same period in 2008. For reasons similar to those noted in the second quarter results, the year-over-year improvement in the Montreal operations of $1.1 million was more than offset by declines in the balance of the Buildings operations.

After deducting capital charges and allocations of corporate overheads, the Buildings segment operating loss before income taxes for the second quarter of 2009 was $0.3 million compared to a profit of $0.4 million in the second quarter of 2008, and operating loss before income taxes for the first six months of 2009 was $2.0 million compared to a profit of $1.9 million for the same period in 2008.

Backlog of $521 million at the end of the second quarter of 2009 was $25 million higher than at the same time last year with the largest increase occurring in the segment's Toronto operations and the largest decrease occurring in Seattle. New contract awards totaling $115 million were recorded in the second quarter of 2009, which compares with awards of $177 million in the same period of 2008, while awards of $210 million in the first six months of 2009 compared to $234 million in the first six months of 2008. The largest contributors to new awards in 2009 were the $82 million award from Infrastructure Ontario related to the redevelopment of the Lakeridge Health Oshawa hospital project; the construction management contract to complete the interior of Corus Entertainment's new office building and broadcast centre located on Toronto's waterfront; and a $31 million contract to build a veterinary diagnosis complex in St-Hyacinthe, Quebec for the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec.

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 June 30		Six Months Ended June 30	
	2009	2008	**2009**	2008
Revenues	**$ 244.6**	$ 162.5	**$ 341.1**	$ 253.4
Segment operating profit	**17.0**	20.8	**30.1**	24.6
Capital charges and allocations of corporate overheads	**(3.8)**	(1.3)	**(5.2)**	(3.2)
Segment profit before income taxes	**13.2**	19.5	**24.9**	21.4
Return on revenue	**6.9%**	12.8%	**8.8%**	9.7%
Backlog – June 30	**$ 551**	**$ 385**		

Revenues in the second quarter of 2009 of $245 million in the Industrial segment were $82 million or 51% higher than in the same period in 2008. Approximately $143 million of the increase in revenues arose as a result of the newly acquired Lockerbie operations, with $104 million occurring in the Lockerbie industrial operating unit and $39 million occurring in the Lockerbie mechanical operating unit. Excluding Lockerbie, second quarter revenues decreased by $61 million. In Western Canada, revenues declined by $35 million as module assembly, pipe fabrication and site construction projects were down as a result of a significant decline in new capital spending in the oilsands and related businesses in recent months. In Ontario operations, revenues decreased quarter-over-quarter by $27 million, mostly as a result of less work in the power, automotive and gas sectors.

For the six months ended June 30, 2009, the Industrial segment reported revenues of $341 million compared to revenues of $253 million in the comparative period last year, representing an $88 million or 35% increase. As in the second quarter of 2009, the Lockerbie operations represented $143 million of the increase in revenues. In addition, revenues also increased in Eastern Canada by $3 million and in Innovative Steam Technologies Inc. ("IST") by $5 million reflecting the impact of new orders received. Offsetting these higher revenues were decreases in revenues from the segment's Western Canada and Ontario operations of $55 million and $12 million, respectively. These decreases occurred for essentially the same reasons as noted above in the second quarter revenue commentary.

In the second quarter of 2009, the Industrial segment generated an operating profit of $17.0 million compared to $20.8 million in the same period in 2008. Excluding a $3 million contribution from Lockerbie, the Industrial operations in Ontario, Eastern Canada and IST operations were up $3 million, $3 million and $1 million, respectively, while operations in Western Canada were down $14 million. The improvement in operating profits in Ontario reflected stronger results from fabrication operations and the benefit of margin improvements on a small number of construction projects which offset the effects of lower revenues in the quarter. Results in Eastern Canada improved because of a combination of higher margins and a favourable change in foreign exchange gains and losses quarter-over-quarter. The large decline in Western Canada operating profits in the quarter resulted from the above noted significant reduction in volumes in the period.

For the six months ended June 30, 2009, the Industrial segment generated an operating profit of $30.1 million compared to $24.6 million in the same period last year. Of the $6 million or 23% improvement, the Lockerbie operations represented $3 million of the change. Of the remaining balance, operating profits increased in Ontario, Eastern Canada and IST operations by $17 million, $2 million and $2 million, respectively, partially offset by a decrease in operating results in Western Canada operations of $19 million. Similar to the second quarter of 2009, the higher operating profits in Ontario are mostly a function of higher contract margins on projects and improved results from its fabrication operations. The lower Western Canada operating profits were because of the above noted significant reduction in volumes in 2009.

After deducting capital charges and allocations of corporate overheads, the Industrial segment's operating profit before income taxes was $13.2 million compared to $19.5 million in the second quarter of 2008. Segment operating profit before income taxes for the first six months of 2009 was $24.9 million compared to $21.4 million in the first half of 2008.

Backlog at June 30, 2009 of $551 million was $166 million higher than at the same time last year due to the addition of $395 million in backlog from the Lockerbie operations, and partially offset by a decline in Ontario. The decline in backlog in Ontario operations of $186 million is largely due to work off on large projects during the past year that have not been replaced. Overall, new contract awards of $181 million in the second quarter of 2009 were $23 million higher than in 2008, and new awards of $206 million for the six months of 2009 are $49 million lower than 2008. Most of the decrease in new awards occurred in Ontario where award levels for the first six months of 2009 are down $95 million year-over-year.

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 June 30		Six Months Ended June 30	
	2009	2008	**2009**	2008
Revenues	**$ 22.1**	$ 15.2	**$ 47.4**	$ 30.5
Segment operating profit	**3.3**	2.4	**7.7**	3.8
Capital charges and allocations of corporate overheads	**(3.4)**	(2.2)	**(6.9)**	(4.4)
Segment profit (loss) before income taxes	**(0.2)**	0.3	**0.8**	(0.6)
Return on revenue	**14.8%**	16.1%	**16.3%**	12.4%

Revenues in the second quarter of 2009 of $22 million in the Concessions segment were up $7 million, or 46%, compared to the same period in 2008. The majority of the increase in revenues came from Aecon's interest in the Operator of 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. For the first six months of 2009, Concessions segment revenues were $47 million, representing a $17 million or 56% increase over the same period in 2008. Similar to the second quarter of 2009, the majority of the revenue increase arose in the Operator of the Cross Israel Highway.

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 June 2009 surpassed 109,000 vehicles, a 7.2% increase over June 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 $3.3 million in the second quarter of 2009 increased by $0.8 million or 34% from the same period in 2008, with the majority of the increase from Aecon's interest in the Operator of the Cross Israel Highway.

For the six months ended June 30, 2009, segment operating profit of $7.7 million represented an increase of $3.9 million or 104% over the same period in 2008, with 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 Operator of the Cross Israel Highway. Nearly 2.2 million passengers passed through the existing Quito airport in the first six months of 2009, a 1.7% 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 loss before income taxes for the second quarter of 2009 of $0.2 million, which compared to an operating profit before income taxes of $0.3 million in the second quarter of 2008. For the six months ended June 30, 2009, the Concessions segment had an operating profit before income taxes of $0.8 million compared to an operating loss before income taxes of $0.6 million in the first six months 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 June 30.

On July 29, 2009, the Constitutional Court of Ecuador issued a ruling regarding airport charges and services, which could have an impact on the Aecon's concession interests in Quito, Ecuador. The ruling significantly changes the legal context in which Aecon is operating in Ecuador, including by unilaterally granting significant new authority over the project to the government of Ecuador. It is uncertain what the government's response to the ruling will be as it relates to current arrangements in place for the existing International Airport and the new Quito International Airport projects. Therefore it is unclear what, if any, impact the ruling will have on Aecon's interests in Ecuador. Refer to the Subsequent Event note (note 17) in the 2009 Interim Consolidated Financial Statements for further details.

CORPORATE AND OTHER

Financial Highlights

$ millions	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	**2009**	2008
MG&A	**$ (6.0)**	$ (4.3)	**$ (10.4)**	$ (7.4)
Other income (expense) [(1)]	**(1.1)**	0.4	**(1.2)**	0.4
Interest income	**1.8**	1.8	**4.7**	3.7
Segment operating loss	**(5.4)**	(2.1)	**(7.0)**	(3.3)
Capital charges and allocations of corporate overheads	**17.1**	9.5	**30.1**	18.7
Segment profit before income taxes	**11.7**	7.4	**23.1**	15.4

(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 second quarter of 2009 was higher than in 2008 by $3.3 million, and segment operating loss for the first six months of 2009 was higher than in 2008 by $3.7 million. Impacting the operating loss in the second quarter of 2009 was marketing, general and administrative expenses ("MG&A") which were $1.7 million higher than in the same quarter in 2008. The increase in MG&A was primarily due to higher training and employee compensation costs including higher performance-related incentive costs; higher stock compensation costs which related to stock option awards made in the second half of 2008 and first half of 2009; and higher defined benefit pension plan expenses resulting from the amortization into income of past years actuarial losses. Also negatively impacting the segment operating loss in the second quarter of 2009 was a $1.2 million unfavourable change in foreign exchange gains and losses year-over-year.

For the six months, the segment operating loss was impacted by higher MG&A costs, which increased by $3.0 million year-over-year, and similar to the second quarter, due in large part to increases in incentive costs, share-based compensation expense, and pension charges. Segment operating loss was also impacted by an unfavourable change in foreign exchange gains and losses year-over-year of $1.2 million. Offsetting the higher MG&A and foreign exchange costs was an increase in interest income for the six-month period of $1.0 million.

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 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Revenues	$ 613.2	340.9	$ 602.7	$ 534.7	$ 437.7	$ 302.0	$ 482.3	$ 430.4
Earnings (loss) before income taxes	15.2	0.1	31.4	35.7	24.3	(3.5)	23.4	17.4
Net income (loss)	9.9	(0.6)	20.4	23.1	15.6	0.3	22.5	19.0
Earnings (loss) per share:								
Basic	0.18	(0.01)	0.41	0.46	0.32	0.01	0.56	0.51
Diluted	0.18	(0.01)	0.40	0.45	0.31	0.01	0.50	0.44

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 19 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 June 30, 2009 were $187.9 million, which compares with $292.9 million at December 31, 2008. Of these amounts, $88.0 million and $62.0 million, respectively, were on deposit in joint venture bank accounts, which Aecon cannot access directly. Of this joint venture cash, $51.6 million (December 31, 2008 - $20 million) was held by Quiport JV. Also included in cash and cash equivalents was $32.9 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 $15.0 million at June 30, 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.

Term deposits of $46.4 million at June 30, 2009 (December 31, 2008 - $nil) represents short-term investments held by Build Finance SPVs using cash which was advanced by lenders to finance the construction by Aecon of Infrastructure Ontario hospital projects.

Total debt of $341.2 million at June 30, 2009 compares to $182.8 million at December 31, 2008, the composition of which is as follows ($ millions):

	Jun. 30, 2009	Dec. 31, 2008
Bank indebtedness	**$ -**	$ 2.6
Current portion of long-term debt	**42.3**	16.4
Long-term debt – recourse	**63.6**	45.2
Long-term debt – non-recourse	**235.3**	118.7
Total debt	**$ 341.2**	$ 182.8
Debt held directly	**75.1**	56.0
Debt held by Build Finance SPVs	**133.9**	30.7
Debt of joint ventures	**132.2**	96.1
Total	**$ 341.2**	$ 182.8

There were no bank indebtedness balances at June 30, 2009 compared to $2.6 million of bank indebtedness as at December 31, 2008. 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 June 30, 2009, the long-term debt component of total debt, including the current portion, totaled $341.2 million compared to $180.2 million at December 31, 2008. Of the $161 million net increase in long-term debt, $142 million relates to increases in non-recourse project financing. Changes in non-recourse long-term debt included an increase of $39 million resulting from the proportionate consolidation of Aecon's share of non-recourse borrowings to finance the Quito airport project, and an increase of $103 million in non-recourse project debt related to three Infrastructure Ontario hospital projects by Aecon controlled Build Finance SPVs. 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 $25 million related to the South Rock operations, including the assumption of existing South Rock debt amounting to approximately $8 million.

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 $213 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 pro forma diluted shares.

Aecon's liquidity position and capital resources continued to be strong in 2009 and, notwithstanding the large net cash outlay used to fund the Lockerbie acquisition, are expected to be sufficient to finance its operations and working capital requirements for the foreseeable future. This continues the positive trend of recent years where cash flow from operations for the years ended 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 June 30, 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.

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$1.9 million in the Quito airport concessionaire is expected to be funded from ongoing profit distributions from construction operations of the new Quito airport. As of June 30, 2009, Aecon's total investment in the Quito airport concessionaire was approximately US$50 million. Of this amount, US$31.8 million was invested through cash equity contributions and the balance, US$18.2 million, through the reinvestment of Aecon's share of the earnings of the existing 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$3.0 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 June 30, 2009.

Summary of Cash Flows

	Consolidated Cash Flows		Consolidated Cash Flows	
	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	**2009**	2008
$ millions				
Cash provided by (used in):				
Operating activities	**$ (58.6)**	$ (6.4)	**$ (51.7)**	$ 13.0
Investing activities	**(138.3)**	(10.8)	**(192.9)**	(24.3)
Financing activities	**16.1**	58.2	**143.0**	53.1
Increase (decrease) in cash and cash equivalents	**(180.8)**	41.0	**(101.7)**	41.8
Effects of foreign exchange on cash balances	**(4.8)**	0.2	**(3.3)**	1.4
Cash and cash equivalents - beginning of period	**373.5**	136.7	**292.9**	134.6
Cash and cash equivalents - end of period	**$ 187.9**	$ 177.9	**$ 187.9**	$ 177.9

Operating Activities

Cash used by operating activities of $59 million in the second quarter of 2009 was $52 million higher than in the same period last year, while cash used by operating activities of $52 million in the first six months of 2009 was $65 million higher than in the same period last year. The increased use of cash is due to higher investments in working capital, mostly in build-finance projects within the Buildings segment (which have offsetting balances within financing activities below) and in the Infrastructure segment, offset in part by higher cash earnings.

Investing Activities

In the second quarter of 2009, investing activities resulted in a use of cash of $138 million, which compares with cash used of $11 million in 2008. Of the cash used in 2009, $83 million, net of cash acquired, was used to fund the acquisition of Lockerbie, and $25 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 addition, cash of $46 million was used by a Build Finance SPV to invest in term deposits until such time as these investments are required to fund construction costs. The major source of cash from investing activities was the release of $20 million in cash, which was used to collateralize letters of credit and, as such, was previously classified as "restricted cash". In 2008, Aecon used $10 million of cash to finance its proportionate share of the cash used by Quiport JV for construction of the new Quito airport.

For the first six months of 2009, investing activities resulted in a use of cash of $193 million, which compares with cash used of $24 million in the first half of 2008. Of the cash used in the first six months of 2009, $115 million, net of cash acquired, was used to fund the acquisitions of Lockerbie and South Rock, and $45 million represents Aecon's proportionate share of the investment made by Quiport JV in the construction of the new Quito airport. In addition, similar to the second quarter, restricted cash balances decreased by $20 million, and investments in term deposits increased by

$46 million. During the first half of 2008, Aecon used $21 million to finance its share of the cash used by Quiport JV for construction of the new Quito airport.

Financing Activities

In the second quarter of 2009, cash provided by financing activities amounted to $16 million, compared to cash provided of $58 million in the same quarter last year. During 2009, issuances of long-term debt amounted to $68 million, while repayments totalled $12 million, for a net change of $56 million. Of the increase in long-term debt during the second quarter of 2009, $22 million related to Aecon's proportionately consolidated share of additional non-recourse financing for the new Quito airport project, $17 million related to non-recourse project financing for various Infrastructure Ontario hospital projects, and $27 million related to debt incurred in relation to the South Rock operations. Repayments of long-term debt in 2009 included a $9 million reduction in loans in South Rock. During the second quarter of 2008, there were net repayments of long-term debt amounting to $5 million. Also during the second quarter of 2009, Aecon fully repaid the $30 million it borrowed on its operating line in the first quarter of 2009. Aecon also used $9 million in the second quarter of 2009 to purchase Aecon common shares for the Long-Term Incentive Plan compared to $4 million in the same quarter in 2008. Dividends of $3 million and $2 million were paid in the second quarters of 2009 and 2008, respectively. During the second quarter of 2008, Aecon issued common shares for net proceeds of approximately $70 million.

In the first six months of 2009, cash provided by financing activities amounted to $143 million, compared to cash provided of $53 million in the same period last year. During 2009, issuances of long-term debt amounted to $174 million, while repayments totalled $16 million, for a net change of $158 million. This compares to net repayments of long-term debt totalling $8 million the first six months of 2008. In addition to the $68 million borrowed in the second quarter of 2009 as noted above, long-term debt related to Aecon's proportionately consolidated share of additional non-recourse financing for the new Quito airport project increased by $20 million and non-recourse project financing for various Infrastructure Ontario hospital projects increased by $86 million. 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 and the above noted repayment of $9 million in term loans by South Rock. Also, $9 million was used in 2009 to purchase Aecon common shares by the Long-Term Incentive Plan compared to $4 million in 2008 and dividends of $5 million were paid in each of the first six month periods of 2009 and 2008.

NEW ACCOUNTING STANDARDS

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

International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that Canadian public entities will have to adopt IFRS effective for fiscal years beginning on or after January 1, 2011. The Company will issue consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") for the first quarter ended March 31, 2011, with comparative information.

As detailed on page 12 of Aecon's 2008 annual report, the Company has set up a project and governance structure for its conversion to IFRS.

The Company's conversion project will be completed in four phases: diagnostic phase, detailed assessment phase, solution development phase and implementation phase. These phases will often be in process simultaneously as they are applied to individual IFRS. To date, the project is progressing according to plan. The Company has completed the diagnostic phase of the project and is well into the detailed assessment phase on the IFRS that could potentially have a significant impact on Aecon's financial statements.

The table below provides a very brief summary of select IFRS that may impact Aecon, their differences from Generally Accepted Accounting Principles ("GAAP") and their potential impact to the Company. The table is not comprehensive and does not include all of the differences from GAAP for the standards noted. Also, the table does not include all the standards that may require changes for the transition to IFRS. Some of the standards not presented in the table may have a significant impact on the Company's consolidated financial statements.

Standards	**Difference from GAAP**	**Potential Impact**
Construction contracts	IFRS provides more explicit guidance than GAAP on revenue recognition for construction contracts. The criteria for combining and separating contracts is different under IFRS than current generally accepted practice. Borrowing costs are to be treated as a contract cost in calculating percentage of completion.	More contracts may have to be combined and accounted for as a single contract under IFRS. Percentage completion calculations on projects with project-specific debt may change as borrowing costs are treated as a contract cost.
Joint arrangements	An IASB exposure draft proposes to eliminate the use of proportionate consolidation method in favour of the equity method for joint ventures, as defined by the exposure draft. Aecon expects the final standard issued for joint arrangements will be in effect for its transition to IFRS. (1)	Reduction in reported amounts of assets, liabilities, revenues and expenses, but no expected impact on net income.
Property, plant and equipment	Major asset components must be depreciated separately.	Annual depreciation expense may change to reflect accounting for components.
Impairment of assets	IFRS requires the assessment of asset impairment to be based on discounted future cash-flows. IFRS allows the reversal of impairment losses, other than for goodwill and indefinite life intangible assets.	The potential for asset impairments will increase for assets whose carrying amounts are currently supported by an undiscounted cash-flow basis. However, the requirement to subsequently reverse impairment losses where circumstances have changed may reduce or eliminate a prior impairment recognized.
Lease accounting	With respect to classifying a lease as either finance (2) or operating, IFRS does not have quantitative guidelines, such as those that currently exist in GAAP.	There is a potential for more of Aecon's operating leases to be treated as finance leases under IFRS.

Service concession arrangements	IFRS has specific guidance on service concession arrangements. GAAP does not explicitly address these arrangements.	There is the potential for recorded amounts relating to service concession arrangements to change.
Business combinations	IFRS requires that all transaction costs of a business combination be expensed and that contingent consideration be recognized on acquisition rather than only when probable.	Aecon will have to apply these changes to any business combinations post January 1, 2010 unless it elects to early adopt.
First-time adoption	IFRS contains explicit guidance on first-time adoption of IFRS. The IFRS contains several elections to ease transition and some mandatory exemptions to retrospective application of IFRS.	Aecon will have to choose which available elections it wishes to make and ensure it follows the mandatory exemptions required.

(1) The IASB expects to issue a final standard on Joint Arrangements in the third quarter of 2009, as per the IASB website. The AcSB anticipates that this IFRS will be effective for 2011 as per their document "Which IFRSs are Expected to Apply for Canadian Changeover in 2011?" published in September 2008.

(2) IFRS uses the term "finance lease" to describe what is called a "capital lease" under GAAP.

At this time, the Company can not quantify the impact of IFRS to its financial statements. The Company is close to finalizing preliminary conclusions and accounting policy choices on the standards noted above. Those conclusions and accounting policy choices will be reported on when finalized.

The IASB has several projects slated for completion in 2010 and 2011 that may significantly impact the transition to IFRS and the financial statements of the Company. The Company continues to monitor the IASB's progress on these projects and their impact on the Company's transition to IFRS.

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.

The Chief Executive Officer and Chief Financial Officer limited the scope of their design of disclosure controls and procedures and their design of internal controls over financial reporting to exclude controls, policies and procedures of South Rock which was acquired by the Company during the first quarter of 2009. Further details related to the acquisition of South Rock are disclosed in note 12 to the 2009 Interim Consolidated Financial Statements.

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 June 30, 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 and the acquisition of Lockerbie during the second quarter of 2009. Further details related to the acquisition of South Rock and Lockerbie are disclosed in note 12 to the 2009 Interim Consolidated Financial Statements.

Contractual Obligations

At December 31, 2008, the Company had commitments totaling $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 $142 million), a partial repayment on the note payable issued in connection with the acquisition of Karson (approximately $4 million), and additional debt incurred in South Rock (approximately $25 million).

At June 30, 2009, Aecon had contractual obligations to complete projects that were in progress. The revenue value of these contracts was $1,805 million. This consists of the reported backlog of $1,753 million plus an additional $52 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 six 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 June 30, 2009, the Company had outstanding contracts to buy and/or sell U.S. dollars or euros on which there was a net unrealized exchange gain of less than $0.01 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)

		June 30, 2009		Aug. 4, 2009
Number of common shares outstanding (1)		56,678,565		56,693,565
Paid-up capital of common shares outstanding (2)	$	304,428	$	304,522
Outstanding securities exchangeable or convertible into common shares:				
Number of stock options outstanding		2,008,484		1,993,484
Number of common shares issuable on exercise of stock options		2,008,484		1,993,484
Increase in paid-up capital on exercise of stock options	$	23,729	$	23,635
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 June 30, 2009 includes 1,642,222 shares (August 4, 2009 – 1,642,222 shares) held by the trustee of Aecon's Long-Term Incentive Plan ("LTIP").

The number of common shares outstanding at June 30, 2009 for financial statement purposes, after deducting the above LTIP shares, was 55,036,343 shares (August 4, 2009 – 55,051,343 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 June 30, 2009 has been reduced by $17.0 million to reflect shares held by the trustee of the LTIP plan.

OUTLOOK

As we enter the second half of the year, most of the key trends shaping Aecon's outlook through the first two quarters remain in place, with increasing evidence that medium and long term prospects remain strong.

The positive indicators Aecon identified at the beginning of the year, including a healthy backlog, a strong balance sheet, and a robust bidding pipeline, continue to provide reason for optimism.

Other key trends shaping Aecon's outlook include:

- Government investment in transportation infrastructure across the country continues at a record pace, supported and augmented as government stimulus programs begin to reach the bidding stage.

- The level of new investment in the oilsands continues to be weak, but with positive signals beginning to appear (including the Suncor/Petro-Canada merger, the recent announcement regarding Imperial Oil's investment in the Kearl project, and the relative strengthening of oil prices) that the next 12-18 months may see significant new investment once again.

- Capital investment in social infrastructure across the country, especially in the healthcare and education areas, continues to be strong.

- Demand for new electrical generation capacity in Ontario remains strong in the medium term but with the timing of many planned projects somewhat uncertain given the impact of the recession on power consumption trends.

- Growing demand for water and wastewater infrastructure across the country, as decades of under-investment have put many municipalities in an untenable position with aging infrastructure beginning to falter.

As a result of these trends, the outlook for Aecon's Infrastructure segment remains very strong. While segment backlog and new project awards declined slightly in the quarter from the record levels reported in recent periods, this masks what might be called the strongest bidding pipeline of civil infrastructure work in many years. Since a substantial portion of this bidding pipeline includes large projects such as major highway extensions, hydro-electric plants and public transit projects, Aecon's new business and backlog profile in the Infrastructure segment could be somewhat 'lumpy' over the next several quarters (within the context of a general trend upward), with large increases in some quarters when one or more of these large projects are awarded, and with little change or small declines in quarters, where no large projects are awarded.

The strong $588 million backlog in place today, the very strong bidding pipeline, and the recent acquisition of South Rock, all bode well for Aecon's Infrastructure business over the next several years, with medium term visibility better today than it has been in some time.

Similarly, backlog of $521 million in the Buildings segment is near record levels, and the bidding pipeline remains very robust in most markets, particularly in the Toronto area. 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.

The acquisition of Lockerbie & Hole 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. In the short term, however, there has been a softening in both the oil & gas and power backlog within the Industrial segment.

Notably, the addition of Lockerbie's commercial mechanical business has further increased 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.

Notwithstanding the addition of Lockerbie this quarter, 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 signalled in previous outlooks, the economic downturn will result in a significant decline in the operating results of the Industrial segment, with the modest positive impact of the Lockerbie acquisition offset by the amortization of the fair value of the acquired backlog and the depreciation on the increase in the fair value of property acquired.

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. Construction is progressing well on the Quito Airport project, which is now over 50% complete, and the project continues to proceed on track to open in the fall of 2010.

As noted earlier in this MD&A, the Constitutional Court of Ecuador has issued a ruling regarding airport charges and services, which could have an impact on Aecon's concession interests in Quito Airport project. The ruling significantly changes the legal context in which Aecon is operating in Ecuador, including by unilaterally granting significant new authority over the project to the government of Ecuador. It is uncertain what the government's response to the ruling will be as it relates to current arrangements in place for the existing International Airport and the new Quito International Airport projects. Therefore it is unclear what, if any, impact the ruling will have on Aecon's interests in Ecuador.

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 failure to achieve the targets associated with the construction of the new Quito airport or operation of the existing Quito airport as well as the associated political risk in Ecuador, and the impact of economic conditions in Western Canada. 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)

June 30, 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)

	June 30, 2009	December 31, 2008
Assets		
Current assets		
Cash and cash equivalents (note 3)	**$ 187,869**	$ 292,873
Restricted cash	**14,968**	28,194
Marketable securities and term deposits (note 3)	**46,395**	-
Accounts receivable	**328,494**	259,431
Holdbacks receivable	**96,711**	92,584
Deferred contract costs and unbilled revenue	**196,183**	119,170
Inventories	**36,355**	23,582
Prepaid expenses	**8,517**	8,158
	915,492	823,992
Property, plant and equipment (note 12)	**202,805**	102,333
Future income tax assets	**10,184**	20,622
Long-term concession investment (note 6)	**32,685**	32,685
Concession rights (note 4)	**194,749**	167,996
Other intangible assets (note 12)	**21,307**	528
Goodwill (note 12)	**51,655**	9,804
Other assets (note 7)	**23,093**	30,904
	$ 1,451,970	$ 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)

	June 30, 2009	December 31, 2008
Liabilities		
Current liabilities		
Bank indebtedness (note 3)	**$ -**	$ 2,631
Accounts payable and accrued liabilities	**376,956**	319,840
Holdbacks payable	**59,231**	60,506
Deferred revenue	**95,340**	91,948
Income taxes payable	**5,810**	4,015
Future income tax liabilities	**51,264**	48,512
Current portion of long-term debt (note 8)	**42,311**	16,387
	630,912	543,839
Non-recourse project debt (note 8)	**235,298**	118,665
Other long-term debt (note 8)	**63,602**	45,160
Other liabilities	**3,469**	3,375
Other income tax liabilities	**15,939**	15,537
Concession related deferred revenue	**73,667**	77,574
	1,022,887	804,150
Non-controlling interests	**3,964**	2,449
Commitments and contingencies (note 9)		
Shareholders' Equity		
Capital stock (note 10)	**304,428**	262,644
Contributed surplus (note 10)	**3,256**	2,828
Retained earnings	**114,827**	110,903
Accumulated other comprehensive income (note 10)	**2,608**	5,890
	425,119	382,265
	$ 1,451,970	$ 1,188,864

Aecon Group Inc.

Consolidated Statements of Income

For the three months ended June 30, 2009 and 2008

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

	2009	2008
Revenues	**$ 613,237**	$ 437,651
Direct costs and expenses	**(549,816)**	(385,913)
	63,421	51,738
Marketing, general and administrative expenses	**(31,846)**	(20,294)
Foreign exchange losses	**(142)**	(220)
Gain (loss) on sale of assets	**33**	(114)
Depreciation and amortization	**(14,985)**	(6,367)
Interest expense	**(3,046)**	(2,266)
Interest income	**1,759**	1,775
	(48,227)	(27,486)
Income before income taxes and non-controlling interests	**15,194**	24,252
Income tax expense		
Current	**(1,337)**	(630)
Future	**(3,217)**	(7,616)
	(4,554)	(8,246)
Income before non-controlling interests	**10,640**	16,006
Non-controlling interests	**(711)**	(411)
Net income for the period	**$ 9,929**	$ 15,595
Earnings per share (note 10)		
Basic	**$ 0.18**	$ 0.32
Diluted	**$ 0.18**	$ 0.31
Average number of shares outstanding (note 10)		
Basic	**55,017,708**	49,396,330
Diluted	**56,416,294**	50,355,576

Aecon Group Inc.

Consolidated Statements of Income

For the six months ended June 30, 2009 and 2008

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

	2009	2008
Revenues	**$ 954,122**	$ 739,611
Direct costs and expenses	**(858,073)**	(669,350)
	96,049	70,261
Marketing, general and administrative expenses	**(56,008)**	(36,443)
Foreign exchange gains (losses)	**(1,718)**	109
Gain (loss) on sale of assets	**56**	(167)
Depreciation and amortization	**(23,032)**	(12,241)
Interest expense	**(4,682)**	(4,389)
Interest income	**4,665**	3,659
	(80,719)	(49,472)
Income before income taxes and non-controlling interests	**15,330**	20,789
Income tax expense (note 5)		
Current	**(2,540)**	(1,291)
Future	**(1,762)**	(2,947)
	(4,302)	(4,238)
Income before non-controlling interests	**11,028**	16,551
Non-controlling interests	**(1,725)**	(680)
Net income for the period	**$ 9,303**	$ 15,871
Earnings per share (note 10)		
Basic	**$ 0.18**	$ 0.35
Diluted	**$ 0.17**	$ 0.34
Average number of shares outstanding (note 10)		
Basic	**52,626,103**	45,902,214
Diluted	**53,968,485**	48,592,740

(in thousands of dollars) (unaudited)

Consolidated Statements of Comprehensive Income:

	Three months ended June 30		Six months ended June 30	
	2009	**2008**	**2009**	**2008**
Net income for the period	**$ 9,929**	$ 15,595	**$ 9,303**	$ 15,87
Other comprehensive income (loss), net of tax:				
Currency translation adjustments	**(5,069)**	(509)	**(3,137)**	(378)
Mark-to-market adjustments on available-for-sale investments	**-**	-	**(145)**	-
Cash flow hedges				
Net change in fair value of derivatives	**-**	359	**-**	(201)
Comprehensive income for the period	**$ 4,860**	$ 15,445	**$ 6,021**	$ 15,292

Consolidated Statements of Retained Earnings:

	Three months ended June 30		Six months ended June 30	
	2009	**2008**	**2009**	**2008**
Retained earnings - beginning of period	**$ 107,732**	$ 59,469	**$ 110,903**	$ 61,525
Net income for the period	**9,929**	15,595	**9,303**	15,871
Dividends (note 10)	**(2,834)**	(2,542)	**(5,379)**	(4,878)
Interest received on share purchase loans (note 10)	**-**	-	**-**	4
Retained earnings - end of period	**$ 114,827**	$ 72,522	**$ 114,827**	$ 72,522

Consolidated Statements of Accumulated Other Comprehensive Income (Loss):

	Three months ended June 30		Six months ended June 30	
	2009	**2008**	**2009**	**2008**
Accumulated other comprehensive income (loss) - beginning of period	**$ 7,677**	$ (2,929)	**$ 5,890**	$ (2,500)
Currency translation adjustments	**(5,069)**	(509)	**(3,137)**	(378)
Mark-to-market adjustments on available-for-sale investments	**-**	-	**(145)**	-
Cash flow hedges	**-**	359	**-**	(201)
Accumulated other comprehensive income (loss) - end of period	**$ 2,608**	$ (3,079)	**$ 2,608**	$ (3,079)

Aecon Group Inc.

Consolidated Statements of Cash Flows

For the three months ended June 30, 2009 and 2008

(in thousands of dollars) (unaudited)

	2009	2008
Cash provided by (used in)		
Operating activities		
Net income for the period	**$ 9,929**	$ 15,595
Items not affecting cash		
Depreciation and amortization	**14,985**	6,367
(Gain) loss on sale of assets	**(33)**	114
Amortization of commitment fees	**111**	39
Unrealized (gain) loss on foreign exchange	**(1,265)**	423
Non-cash interest on other income tax liabilities	**201**	201
Notional interest representing accretion	**(550)**	356
Defined benefit pension	**300**	(156)
Future income taxes	**3,217**	7,616
Stock-based compensation	**594**	47
	27,489	30,602
Change in other balances relating to operations (note 11)	**(86,085)**	(36,974)
	(58,596)	(6,372)
Investing activities		
Decrease (increase) in restricted cash balances	**20,491**	(794)
Increase in marketable securities and term deposits	**(46,395)**	-
Purchase of property, plant and equipment	**(5,550)**	(1,514)
Proceeds on sale of property, plant and equipment	**216**	335
Acquisitions (note 12)	**(83,485)**	32
Investment in concession rights (note 4)	**(24,739)**	(9,500)
Decrease in other assets	**441**	241
Increase in non-controlling interests	**680**	409
	(138,341)	(10,791)
Financing activities		
Decrease in bank indebtedness	**(30,000)**	-
Issuance of long-term debt	**68,366**	10,319
Repayments of long-term debt	**(12,002)**	(15,680)
Issuance of capital stock, net of issuance costs	**1,695**	69,827
Repurchase of capital stock (note 10)	**(9,425)**	(4,145)
Repayment of share purchase loans (note 10)	**-**	189
Dividends paid (note 10)	**(2,545)**	(2,336)
	16,089	58,174
(Decrease) increase in cash and cash equivalents during the period	**(180,848)**	41,011
Effects of foreign exchange on cash balances	**(4,830)**	186
Cash and cash equivalents - beginning of period	**373,547**	136,654
Cash and cash equivalents - end of period	**$ 187,869**	$ 177,851

Supplementary disclosures (note 11)

Aecon Group Inc.

Consolidated Statements of Cash Flows

For the six months ended June 30, 2009 and 2008

(in thousands of dollars)

	2009	2008
Cash provided by (used in)		
Operating activities		
Net income for the period	**$ 9,303**	$ 15,871
Items not affecting cash		
Depreciation and amortization	**23,032**	12,241
(Gain) loss on sale of assets	**(56)**	167
Amortization of commitment fees	**210**	79
Unrealized loss on foreign exchange	**579**	260
Non-cash interest on other income tax liabilities	**402**	402
Notional interest representing accretion	**(820)**	818
Defined benefit pension	**556**	(1,069)
Future income taxes	**1,762**	2,947
Stock-based compensation	**859**	94
	35,827	31,810
Change in other balances relating to operations (note 11)	**(87,546)**	(18,792)
	(51,719)	13,018
Investing activities		
Decrease (increase) in restricted cash balances	**20,968**	(1,156)
Increase in marketable securities and term deposits	**(46,395)**	-
Purchase of property, plant and equipment	**(8,392)**	(2,266)
Proceeds on sale of property, plant and equipment	**540**	360
Acquisitions (note 12)	**(114,866)**	32
Investment in concession rights (note 4)	**(45,482)**	(21,470)
Decrease (increase) in other assets	**(903)**	(488)
Increase in non-controlling interests	**1,582**	678
	(192,948)	(24,310)
Financing activities		
Decrease in bank indebtedness	**(2,687)**	-
Issuance of long-term debt	**174,165**	13,533
Repayments of long-term debt	**(15,656)**	(21,932)
Issuance of capital stock, net of issuance costs	**1,695**	70,434
Repurchase of capital stock (note 10)	**(9,425)**	(4,145)
Repayment of share purchase loans (note 10)	**-**	552
Dividends paid (note 10)	**(5,090)**	(5,313)
Interest received on share purchase loans (note 10)	**-**	4
	143,002	53,133
(Decrease) increase in cash and cash equivalents during the period	**(101,665)**	41,841
Effects of foreign exchange on cash balances	**(3,339)**	1,404
Cash and cash equivalents - beginning of period	**292,873**	134,606
Cash and cash equivalents - end of period	**$ 187,869**	$ 177,851

Supplementary disclosures (note 11)

(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 and six-month periods ended June 30, 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", Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests". These sections replace Section 1581 "Business Combinations" and Section 1600 "Consolidated Financial Statements". 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, which are currently capitalized as part of the purchase price, will be expensed. Contingent liabilities are to be recognized at fair value at the acquisition date and re-measured at fair value for each period until settled. Changes in fair value are to be included in earnings. Currently, only contingent liabilities that are resolved and payable are included in the cost to acquire a business. In addition, negative goodwill is to be recognized immediately in earnings, unlike the current requirement to deduct it from assets in the purchase price allocation. Sections 1601 and 1602 revise and enhance the standards for the preparation of consolidated financial statements subsequent to a business

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

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 is expected to 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 to IFRS in time 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 ongoing 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.

3) Cash and cash equivalents, marketable securities and term deposits, and bank indebtedness

(a) Cash and cash equivalents at June 30, 2009 were $187,869, which compares with $292,873 at December 31, 2008. Of these amounts, $88,040 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 $32,885 (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 three Infrastructure Ontario hospital projects.

(b) Marketable securities and term deposits at June 30, 2009 of $46,395 (December 31, 2008 - $nil) consisted of highly liquid interest bearing securities with maturities up to one year, and were all held by Build Finance SPVs.

(c) Bank indebtedness as at June 30, 2009 was $nil. As at December 31, 2008, bank indebtedness of $2,631 represented the Company's proportionate share of amounts borrowed in connection with the Nathpa Jhakri hydroelectric project in India. This bank indebtedness was fully repaid in the first quarter of 2009.

4) Concession rights

The Company has recorded concession rights as follows:

		June 30, 2009		**December 31, 2008**
Concession rights to operate the Existing Quito Airport, net of accumulated amortization of $45,273 (December 31, 2008 - $39,251)	**$**	**21,411**	$	30,585
Concession rights to operate the New Quito Airport		**173,338**		137,411
	$	**194,749**	$	167,996

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

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:

	Six months ended June 31	
	2009	**2008**
Income before income taxes and non-controlling interests	**$ 15,329**	$ 20,789
Statutory income tax rate	**33.0%**	33.5%
Expected income tax expense	**(5,058)**	(6,964)
Effect on income tax of:		
Reduction in the valuation allowance	**-**	3,403
Provincial and foreign rate differentials	**1,407**	679
Non-deductible expenses	**(360)**	(1,137)
Foreign exchange translation losses	**(226)**	(337)
Other	**(65)**	118
	756	2,726
Income tax expense	**$ (4,302)**	$ (4,238)

6) Long-term concession investment

The long-term concession investment in the amount of $32,685 at June 30, 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.

7) Other assets

		June 30, 2009	**December 31, 2008**
Long-term receivables		**$ 9,390**	$ 8,903
Share investments	(a)	**-**	7,972
Income tax deposit		**5,414**	5,414
Pension assets		**4,697**	5,253
Commitment fees		**1,036**	883
Other		**2,556**	2,479
		$ 23,093	$ 30,904

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

(a) Investments in common shares of Lockerbie & Hole Inc. previously owned by the Company have been included in the purchase accounting for this acquisition (see note 12).

8) Long-term debt

		June 30, 2009	December 31, 2008
Non-recourse project debt			
Quiport JV project financing	(a)	**$ 127,042**	$ 87,931
Quiport JV CORPAQ debt		**5,252**	5,542
Rouge Valley Health System project debt	(b)	**38,256**	24,723
Toronto Rehabilitation Hospital project debt	(c)	**25,604**	6,011
Lakeridge Health Oshawa Hospital project debt	(d)	**70,000**	-
		266,154	124,207
Other long-term debt			
Capital leases and equipment loans	(e)	**52,427**	28,807
Note payable		**11,305**	15,091
Mortgages		**6,012**	6,226
Loans from Derech Eretz partners		**5,097**	5,462
Investment loan		**216**	419
		75,057	56,005
Total long-term debt		**341,211**	180,212
Less: Amounts due within one year			
- Non-recourse project debt		**30,856**	5,542
- Other long-term debt		**11,455**	10,845
		$ 298,900	$ 163,825

The following describes the major changes to long-term debt during the six months ended June 30, 2009:

(a) The total financing commitment made by the Project Senior Lenders to Quiport JV is US$376,388. As at June 30, 2009, senior project financing advanced to Quiport JV by the Project Senior Lenders at 100% was US$248,284 (December 31, 2008 - US$164,593). Included in the Company's consolidated balance sheets at June 30, 2009, is debt, net of transaction costs, of US$109,236 (CA$127,042) (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);

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

- 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
- 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 June 30, 2009, was $38,256 (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 June 30, 2009, was $25,604 (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. Repayments will be entirely funded from two lump sum payments by Infrastructure Ontario. 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 June 30, 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. 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 5.744% is paid on a monthly basis.

(e) On April 30, 2009, the Company, under an equipment loan agreement, borrowed $24,000 which was used, in part, to replace loans assumed as part of the acquisition of South Rock Ltd. and bears interest at a fixed rate of 6.79%. The term loan will be repaid over a period of three years with monthly payments of $418 and a balloon payment of $13,200 at the end of the three-year term. At June 30, 2009, the balance outstanding on the term loan, net of transaction costs, was $23,435.

9) Guarantees

The Company has outstanding guarantees amounting to $4,173 (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

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

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$37,681) (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$9,420) (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 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$14,507) (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$710) (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$8,093) (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$9,902) (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$34,184) (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, which is expected to occur in the second half of 2009, 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$1,744) (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$3,639) (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 as security to cover its 50% share.

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$77,985) (December 31, 2008 - US$67,055 or CA$81,673), an advance payment bond of US$74,466 (CA$86,604) (December 31, 2008 - US$74,466 or CA$90,700) and a retention release bond of US$20,685 (CA$24,057) (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$2,326) (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 $11,769 (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 thousands of dollars, except share and per share amounts) (unaudited)

In addition, the Company has also issued, in the normal conduct of operations, letters of credit amounting to $36,783 (December 31, 2008 - $37,210) in support of financial and performance related obligations of its North American operations.

The Company has also issued a letter of credit in the amount of $5,500 to support a $6,000 letter of credit facility for South Rock Ltd. South Rock has issued, in the normal conduct of operations, letters of credit amounting to $5,829 in support of financial and performance related obligations of its operations under this facility.

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 June 30, 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 $398,810 (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.

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

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	**50,207,924**		**262,644**	46,367,914		196,356
Common shares issued less expenses of $3,361 (ii)	**-**		**-**	4,000,000		69,639
Common shares issued as part consideration for the Lockerbie and Hole Inc. acquisition (see note 12)	**5,510,941**		**49,083**	-		-
Common shares issued on exercise of options	**268,334**		**2,126**	30,000		235
Common shares purchased by the trust of the long-term incentive program (iii)	**(950,856)**		**(9,425)**	(239,990)		(4,145)
Repayment of share purchase loans	**-**		**-**	-		188
Balance - June 30 (iii)	**55,036,343**	**$**	**304,428**	50,157,924	$	262,273

(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) On April 17, 2008, the Company issued 4,000,000 common shares at $18.25. Net proceeds, after deducting agents' fees and expenses of the issue, were $69,639.

(iii) 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 June 30, 2009, the Trust held 1,642,222 shares (December 31, 2008 – 691,366 shares) with a cost basis of $17,040 (December 31, 2008 - $7,615).

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

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

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.

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:

	Six months ended June 30 2009			2008		
	Number of share options		**Weighted average exercise price**	**Number of share options**		**Weighted average exercise price**
Balance outstanding – January 1	**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 – March 31	**1,989,318**		**11.17**	923,484		6.22
Granted	**400,000**		**10.87**	-		-
Exercised	**(268,334)**		**6.32**	(30,000)		6.25
Cancelled	**(112,500)**		**10.20**	-		-
Balance outstanding – June 30	**2,008,484**	**$**	**11.81**	893,484	$	6.22
Options exercisable at end of period	**866,817**	**$**	**9.24**	626,817	$	6.23

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

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

Options granted in	Number of shares	Exercise price	Expiry date
2004	15,000	$6.30	August 3, 2009
2004	16,667	$6.20	November 30, 2009
2005	66,667	$5.51	November 7, 2010
2006	460,150	$6.25	March 27, 2011
2008	1,100,000	$14.95	August 5, 2013
2009	50,000	$9.12	March 4, 2014
2009	300,000	$11.29	May 14, 2014
	2,008,484		

All option grants 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, or vested one-quarter immediately and one-quarter per annum thereafter on the anniversary date of the grant.

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:

	2009	2008
Dividend yield	**1.77% - 2.19%**	1.4%
Expected volatility	**54%**	32.0%
Risk free interest rate	**1.19%- 1.77%**	3.5%
Weighted average expected life (years)	**3.25**	3.25

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

During the three months ending June 30, 2009, compensation expense and contributed surplus were increased by $594 (2008 - $47) on account of options granted, and for the six months ended June 30, 2009, compensation expense and contributed surplus were increased by $859 (2008 - $94).

As options are exercised, the corresponding values previously charged to contributed surplus are reclassified to capital stock. In the quarter ending June 30, 2009, contributed surplus was decreased by $431 (2008 - $46) and capital stock was increased by the same amount upon the exercise of options under the stock option plans, and for the six months ended June 30, 2009, contributed surplus was decreased by $431 (2008 - $378) and capital stock was increased by the same amount. Cash proceeds arising from the exercise of these options are credited to capital stock.

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

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 June 30, 2009, the Company recorded LTIP compensation charges of $1,050 (2008 - $653), and $2,100 (2008 - $1,253) during the six months ended June 30, 2009.

The LTIP Trust (the "Trust") currently holds 1,642,222 shares at June 30, 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 Entities". Accordingly, at June 30, 2009, share capital was reduced by $17,040 (December 31, 2008 - $7,615) and accrued liabilities increased by the same amount.

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

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 (June 30, 2008 – $nil) on account of share purchase loans receivable from employees. For purposes of calculating diluted earnings per share, these shares have been treated as options.

	Three months ended June 30		Six months ended June 30	
	2009	**2008**	**2009**	**2008**
Net income for the period	**$ 9,929**	$ 15,595	**$ 9,303**	$ 15,871
Interest on convertible debentures, net of taxes	**-**	-	**-**	444
Diluted net earnings	**$ 9,929**	$ 15,595	**$ 9,303**	$ 16,315
Average number of common shares outstanding	**55,017,708**	49,396,330	**52,626,103**	45,902,214
Effect of dilutive securities (i)				
Options	**299,159**	552,932	**242,955**	562,550
Convertible debentures	**-**	-	**-**	1,721,662
Shares held in a trust account in respect of long-term incentive plan	**1,099,427**	406,314	**1,099,427**	406,314
Average number of diluted common shares outstanding	**56,416,294**	50,355,576	**53,968,485**	48,592,740
Basic earnings per share	**$ 0.18**	$ 0.32	**$ 0.18**	$ 0.35
Diluted earnings per share	**$ 0.18**	$ 0.31	**$ 0.17**	$ 0.34

(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.

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

Contributed surplus

Changes in contributed surplus for the three and six months ended June 30 were as follows:

		2009		2008
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)
Balance - March 31		**3,093**		1,307
Granting of stock options		**594**		47
Exercise of stock options		**(431)**		(46)
Balance - June 30	**$**	**3,256**	$	1,308

Dividends

Annual dividends in the amount of $0.20 per share are paid in four quarterly payments of $0.05 per share. For the six months ended June 30, 2009, the Company declared dividends of $5,379 (2008 - $4,878), of which $2,545 (2008 - $2,336) was paid during the six months period, and $2,834 (2008 - $2,542) was paid after June 30.

Accumulated other comprehensive income

Components of accumulated other comprehensive income included:

		June 30, 2009		December 31, 2008
Currency translation adjustments, net of tax	**$**	**2,608**	$	5,745
Mark-to-market adjustments on available-for-sale investments		**-**		145
Accumulated other comprehensive income	**$**	**2608**	$	5,890

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

11) Cash flow information

Change in other balances relating to operations:

	Three months to June 30		Six months to June 30	
	2009	**2008**	**2009**	**2008**
(Increase) decrease in:				
Accounts receivable	**$ 25,377**	$ (17,836)	**$ 76,129**	$ 23,602
Holdbacks receivable	**(7,620)**	(823)	**24,102**	5,578
Deferred contract costs and unbilled revenue	**(54,053)**	(16,793)	**(74,378)**	(15,739)
Inventories	**(7,381)**	(4,769)	**(8,076)**	(5,663)
Prepaid expenses	**1,334**	670	**998**	(2,431)
Increase (decrease) in:				
Accounts payable and accrued liabilities	**(16,154)**	3,619	**(76,253)**	(46,655)
Holdbacks payable	**(5,199)**	1,060	**(7,619)**	1,023
Deferred revenue	**(15,312)**	(1,517)	**(17,159)**	21,523
Income taxes payable	**(7,077)**	(585)	**(5,290)**	(30)
	$ (86,085)	$ (36,974)	**$ (87,546)**	$ (18,792)

Other supplementary information:

	Three months to June 30		Six months to June 30	
	2009	**2008**	**2009**	**2008**
Cash interest paid	**$ 2,268**	$ 1,622	**$ 3,755**	$ 4,074
Cash income taxes paid	**$ 6,757**	$ 59	**$ 6,877**	$ 235

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 June 30, 2009 amounted to $99 (2008 - $1,564) and $133 (2005 - $1,564) for the six months ended June 30, 2009.

In connection with the acquisition of Lockerbie & Hole Inc., common shares with a value of $49,083 were issued during the quarter ended June 30, 2009, see note 12.

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.

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

12) Acquisitions

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 $212,533. This transaction was financed by the Company without any additional debt through the payment of $152,517 in cash to Lockerbie shareholders and the issuance to Lockerbie shareholders of 5,510,941 common shares of the Company. Transaction costs for the deal are estimated at approximately $3,106. See note 15 for a description of this operation.

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 financed by the payment of $35,000 in cash, and the assumption of existing debt of $7,702.

These acquisitions were accounted for using the purchase method and the results of operations are included from the date of the acquisition. The allocation of the purchase price for the acquisition of the above investments 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:

	Lockerbie	South Rock
Net assets acquired		
Cash	$ 72,301	$ 3,619
Restricted cash	-	8,333
Other current assets	166,513	19,023
Property, plant and equipment	54,949	48,610
Amortizable intangible assets	18,647	6,250
Other assets	-	43
Goodwill	32,070	9,781
Current portion of long-term debt	(968)	(7,111)
Other current liabilities	(130,479)	(50,959)
Long-term debt	(500)	(591)
Other liabilities	-	(184)
	$ 212,533	$ 36,814
Consideration		
Cash consideration paid	$ 152,517	$ 35,000
Issuance of shares to Lockerbie shareholders	49,083	-
Investment in Lockerbie shares previously owned	7,827	-
Transaction costs	3,106	163
Other consideration payable	-	1,651
	$ 212,533	$ 36,814

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

13) Employee benefit plans

Employee future benefit expenses for the three and six months ended June 30 are as follows:

	Three months ended June 30		Six months ended June 30	
	2009	**2008**	**2009**	**2008**
Defined benefit plan expense:				
Company sponsored pension plans	**$ 449**	$ 271	**$ 898**	$ 540
Defined contribution plan expense:				
Company sponsored pension plans	**660**	673	**1,256**	1,252
Multi-employer pension plans	**6,954**	8,841	**12,667**	14,902
Total employee future benefit expenses	**$ 8,063**	$ 9,785	**$ 14,821**	$ 16,694

14) Financial instruments

Fair values

Cash and cash equivalents, marketable securities, term deposits, 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

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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. 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 June 30, 2009, the Company had net outstanding contracts to sell euro 1,187, sell US$7,917, and buy US$953 (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 gain of $1 (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

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consolidated statements of income in foreign exchange gains (losses). At June 30, 2009, the Company does not have any designated hedges of its foreign operations.

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, and foreign exchange hedges.

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 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 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.

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The following are the contractual maturities of the Company's long-term debt including capital lease obligations at June 30, 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	$ 30,856	$ 40,342	$ 79,387	$ 11,472	$ 13,976	$ 90,121	$ 266,154
Capital leases and equipment loans	6,848	14,192	21,345	4,926	4,461	2,109	53,881
Other long-term debt	4,607	8,695	2,814	-	-	5,060	21,176
	$ 42,311	**$ 63,229**	**$ 103,546**	**$ 16,398**	**$ 18,437**	**$ 97,290**	**$ 341,211**

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 June 30, 2009, the interest rate profile of the Company's long-term debt was as follows:

	At June 30, 2009
Fixed rate instruments held by joint ventures	$ 66,689
Variable rate instruments held by joint ventures	65,604
Fixed rate instruments	208,918
Total long-term debt	**$ 341,211**

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 six months ended June 30, 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

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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 June 30, 2009, would have been an increase in comprehensive income of approximately $6,500. 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 June 30, 2009 would have been a decrease of approximately $800.

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 sensitivity to a 10% strengthening of the Indian rupee against the Canadian dollar on net earnings and comprehensive income at June 30, 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	$ 1,000	$ 200	$ -
Comprehensive income	$ 1,000	$ 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.

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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 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.

On April 1, 2009, the Company acquired Lockerbie. Lockerbie was founded in 1898 and is one of the largest industrial and mechanical construction contractors in Canada. Lockerbie is a multi-disciplined contractor providing mechanical, electrical, instrumentation, pipe fabrication, module assembly, boiler erection, insulation and civil construction services primarily to the oilsands, mining, institutional, municipal and commercial market sectors. The Company includes the Lockerbie operations within its Industrial reporting segment.

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

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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.

Information by reportable segments is as follows:

As at June 30 and the three months then ended **2009**

	Infrastructure	Buildings	Industrial	Concessions	Corporate and Other	Total
Revenues	$ 233,629	$ 114,845	$ 244,556	$ 22,140	$ (1,933)	$ 613,237
EBITDA (i)	$ 7,390	$ 1,119	$ 22,661	$ 7,075	$ (5,020)	$ 33,225
Depreciation and amortization	(4,986)	(173)	(5,694)	(3,800)	(332)	(14,985)
Segment operating profit (loss) (i)	2,404	946	16,967	3,275	(5,352)	18,240
Capital charges and allocations of Corporate overheads	(8,577)	(1,242)	(3,789)	(3,448)	17,056	-
Segment profit (loss) before income taxes	$ (6,173)	$ (296)	$ 13,178	$ (173)	$ 11,704	18,240
Interest expense, income taxes and non-controlling interests						(8,311)
Net income						$ 9,929
Total assets	$ 477,819	$ 254,538	$ 364,321	$ 314,337	$ 40,955	$ 1,451,970
Intangible assets and goodwill	$ 18,375	$ 1,783	$ 52,647	$ 194,906	$ -	$ 267,711
Capital expenditures	$ 4,145	$ 20	$ 826	$ -	$ 559	$ 5,550
Cash flows from (used in) operating activities (i)	$ 7,751	$ 1,119	$ 21,045	$ 6,208	$ (8,634)	$ 27,489

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As at June 30 and the three months then ended **2008**

	Infrastructure	Buildings	Industrial	Concessions	Corporate and Other	Total
Revenues	$ 148,616	$ 109,487	$ 162,488	$ 15,221	$ 1,839	$ 437,651
EBITDA (i)	$ 6,859	$ 801	$ 21,518	$ 5,662	$ (1,955)	$ 32,885
Depreciation and amortization	(2,204)	(103)	(721)	(3,213)	(126)	(6,367)
Segment operating profit (loss) (i)	4,655	698	20,797	2,449	(2,081)	26,518
Capital charges and allocations of Corporate overheads (ii)	(5,645)	(311)	(1,330)	(2,186)	9,472	-
Segment profit (loss) before income taxes	$ (990)	$ 387	$ 19,467	$ 263	$ 7,391	26,518
Interest expense, income taxes and non-controlling interests						(10,923)
Net income						$ 15,595
Total assets	$ 343,816	$ 110,816	$ 146,168	$ 206,922	$ 157,208	$ 964,930
Intangible assets and goodwill	$ 5,767	$ 2,934	$ 3,750	$ 126,913	$ -	$ 139,364
Capital expenditures	$ 209	$ 97	$ 927	$ -	$ 281	$ 1,514
Cash flow from (used in) operating activities (i)	$ 6,816	$ 802	$ 21,486	$ 5,846	$ (4,348)	$ 30,602

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As at June 30 and the six months then ended **2009**

	Infrastructure	Buildings	Industrial	Concessions	Corporate and Other	Total
Revenues	$ 345,342	$ 223,342	$ 341,087	$ 47,422	$ (3,071)	$ 954,122
EBITDA (i)	$ (2,905)	$ 308	$ 36,536	$ 15,589	$ (6,484)	$ 43,044
Depreciation and amortization	(7,869)	(348)	(6,416)	(7,868)	(531)	(23,032)
Segment operating profit (loss) (i)	(10,774)	(40)	30,120	7,721	(7,015)	20,012
Capital charges and allocations of Corporate overheads	(16,032)	(1,977)	(5,191)	(6,909)	30,109	-
Segment profit (loss) before income taxes	$ (26,806)	$ (2,017)	$ 24,929	$ 812	$ 23,094	20,012
Interest expense, income taxes and non-controlling interests						(10,709)
Net income						$ 9,303
Capital expenditures	$ 5,341	$ 78	$ 1,979	$ -	$ 994	$ 8,392
Cash flows from (used in) operating activities (i)	$ (1,881)	$ 308	$ 36,543	$ 13,291	$ (12,434)	$ 35,827

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As at June 30 and the six months then ended **2008**

	Infrastructure	Buildings	Industrial	Concessions	Corporate and Other	Total
Revenues	$ 243,347	$ 217,630	$ 253,389	$ 30,462	$ (5,217)	$ 739,611
EBITDA (i)	$ 1,935	$ 2,517	$ 25,859	$ 10,160	$ (3,052)	$ 37,419
Depreciation and amortization	(4,125)	(204)	(1,282)	(6,374)	(256)	(12,241)
Segment operating profit (loss) (i)	(2,190)	2,313	24,577	3,786	(3,308)	25,178
Capital charges and allocations of Corporate overheads (ii)	(10,687)	(374)	(3,174)	(4,433)	18,668	-
Segment profit (loss) before income taxes	$ (12,877)	$ 1,939	$ 21,403	$ (647)	$ 15,360	25,178
Interest expense, income taxes and non-controlling interests						(9,307)
Net income						$ 15,871
Capital expenditures	$ 671	$ 292	$ 977	$ -	$ 326	$ 2,266
Cash flow from (used in) operating activities (i)	$ 530	$ 2,579	$ 26,238	$ 10,938	$ (8,475)	$ 31,810

(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. Additional equipment loans incurred in the second quarter of 2009 as discussed in note 8 drove the debt to equity percentage up to 17.7% as at June 30, 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 June 30, 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 event

On July 29, 2009, the Constitutional Court of Ecuador issued a ruling regarding airport charges and services, which could have an impact on the Company's concession interests in Quito, Ecuador.

The ruling included the following judgments:

- Declaring unconstitutional the January 5, 2009 Attorney General opinion confirming that revenues from Quito's existing Quito International Airport are private, and ratifying the public nature of all funds collected at all airports in the country;
- Stating that the State Controller has oversight of all airport funds, and that public assets continue to be public even if granted to private corporations;
- Invalidating the Municipal ordinance promulgating regulated charges at the airport and declaring unconstitutional any creation, modification or elimination of any airport charges unless done by Congress;
- Stating that all public and private parties must amend all contracts to align with the new constitutional regime.

The ruling significantly changes the legal context in which Aecon is operating in Ecuador, including by unilaterally granting significant new authority over the project to the government of Ecuador. It is uncertain what the government's response to the ruling will be as it relates to current arrangements in place for the existing International Airport and the new Quito International Airport projects. Nonetheless, the ruling is another reminder that the projects and related investments are occurring in a country in which there is elevated political risk and uncertainty generally. As such, the Company is subject to certain risks which could result in an impairment in the carrying value of its investments in Quito, a loss of concession rights or the renegotiation of current contracts in place. At present, there is not sufficient information to allow Aecon to measure the impact, if any, of the ruling on its financial position and results of operations.

Aecon has a 42.3% economic interest in the Quito airport concession through its stake in Corporacion Quiport S.A (Quiport JV), which holds concession rights to the airport. The grantor of the concession on behalf of the Municipality of Quito is Corporacion Aeropuerto y Zona Franca del Distrito Metropolitano de Quito (CORPAQ). The new Quito airport is being constructed under a 51-month contract signed between CORPAQ and the Canadian Commercial Corporation (CCC). The CCC, in turn, has subcontracted 100% of the approximately US$415 million in construction work to a 50/50 joint venture consisting of Aecon and Andrade Gutierrez Constructores, one of the largest construction companies in Brazil.

As of June 30, 2009, Aecon's total investment in the Quito airport concessionaire was approximately US$50,000. Of this amount, US$31,800 was invested through cash equity contributions and the balance, US$18.200, through the reinvestment of Aecon's share of the earnings of the existing airport. The direct investment of US $31,800 is covered by political risk insurance.

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18) Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

19) Joint ventures and Build Finance Special Purpose Vehicles ("Build Finance SPVs") – additional information

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 June 30, 2009				As at December 31, 2008
	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	$ 66,944	$ 88,040	$ 32,885	$ 187,869	$ 238,904
Restricted cash	8,533	6,435	-	14,968	20,448
Marketable securities & term deposits	-	-	46,395	46,395	-
Accounts receivable	267,876	60,618	-	328,494	205,821
Holdbacks receivable	81,595	15,116	-	96,711	79,035
Deferred contract costs and unbilled revenue	115,949	9,714	70,520	196,183	144,483
Inventories	35,896	459	-	36,355	23,582
Prepaid expenses	7,222	454	841	8,517	4,838
	584,015	180,836	150,641	915,492	717,111
Property, plant and equipment	200,868	1,937	-	202,805	100,613
Future income tax assets	2,884	6,669	631	10,184	15,680
Long-term concession investment	32,685	-	-	32,685	32,685
Concession rights	-	194,749	-	194,749	-
Other intangible assets	21,307	-	-	21,307	528
Goodwill	51,655	-	-	51,655	9,804
Other assets	22,316	-	777	23,093	31,543
	$ 915,730	$ 384,191	$ 152,049	$ 1,451,970	$ 907,964
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	$ 298,847	$ 65,140	$ 12,969	$ 376,956	$ 283,546
Holdbacks payable	48,634	3,790	6,807	59,231	59,752
Deferred revenue	87,414	7,926	-	95,340	78,419
Income taxes payable	4,034	1,587	189	5,810	755
Future income tax liabilities	34,210	17,031	23	51,264	37,267
Current portion of long-term debt	11,455	5,252	25,604	42,311	10,845
	484,594	100,726	45,592	630,912	470,584
Non-recourse project debt	-	127,042	108,256	235,298	61,468
Other long-term debt	63,602	-	-	63,602	45,160
Other liabilities	3,469	-	-	3,469	3,375
Other income tax liabilities	15,939	-	-	15,939	15,537
Concession related deferred revenue	2,991	70,676	-	73,667	2,991
	570,595	298,444	153,848	1,022,887	599,115
Non-controlling interests	3,964	-	-	3,964	2,449
Shareholders' Equity	341,171	85,747	(1,799)	425,119	306,400
	$ 915,730	$ 384,191	$ 152,049	$ 1,451,970	$ 907,964

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

Consolidating Statement of Income
For the six months ended June 30, 2009 and 2008

	Unaudited 2009			2008
	Consolidated Statement of Income excluding joint ventures	Joint ventures	Consolidated Statement of Income	Consolidated Statement of Income excluding joint ventures
Revenues	$ 797,138	$ 156,984	$ 954,122	$ 647,974
Direct costs and expenses	(740,814)	(117,259)	(858,073)	(612,011)
	56,324	39,725	96,049	35,963
Marketing, general and administrative expenses	(53,071)	(2,937)	(56,008)	(21,272)
Foreign exchange gains (losses)	122	(1,840)	(1,718)	602
Gain (loss) on sale of capital assets and investments	56	-	56	(167)
Depreciation and amortization	(15,134)	(7,898)	(23,032)	(5,832)
Interest expense	(3,952)	(730)	(4,682)	(4,227)
Interest income	4,665	-	4,665	3,659
	(67,314)	(13,405)	(80,719)	(27,237)
Income (loss) before income taxes and non-controlling interests	(10,990)	26,320	15,330	8,726
Income tax expense	(1,877)	(2,425)	(4,302)	(1,529)
Income (loss) before non-controlling interests	(12,867)	23,895	11,028	7,197
Non-controlling interests	(1,725)	-	(1,725)	(680)
Net income (loss) for the period	$ (14,592)	$ 23,895	$ 9,303	$ 6,517

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

Consolidating Statement of Cash Flows
For the six months ended June 30, 2009 and 2008

	Unaudited 2009			2008
	Consolidated Statement of Cash Flows excluding joint ventures	Joint ventures	Consolidated Statement of Cash Flows	Consolidated Statement of Cash Flows excluding joint ventures
Cash provided by (used in):				
Operating activities				
Net income (loss) for the period	$ (14,592)	$ 23,895	$ 9,303	$ 6,517
Items not affecting cash:				
Depreciation and amortization	15,134	7,898	23,032	5,832
(Gain) loss on sale of capital assets and investments	(56)	-	(56)	167
Amortization of commitment fees	210	-	210	79
Unrealized (gain) loss on foreign exchange	(508)	1,087	579	870
Non-cash interest on other income tax liabilities	402	-	402	402
Notional interest representing accretion	(820)	-	(820)	818
Defined benefit pension	556	-	556	(1,069)
Future income taxes	560	1,202	1,762	4,283
Stock-based compensation	859	-	859	94
	1,745	34,082	35,827	17,993
Change in other balances relating to operations	(93,696)	6,150	(87,546)	(22,773)
	(91,951)	40,232	(51,719)	(4,780)
Investing activities				
(Increase) decrease in restricted cash balances	20,247	721	20,968	(1,562)
Increase in marketable securities and term deposits	(46,395)	-	(46,395)	-
Purchase of property, plant and equipment	(8,117)	(275)	(8,392)	(2,140)
Proceeds on sale of property, plant, and equipment	540	-	540	360
Acquisitions	(114,866)	-	(114,866)	32
Investments in concession rights	-	(45,482)	(45,482)	-
Increase in other assets	(650)	(253)	(903)	(488)
Increase in non-controlling interests	1,582	-	1,582	678
	(147,659)	(45,289)	(192,948)	(3,120)
Financing activities				
Decrease in bank indebtedness	-	(2,687)	(2,687)	-
Issuance of long-term debt	131,731	42,434	174,165	6,760
Repayments of long-term debt	(15,656)	-	(15,656)	(21,932)
Issuance of capital stock, net of issuance costs	1,695	-	1,695	70,434
Repurchase of capital stock	(9,425)	-	(9,425)	(4,145)
Repayment of share purchase loans	-	-	-	552
Dividends paid	(5,090)	-	(5,090)	(5,313)
Interest received on share purchase loans	-	-	-	4
Increase (decrease) in investment in joint ventures	5,591	(5,591)	-	(2,426)
	108,846	34,156	143,002	43,934
Increase (decrease) in cash and cash equivalents during the period	(130,764)	29,099	(101,665)	36,034
Effects of foreign exchange on cash balances	(277)	(3,062)	(3,339)	161
Cash and cash equivalents - beginning of period	230,870	62,003	292,873	91,948
Cash and cash equivalents - end of period	$ 99,829	$ 88,040	$ 187,869	$ 128,143

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