

AECON GROUP INC.

THIRD QUARTER

REPORT 2010

NINE MONTHS ENDED 09/30/10



Dear Fellow Shareholders,

This letter provides a brief overview of Aecon's third quarter results. We encourage you to read the full report for greater insight into the financial and business status of Canada's largest publicly traded construction and infrastructure development company.

Overall, strong revenues, somewhat softer earnings and a record third quarter backlog generally characterized Aecon's third quarter results.

Revenues in the third quarter of 2010 were \$800 million, representing an increase of \$93 million over the same quarter last year. The operating profit of \$32.6 million was \$0.8 million higher than in the third quarter of 2009 with benefit of a \$14 million gain arising from the difference between fair market value and the price at which the assets of Cow Harbour Construction Ltd. were purchased. Net income for the quarter was \$17.2 million or \$0.27 per diluted share, compared to a net income of \$19.6 million or \$0.35 per diluted share in the third quarter of 2009.

There were a number of notable achievements recorded in the quarter. On July 15, Aecon announced that it had signed an agreement to sell its 25 percent interest in the Cross Israel Highway concessionaire, Derech Eretz Highways, for \$77.8 million. The sale price represents approximately two times the book value of Aecon's investment, and is expected to generate an after tax gain of approximately \$30 million upon closing, expected by the end of 2010.

Also in the quarter, Aecon announced that it had completed the asset purchase of Fort McMurray based Cow Harbour Construction Ltd. (now operating as Aecon Mining), including its fleet of over 500 pieces of mining equipment. Aecon paid \$60 million on closing and will pay a further \$120 million within 90 days of the closing date.

Backlog at September 30, of \$2.5 billion, was Aecon's largest ever third quarter backlog, and year-to-date new business awards reached a record \$2.2 billion, compared to \$1.8 billion in the first nine months of 2009.

Along with these notable achievements in the quarter, and the continued strong results from the Infrastructure and Concessions segments, came an operating loss in the Industrial segment. While it was expected the Industrial segment would be negatively impacted by the downturn in the economy and the resulting capital spending restraint of private sector clients, the segment's poor financial performance in the third quarter was disappointing. The Industrial results stemmed from a worse than expected decline in revenues in some sectors, market-related margin compression and poor margin performance on some projects.

Overall, the key trends driving Aecon's outlook as we enter the final quarter of 2010 are similar to those from the first three quarters. The outlook continues to be strongest in segments most exposed to public infrastructure such as roads, transit and water infrastructure. We are, however, seeing signs of improvement in some key industrial construction segments.

Signs of recovery continue to build in the oilsands, an increasingly important market for Aecon with the recent establishment of Aecon Mining. As stated in previous quarters, we believe most of the impact of a strengthening oilsands market will begin to be felt in 2011, with continued growth in 2012 and beyond.

The strong market for public infrastructure construction over the next several years, and the improving outlook for industrial construction over the same period, suggests 2011 and 2012 should be a period where Aecon's financial results increasingly reflect strength in both the private sector and public sector elements of the business.

In the Buildings segment, difficult projects are now near completion, and a strengthened management team is in place. Over time, Aecon Buildings will increasingly participate in projects with a more robust margin profile and the early impact of this shift should begin to be felt in 2011, as Buildings' backlog and work in progress begins to reflect this new focus.

Internationally, progress continues toward resolving issues surrounding Aecon's concession interest in the Quito International Airport project. The effective date of the new commercial agreement is expected to occur in the fourth quarter of 2010, allowing construction to resume in early 2011.

In summary, Aecon's diverse and vertically integrated operations allow us to mitigate the impact of downturns in any one sector or region. In addition, Aecon's strong financial fundamentals and substantial surety capacity, position us well to exploit the many growth opportunities that exist in today's market.

We continue to believe Aecon's record third quarter backlog, along with the strength, depth and durability of the public infrastructure markets, and the expected return to strength of the oilsands and industrial markets, combine to signal a strong outlook for Aecon. The impact of this improving market should gain momentum throughout 2011 and into 2012, as lagging markets begin to improve.

On behalf of Aecon's Board of Directors, we thank you for your continued support of Aecon.

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

(signed)
Scott C. Balfour
President

November 2, 2010

Aecon Group Inc.

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

September 30, 2010

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

The following discussion and analysis of the consolidated results of operations and financial condition of Aecon Group Inc. ("Aecon" or the "Company") should be read in conjunction with the Company's September 30, 2010 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, 2009. This MD&A has been prepared as of November 2, 2010. 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.

On August 26, 2010, Aecon acquired substantially all of the assets of Fort McMurray based Cow Harbour Construction Ltd. ("Cow Harbour") and together with virtually all of Cow Harbour's 300 employees formed a new business unit called Aecon Mining. Aecon Mining operates within Aecon's Infrastructure segment and, with its newly acquired assets and contracts, becomes one of the largest mining and land reclamation contractors in the oilsands. The new division complements Aecon Lockerbie's position as one of the leading heavy industrial contractors in the oilsands.

The construction industry in Canada is seasonal in nature for companies like Aecon who perform a significant portion of their work outdoors, particularly road construction and utilities work. As a result, less work is performed in the winter and early spring months than in the summer and fall months. Accordingly, Aecon has historically experienced a seasonal pattern in its operating results, with the first half of the year, and particularly the first quarter, typically generating lower 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.

FORWARD-LOOKING INFORMATION

The information in this Management's Discussion and Analysis includes certain forward-looking statements. These "forward-looking" statements are based on currently available competitive, financial and economic data and operating plans but are subject to risks and uncertainties. In addition to general global events outside Aecon's control, there are factors which could cause actual results, performance or achievements to vary from those expressed or inferred herein including risks associated with an investment in the common shares of Aecon and the risks related to Aecon's business, including Large Project Risk and Contractual Factors. Risk factors are discussed in greater detail in the section on "Risk Factors" in the Final Short Form Prospectus filed on October 1, 2010 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.

Non-GAAP Measures

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.

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

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

Aecon believes the above terms, which are commonly used by the investment community for valuation purposes, are useful complementary measures of pre-tax profitability. The most directly comparable measure calculated in accordance with GAAP is Net Income.

- **“Backlog”** means the total value of work that has not yet been completed that: (a) is assessed by Aecon as having a high certainty of being performed as a result of the existence of an executed contract or work order specifying job scope, value and timing; or (b) has been awarded to Aecon, as evidenced by an executed binding letter of intent or agreement, describing the general job scope, value and timing of such work, and with the finalization of a formal contract respecting such work being reasonably assured.

Backlog is not a recognized performance measure under GAAP and does not have any standardized meaning prescribed by GAAP. Aecon believes that backlog is a useful complementary measure commonly used by management and the investment community to evaluate the Company's projected activity in future periods. There is no direct comparable measure to backlog in GAAP.

CONSOLIDATED FINANCIAL HIGHLIGHTS

\$ millions (except per share amounts)	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2010	2009	2010	2009
	Revenues	\$ 800.2	\$ 707.1	\$ 1,907.9
Gross profit	58.3	76.2	140.8	172.2
MG&A	(30.4)	(28.9)	(88.5)	(84.9)
Gain from business combination	14.0	-	14.0	-
Foreign exchange gains (losses)	0.4	(1.0)	-	(2.7)
Income (loss) from construction projects accounted for using the equity method	0.6	-	(1.1)	-
Gain on sale of assets	0.2	-	7.0	0.1
EBITDA	43.1	46.3	72.1	84.7
Depreciation and amortization	(10.5)	(14.5)	(28.0)	(37.5)
Operating profit	32.6	31.8	44.1	47.1
Interest expense, net	(7.1)	(2.1)	(17.0)	(2.1)
Earnings before taxes	25.5	29.7	27.0	45.0
Income tax recovery (expense)	(6.9)	(9.6)	(5.4)	(13.9)
Net income attributable to non-controlling interests	(1.3)	(0.4)	(3.3)	(2.2)
Net income attributable to Aecon	17.2	19.6	\$ 18.4	\$ 28.9
Gross profit margin	7.3%	10.8%	7.4%	10.4%
MG&A as a percent of revenues	3.8%	4.1%	4.6%	5.1%
Operating margin	4.1%	4.5%	2.3%	2.8%
Earnings per share - diluted	\$ 0.27	\$ 0.35	\$ 0.33	\$ 0.53
Backlog			\$ 2,525	\$ 1,924

Revenues and operating profit (loss) by segment for the third quarter of 2010 and 2009 and for the first nine months of 2010 and 2009 are set out in the table below:

(\$ millions)	Three Months Ended Sept. 30			
	Revenue		Operating profit (loss)	
	2010	2009	2010	2009
Infrastructure	\$ 385.7	\$ 340.8	\$ 42.5	\$ 24.9
Buildings	123.1	121.0	(2.6)	0.9
Industrial	266.3	215.6	(6.1)	13.1
Concessions	24.7	31.3	5.9	(0.2)
Eliminations and other costs⁽¹⁾	0.4	(1.6)	(7.1)	(6.9)
Consolidated	\$ 800.2	\$ 707.1	\$ 32.6	\$ 31.8
(\$ millions)	Nine Months Ended Sept. 30			
	Revenue		Operating profit (loss)	
	2010	2009	2010	2009
Infrastructure	\$ 708.0	\$ 686.2	\$ 36.8	\$ 14.2
Buildings	402.8	344.3	(12.0)	0.9
Industrial	734.1	556.7	24.2	43.2
Concessions	66.5	78.7	16.1	7.5
Eliminations and other costs⁽¹⁾	(3.5)	(4.7)	(21.0)	(18.7)
Consolidated	\$ 1,907.9	\$ 1,661.2	\$ 44.1	\$ 47.1

(1) The eliminations and other costs category includes corporate costs and other activities not directly allocable to segments and also includes inter-segment eliminations.

Revenues in the third quarter of 2010 were \$800 million representing an increase of \$93 million, or 13%, over the same quarter last year, while revenues of \$1.9 billion for the first nine months of the year were \$247 million, or 15%, higher than the corresponding period in 2009. The third quarter and year-to-date increases reflect higher revenues from the Company's Infrastructure, Buildings and Industrial segments which were partially offset by lower revenues in the Company's Concessions segment.

Operating profit of \$32.6 million in the third quarter of 2010 was \$0.8 million higher than in the third quarter of 2009. This was principally due to a \$14 million pre-tax gain in the Infrastructure segment that resulted from the acquisition of the assets of Cow Harbour (see note 18 to the 2010 Interim Consolidated Financial Statements) which substantially offset an \$18 million decline in gross profit. The gain in Infrastructure reflects the independently appraised fair value of the Cow Harbour assets acquired in excess of the \$180 million purchase price.

The decline in gross profit margin, from 10.8% of revenues in the third quarter of 2009 to 7.3% of revenues in the third quarter of 2010, resulted primarily from gross profit reductions in the Industrial segment and, to a lesser extent, in the Buildings segment. Despite an increase in revenues, gross profit from the Industrial segment was lower than last year, resulting from generally lower gross profit margins reflective of weaker market conditions for industrial services in recent quarters. Gross profit was also impacted by lower volumes reported by Industrial's Ontario and IST businesses. Gross profit and gross profit margins in the Company's Infrastructure segment were in line with the same quarter last year, while gross profit and gross profit margins were higher in the Concessions segment, mostly on account of better results from the Quito airport concessionaire.

Operating profit of \$44.1 million in the first nine months of 2010 was \$3.0 million lower than in the first nine months of 2009. As in the third quarter, the year-to-date results for 2010 include a gain of \$14 million in the Infrastructure segment from the acquisition of Cow Harbour. Similar to the third quarter results, gross profit margin for the first nine months of 2010 declined, dropping to 7.4% of revenues from 10.4% of revenues in the first nine months of 2009. The majority of the year-to-date decline in gross profit margin relates to the Buildings and Industrial segments. In Buildings, gross profit was negatively impacted by project losses in Ontario, while in Industrial, lower gross profit margins resulted in a reduction in gross profit. Gross profit also declined in Infrastructure, where gross profit improvements in the segment's civil operation were more than offset by the broader economic conditions causing a softening of the utilities market in Ontario, and a decline in the materials business in Alberta. The continued slowdown in the pace of construction on the new Quito airport project as efforts continued toward finalization of a new commercial agreement was also a factor.

Although MG&A increased by \$1.5 million in the third quarter of 2010 compared to the third quarter of 2009, MG&A as a percentage of revenues improved from 4.1% in the third quarter of 2009 to 3.8% in the third quarter of 2010. MG&A also increased in the first nine months of 2010, primarily as a result of the acquisition of Lockerbie on April 1, 2009. However, as a percentage of revenues, MG&A improved from 5.1% in the first nine months of 2009 to 4.6% in the first nine months of 2010.

Aecon's participation in construction projects where Aecon exercises significant influence over the project, but does not control or jointly control the project, is accounted for using the equity method of accounting. In the first nine months of 2010, Aecon incurred a loss of \$1.1 million from construction projects accounted for using this method of accounting.

The \$7.0 million gain from the sale of assets in the first nine months of 2010 resulted almost entirely from a first quarter land sale in the Infrastructure segment.

Aecon's investment in the common shares of Churchill Corporation is classified as available-for-sale for accounting purposes. The Company marks-to-market this investment every period with the difference between its carrying value and the fair market value at the end of the period being recorded in other comprehensive income. As a result of this accounting policy decision, changes in the market value of this investment do not flow through net income. As at September 30, Aecon's investment in the common shares of Churchill had increased in value since acquisition by \$14 million.

Depreciation and amortization expense of \$10.5 million in the third quarter of 2010 was \$4.0 million lower than in 2009, while depreciation and amortization expense of \$28.0 million for the first nine months of 2010 was \$9.5 million lower than in the first nine months of 2009. The decreases occurred in the Infrastructure segment due to lower depreciation and amortization charges on property, plant and equipment and intangible assets related to South Rock, and in the Concessions segment from lower amortization charges on concession rights relating to the Quito airport project.

Interest expense, net of interest income, of \$7.1 million in the third quarter of 2010 was \$5.0 million higher than in the same period in 2009, and interest expense, net of interest income, of \$17.0 million for the first nine months of 2010 was \$14.9 million higher than in the same period last year. The increase resulted primarily from interest costs related to convertible debentures issued in the third quarter of 2009 and from higher levels of non-recourse project debt related to three Infrastructure Ontario "build finance" projects that are currently in progress.

Overall, net income for the three months ended September 30, 2010 of \$17.2 million, or \$0.27 per share on a fully diluted basis, compares with net income of \$19.6 million or \$0.35 per share on a fully diluted basis in the third quarter of 2009, while for the nine months ended September 30, 2010, net income of \$18.4 million or \$0.33 per share compares to net income of \$28.9 million or \$0.53 per share in the corresponding period last year.

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

Backlog \$ millions	As at Sept. 30	
	2010	2009
Infrastructure	\$ 1,080	\$ 576
Buildings	574	\$ 630
Industrial	871	\$ 718
Consolidated	<u>\$ 2,525</u>	<u>\$ 1,924</u>

Backlog at September 30, 2010 was \$2.5 billion, representing a \$601 million increase over the amount on hand at the same time in 2009, as backlog levels increased in all segments. New contract awards of \$579 million were booked in the third quarter of 2010 compared with \$971 million in the third quarter of 2009, while record new contract awards of \$2.2 billion were booked in the first nine months, compared to \$1.8 billion during the first nine months of 2009. Further details of backlog for each of the segments are included in the discussion below under Reporting Segments.

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

	As at	
	Sept. 30	
	<u>2010</u>	<u>2009</u>
Next 12 months	66%	65%
Next 13-24 months	21%	31%
Beyond	13%	4%
	<u>100%</u>	<u>100%</u>

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 amount of work to be performed cannot be reliably quantified or where a minimum number of units at the contract specified price per unit are 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.

REPORTING SEGMENTS

INFRASTRUCTURE

Financial Highlights

\$ millions	Three Months Ended		Nine Months Ended	
	Sept. 30		Sept. 30	
	2010	2009	2010	2009
Revenues	\$ 385.7	\$ 340.8	\$ 708.0	\$ 686.2
EBITDA	\$ 47.0	\$ 32.0	\$ 48.0	\$ 29.1
Segment operating profit ⁽¹⁾	\$ 42.5	\$ 24.9	\$ 36.8	\$ 14.2
Segment operating margin ⁽²⁾	11.0%	7.3%	5.2%	2.1%
Backlog ⁽³⁾			\$ 1,080	\$ 576

- (1) Segment operating profit (loss) represents the profit (loss) from operations, before net interest expense, income taxes, and non-controlling interests.
- (2) Segment operating margin is calculated as segment operating profit (loss) as a percentage of revenues.
- (3) Included in backlog at September 30, 2010 is \$32 million (2009 – \$52 million) related to the Quito airport project. Although Aecon’s 50% share of the remaining construction revenues from this project is estimated at \$55 million (2009 - \$89 million), the amount reported as backlog has been reduced by \$23 million (2009 - \$38 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 Quito 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 September 30, 2010, Infrastructure segment revenues of \$386 million were \$45 million, or 13%, higher than the corresponding quarter in 2009 with the majority of the revenue increase occurring in civil operations and the largest decrease in international operations. Civil revenues increased from new project awards primarily in Ontario and Quebec, while internationally, the revenue decrease resulted from the continued slowdown in the pace of construction at the new Quito airport (see the Quito Airport Project Recent Developments discussion in the Concessions segment commentary section).

For the nine months ended September 30, 2010, revenues in the Infrastructure segment of \$708 million increased by \$22 million, or 3%, over the same period last year, with revenue increases from civil and mining operations offsetting decreases in the materials, utilities and international operations. Civil revenues increased for reasons similar to those noted for the third quarter, while the increase in mining operations reflects the impact of the recent purchase of the Cow Harbour assets. The reduction in materials revenues results from lower aggregate and asphalt sales in Ontario as well as the impact of significant rainfall and flooding in southern Alberta earlier in the year, while the reduction in utilities reflects a softening of the utilities market in Ontario and a reduction in the volume of bid work performed. Internationally, the revenue decrease resulted from the above noted slowdown in the pace of construction at the new Quito airport.

The Infrastructure segment operating profit of \$42.5 million in the third quarter of 2010 represents a \$17.6 million improvement over 2009 as increases in civil, materials and from the gain related to the Cow Harbour acquisition offset decreases in international and utilities operations. Improvements in operating profits in civil operations resulted from higher volumes and stronger gross profit margins,

while operating profit improvements in material operations reflect higher volumes as well as the impact of lower depreciation and amortization charges this year on property, plant and equipment and intangible assets in the South Rock operations. Partially offsetting these improvements were lower operating profits in utilities operations reflecting lower revenue and gross profit margins from Ontario operations, and lower operating profits in international operations due to lower construction profits from the Quito airport project.

For the nine months ended September 30, 2010, the Infrastructure segment operating profit was \$36.8 million, which represented an improvement of \$22.7 million over the same period last year. As in the third quarter, the year-to-date results for 2010 include a gain of \$14 million related to the Cow Harbour acquisition. Operating profits also improved in civil and materials operations, and decreased in utilities and international operations. The improvement in operating profits from civil operations was largely the result of higher gross profits from Ontario and Quebec construction operations. Civil operations also benefitted from the commencement of profit recognition on a large multi-year contract which reached 20% completion during the period, generally the level required before profit recognition begins on large multi-year contracts. The improvement in operating profits from materials resulted primarily from a \$7 million gain from the sale of land in the first quarter of 2010 which offset decreases in Western Canada. In utilities, lower volumes and gross profits in Ontario led to lower operating profits. Internationally, improvements from the settlement of claims related to the Nathpa Jhakri hydroelectric project in India, which resulted in additional profit of \$1.9 million, were offset by lower construction profits from the Quito airport project. Of note is the repatriation to Aecon this year of cash totaling approximately \$14 million from the India project and the cancellation of all financial and performance guarantees related to the project.

Backlog at September 30, 2010 was \$1.1 billion, which represents a \$504 million increase over the same time last year. The increase results primarily from higher backlog in civil operations, which reflects recent awards for Aecon's share of the construction of the Lower Mattagami Hydroelectric Complex in Ontario and the expansion of Quebec's Autoroute 30. New contract awards totaled \$242 million in the third quarter of 2010 and \$1.2 billion year-to-date, compared to \$328 million and \$642 million, respectively, in the prior year. Most of the year-to-date increase in new awards occurred in civil operations. Reported backlog in Aecon Mining only includes the value of work orders awarded to-date, and as a result excludes the value of construction work managed under multi-year service contracts 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.

It should be noted that Infrastructure reported backlog includes the revenue value of backlog that relates to projects that are accounted for using the equity method. Consequently, since this method of accounting results in earnings (revenues less expenses) from equity accounted projects being reported as a singular amount on Aecon's consolidated statement of income, the revenue component of backlog for these projects is not included in Aecon's reported revenues.

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 reported 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		Nine Months Ended	
	Sept. 30		Sept. 30	
	2010	2009	2010	2009
Revenues	\$ 123.1	\$ 121.0	\$ 402.8	\$ 344.3
EBITDA	\$ (2.4)	\$ 1.1	\$ (11.5)	\$ 1.4
Segment operating profit (loss)	\$ (2.6)	\$ 0.9	\$ (12.0)	\$ 0.9
Segment operating margin	(2.1)%	0.8%	(3.0)%	0.3%
Backlog			\$ 574	\$ 630

For the quarter ended September 30, 2010, the Buildings segment reported revenues of \$123 million compared to revenues of \$121 million in 2009. The \$2 million, or 2%, increase resulted primarily from an increase in Quebec operations, partly offset by a decline in Ontario operations.

For the nine months ended September 30, 2010, the Buildings segment reported revenues of \$403 million compared to revenues of \$344 million during the same period last year. The \$59 million, or 17%, improvement came primarily from increases in Ontario reflecting the impact of several large projects, including three Infrastructure Ontario projects, underway during the period and from increases in Quebec operations. These increases were partly offset by a revenue decrease in Seattle, which was primarily caused by the completion of a large multi-year project earlier this year.

The Buildings segment incurred an operating loss of \$2.6 million in the third quarter of 2010 compared to a profit of \$0.9 million in 2009. Most of the \$3.5 million decline occurred in Ontario and Quebec operations primarily from the impact of margin reductions on certain projects.

For the nine months ended September 30, 2010, the Buildings segment reported an operating loss of \$12.0 million compared to a profit of \$0.9 million from the same period in 2009. The year-over-year profit decline occurred almost entirely in Ontario operations where the impact of higher revenues was offset by further losses on certain large projects. Significant staff and management focus continues to be brought to bear to contain the losses on these projects and to return the business to profitability in the near term. Claim recovery of some of these losses is expected over time, but such recoveries have not been factored into the financial position of the projects which is consistent with Aecon's accounting policies.

Backlog of \$574 million at the end of the third quarter of 2010 was \$56 million lower than at the same time in 2009 with most of the decrease in the segment's Ontario operations. New contract awards totaling \$47 million were recorded in the third quarter of 2010, which compares with awards of \$231 million in the same period of 2009, while awards of \$240 million in the first nine months of 2010 compared to \$440 million in the first nine months of 2009. The majority of the new awards in 2010 occurred in the segment's Ontario and Quebec operations, and included an award for a construction management contract to complete the construction in Ottawa of Canada's largest IKEA store.

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 reported 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		Nine Months Ended	
	Sept. 30		Sept. 30	
	2010	2009	2010	2009
Revenues	\$ 266.3	\$ 215.6	\$ 734.1	\$ 556.7
EBITDA	\$ (2.9)	\$ 15.4	\$ 33.3	\$ 52.0
Segment operating profit (loss)	\$ (6.1)	\$ 13.1	\$ 24.2	\$ 43.2
Segment operating margin	(2.3)%	6.1%	3.3%	7.8%
Backlog			\$ 871	\$ 718

Revenues in the third quarter of 2010 of \$266 million in the Industrial segment were \$51 million or 24% higher than in 2009. Revenue increases in the segment's Western Canada operations, from site construction projects in its heavy industrial unit and from the segment's mechanical unit, contributed the majority of the quarter-over-quarter revenue increase. Partly offsetting these increases were revenue decreases in Ontario, and to a lesser extent in IST and Eastern Canada. The decreases in Ontario occurred in both fabrication and construction operations, primarily in the oil and gas, power, and nuclear sectors.

For the nine months ended September 30, 2010, the Industrial segment reported revenues of \$734 million compared to revenues of \$557 million in the comparative period last year, representing a \$177 million or 32% increase. As in the third quarter, revenue increases occurred in Western Canada, primarily from site construction projects in the heavy industrial unit and from the acquisition of Lockerbie in April 2009. The reported revenues include the results of the acquired operations for the entire nine-month period of 2010, whereas the 2009 results only include activity for the second and third quarters of 2009. These increases were partially offset by declines elsewhere in the segment's operations, particularly in Ontario.

In the third quarter of 2010, the Industrial segment had an operating loss of \$6.1 million compared to a profit of \$13.1 million in the same quarter last year. The largest decline in operating profits occurred in the heavy industrial units, mostly as a result of generally lower gross profit margins reflective of weaker market conditions for industrial services in recent quarters and from adjustments to margin expectations which offset higher volumes in 2010. In addition, lower volumes in the segment's Ontario, Eastern Canada and IST units contributed significantly to the lower operating profits in the current period.

For the nine months ended September 30, 2010, the Industrial segment generated an operating profit of \$24.2 million compared to \$43.2 million in the same period last year, representing a \$19.0 million or 44% decrease. Operating profits increased in both the heavy industrial and mechanical units and, similar to the year-to-date revenue increase, benefitted significantly from the timing of the Lockerbie

acquisition. These profit improvements were offset by lower profits in the balance of the Industrial segment's operations, with the majority of the decrease occurring in Ontario. Operating results in Ontario were impacted by lower current period revenues, lower margin fabrication work, and the impact of strong contract margin contributions in 2009 on a small number of construction projects.

Backlog at September 30, 2010 of \$871 million was \$154 million higher than last year primarily due to higher backlog in both Western Canada and Ontario. Overall, new contract awards of \$265 million in the third quarter of 2010 were \$117 million lower than in the same period in 2009, and new awards of \$705 million for the nine months of 2010 are \$117 million higher than the same period in 2009. Most of the year-to-date increase in new awards occurred in Ontario operations.

As discussed in the Consolidated Financial Highlights section, significant contracts awarded 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 reported 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		Nine Months Ended	
	Sept. 30		Sept. 30	
	2010	2009	2010	2009
Revenues	\$ 24.7	\$ 31.3	\$ 66.5	\$ 78.7
EBITDA	\$ 7.8	\$ 4.0	\$ 21.0	\$ 19.6
Segment operating profit (loss)	\$ 5.9	\$ (0.2)	\$ 16.1	\$ 7.5
Segment operating margin	24.1%	(0.7)%	24.3%	9.5%

Revenues in the third quarter of 2010 of \$25 million in the Concessions segment were \$7 million, or 21%, lower than the same period in 2009. The majority of the decrease in revenues came from Aecon's interest in the operator of the Cross Israel Highway whose operations are carried out on a fee for service basis by a company in which Aecon holds a 30.6% interest. For the first nine months of 2010, Concessions segment revenues were \$67 million, representing a \$12 million or 16% decrease over the same period in 2009. Similar to the third quarter of 2010, the majority of the revenue decrease occurred in the operator of the Cross Israel Highway.

Segment operating profit of \$5.9 million in the third quarter of 2010 compared to a loss of \$0.2 million from the same period in 2009, primarily from higher operating profits from the Quito airport concessionaire, which includes the results from operating the existing Quito airport while the new airport is being constructed. The profit improvement in the Quito airport concessionaire is mostly due to the fact that no profits were recognized by the concessionaire in the third quarter of 2009 due to the uncertainty at that time as to the financial impact on the project of the Airports Ruling – whereas those profits for the third quarter were subsequently included in the fourth quarter of 2009 as the impacts of the ruling and the ongoing support for the project from key stakeholders became clearer. (See discussion below on Quito Airport Project Recent Developments.)

For the nine months ended September 30, 2010, segment operating profit of \$16.1 million represented an increase of \$8.6 million over the same period in 2009, primarily from higher operating profits from the Quito airport concessionaire. This improvement resulted primarily from lower amortization costs compared to 2009.

Nearly 1.8 million passengers departed through the existing Quito airport in the first nine months of 2010, an 8% increase over the first nine months of 2009. 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.

Unlike the operator of the Cross Israel Highway, which is discussed above, and whose revenues and operating profits are included in Aecon's reported results, Aecon's investment in the long-term concession of 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 recognized only 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 continues to perform well and is generating strong operating cash flow, Aecon has not reported any revenues and profits from its concession investment. Average weekday traffic on the highway in September 2010 surpassed 132,000 vehicles, a 9% increase over 2009.

On July 15, 2010, Aecon signed an agreement with a consortium headed by Israel Infrastructure Management to sell its 25% interest in the Cross Israel Highway concessionaire, Derech Eretz, for \$77.8 million, subject to certain adjustments on closing. The transaction agreement anticipates closing in the fourth quarter of 2010 or first quarter of 2011, although the transaction remains subject to various third party approvals, including the State of Israel and Derech Eretz's senior lenders, and an adjustment to reflect the exercise of the right of first refusal by one of the existing partners. The sale of this investment is expected to generate net after tax cash proceeds of between \$65 and \$70 million for Aecon and an after tax gain of approximately \$30 million. Excluded from the transaction are Aecon's interests in the operator of the Cross Israel Highway.

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.

Quito Airport Project Recent Developments

Refer to the 2009 Annual MD&A for additional details of previous developments regarding the Quito airport project (the "Project").

In July 2009, as a result of a legal ruling (the "Airports Ruling") issued by the Constitutional Court of Ecuador, with respect to the public nature of revenues collected by the concessionaire, a formal contractual dispute was declared and the Project's financing was suspended. Immediately thereafter, the concessionaire, the Municipality of Quito and the Project's senior lenders engaged in a process of consultation and negotiation in order to secure a new arrangement that would be satisfactory to all stakeholders.

Subsequently, agreement was reached with the Municipality of Quito, including a new commercial arrangement and legal structure acceptable to all parties, including the Ecuadorian State and the Project's senior lenders. The new agreement was signed on August 9, 2010. The effectiveness of the new agreement, however, is subject to various conditions and approvals by the senior lenders and various Ecuadorian authorities, including the State Comptroller General. Assuming prompt and favourable approvals by these institutions and delivery of the remaining closing conditions, the effective date of the new agreement should occur in the fourth quarter of 2010. In the meantime, because the Airports Ruling represents an event of default under the relevant finance agreements, Aecon's proportionate share of the non-recourse project financing (\$114 million) has been classified as a current liability on Aecon's consolidated balance sheet until such time as the default is cured through implementation of the new agreement.

As a result of the postponement of construction financing until such time as the new agreement is effective, the completion date for Project construction is likely to be extended to May 2012, which is approximately 18 months later than the completion date initially established. As at September 30, 2010, the Quito airport construction project was approximately 76% complete.

Quarterly Financial Data

Set out below are revenues, EBITDA, 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)

	2010			2009				2008
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
Revenues	\$ 800.2	\$ 681.5	\$ 426.2	\$ 599.8	\$ 707.1	\$ 613.2	\$ 340.9	\$ 602.7
EBITDA	43.1	25.1	4.0	40.1	46.3	31.4	6.9	40.3
Earnings (loss) before income taxes	25.5	10.7	(9.1)	25.1	29.7	15.2	0.1	31.4
Net income (loss)	17.2	7.8	(6.6)	15.4	19.6	9.9	(0.6)	20.4
Earnings (loss) per share:								
Basic	0.32	0.14	(0.12)	0.28	0.36	0.18	(0.01)	0.41
Diluted	0.27	0.14	(0.12)	0.26	0.35	0.18	(0.01)	0.40

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Aecon's investments in its joint ventures, including the Quito airport concessionaire ("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 these joint ventures. 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 debt during the construction period through the use of individual build finance special purpose vehicles ("Build Finance SPVs").

Cash and Debt Balances

Cash and bank indebted balances at September 30, 2010 and December 31, 2009 are as follows:

(\$ millions)	September 30, 2010				
	Balances excluding		Build Finance		Consolidated
	Joint ventures and	Joint ventures	SPVs	SPVs	
	Build Finance SPVs			Total	
Cash and cash equivalents	(1) \$	15 \$	63 \$	26 \$	104
Restricted cash	(2)	7	53	-	60
Marketable securities and term deposits	(3)	73	-	-	73
Bank indebtedness	(4)	(24)	-	-	(24)
	December 31, 2009				
	Balances excluding		Build Finance		Consolidated
	Joint ventures and	Joint ventures	SPVs	SPVs	
					Total
Cash and cash equivalents	(1) \$	261 \$	31 \$	48 \$	341
Restricted cash	(2)	8	46	-	54
Marketable securities and term deposits	(3)	-	-	20	20

- (1) Cash and cash equivalents includes cash on deposit in joint venture bank accounts (other than cash in Quiport JV as noted in (2) below) which Aecon cannot access directly, as well as cash held by Build Finance SPVs, which was advanced by lenders to finance the construction of three Infrastructure Ontario hospital projects.
- (2) Restricted cash includes cash that was deposited as collateral for letters of credit issued by Aecon or to secure future equity investment requirements in the Quito airport concessionaire, as well as cash held in Quiport JV.
- (3) Marketable securities at September 30, 2010 consist of an investment in the common shares of Churchill Corporation. See the Summary of Cash Flows section for further details. Term deposits at December 31, 2009 consisted of highly liquid interest bearing securities with maturities up to one year and were all held by Build Finance SPVs.
- (4) Bank indebtedness represents borrowings on Aecon's operating line of credit.

Cash and cash equivalents, net of bank indebtedness, at September 30, 2010 were \$80 million, which compares with \$341 million at December 31, 2009. The \$261 million decrease results primarily from investments in working capital (\$148 million), and from the purchases of Churchill common shares (\$59 million), and from the initial payment related to the purchase of Cow Harbour's assets (\$60 million). This initial payment of \$60 million was paid out of the Company's cash reserves but will be recovered from longer term financing for the Cow Harbour acquisition provided by the net proceeds from the convertible debenture financing that closed on October 8, 2010 (\$88 million) and equipment financing (\$80 million) that is currently being finalized. See the Summary of Cash Flows section of this MD&A for further details.

Total long-term debt of \$683 million at September 30, 2010 compares to \$526 million at December 31, 2009, the composition of which is as follows:

(\$ millions)	<u>Sep. 30, 2010</u>	<u>Dec. 31, 2009</u>
Current portion of long-term debt – recourse ⁽³⁾	\$ 144.1	16.5
Current portion of long-term debt – non-recourse ⁽¹⁾⁽²⁾	298.2	217.5
Long-term debt – recourse	57.5	63.0
Long-term debt – non-recourse ⁽²⁾	22.5	70.0
Convertible debentures	160.8	158.6
Total long-term debt	\$ 683.1	\$ 525.6
Debt held directly	362.5	238.1
Debt held by Build Finance SPVs	202.1	166.6
Debt of joint ventures	118.5	120.9
Total long-term debt	\$ 683.1	\$ 525.6

- (1) The current portion of long-term debt – non-recourse includes Quito airport project debt which has been classified as current following the Constitutional Court of Ecuador’s Airports Ruling in the third quarter of 2009. See the discussion in the Concessions segment section of this MD&A for additional Quito airport project recent developments.
- (2) The current portion of long-term debt – non-recourse increased by \$81 million between December 31, 2009 and September 30, 2010. The majority of this change results from the reclassification of \$70 million of Infrastructure Ontario project related debt from long-term (debt due beyond one year) to current (debt due within one year).
- (3) The current portion of long-term debt – recourse includes a \$120 million note payable issued as part of the acquisition of the assets of Cow Harbour. This note is scheduled to be repaid in the fourth quarter of 2010.

At September 30, 2010, long-term debt outstanding amounted to \$683 million compared to \$526 million at December 31, 2009. The majority of the \$157 million increase in debt results from a \$120 million note payable issued as part of the acquisition of the assets of Cow Harbour, and a \$33 million net increase in non-recourse debt (current and long-term), almost all of which relates to non-recourse project debt for three Infrastructure Ontario hospital projects.

Aecon’s liquidity position and capital resources, when augmented by the financing initiatives noted below, are expected to be sufficient to finance its operations and working capital requirements for the foreseeable future. In addition to a significant cash balance, Aecon’s liquidity position is strengthened by its ability to draw on a committed bank operating line of \$100 million which, except for supporting letters of credit amounting to \$50 million and borrowings of \$24 million, was otherwise undrawn as of September 30, 2010. At September 30, 2010, Aecon was in compliance with the financial debt covenants related to this credit facility. Further details relating to Aecon’s operating lines are described in note 12 to the 2009 Consolidated Financial Statements.

The Company is currently seeking to replace its existing \$100 million credit facility, which expires in June 2011, with a new larger facility which is targeted to be in place before the end of November 2010.

On August 26, 2010, Aecon acquired the assets of Fort McMurray based Cow Harbour Construction Ltd. (“Cow Harbour”) for total consideration of \$180 million. Under the asset purchase agreement, Aecon acquired all of Cow Harbour’s capital assets in Alberta, including its fleet of over 500 pieces of mining equipment, as well as all of Cow Harbour’s real property, inventory, contracts, leases, licenses, intellectual property and other assets. Aecon paid \$60 million on closing, and will pay a further \$120 million within 90 days of closing. The note payable is expected to be financed from proceeds from a convertible debenture issue (see below) and through equipment loans of \$80 million currently being finalized which will be secured by certain of the acquired assets.

On October 8, 2010, the Company issued \$92 million in unsecured, subordinated convertible debentures maturing October 31, 2015. The debentures bear interest at a rate of 6.25% per annum payable on a semi-annual basis. At the holder’s option, the convertible debentures may be converted into common shares of the Company at any time up to the maturity date at a conversion price of \$19.00 for each common share, subject to adjustment in certain circumstances. From October 31, 2013 through the maturity date, Aecon may, at its option, redeem the convertible debentures, in whole or in part, at par plus accrued and unpaid interest provided that the weighted average trading price of the common shares on the Toronto Stock Exchange during a specified period prior to redemption is not less than 125% of the conversion price. Proceeds from the debenture offering will be used to finance the Cow Harbour asset acquisition.

An annual dividend of \$0.20 per share was paid in 2009 consisting of quarterly payments of \$0.05 per share. Quarterly dividends of \$0.05 per share continue to be paid in 2010.

At September 30, 2010, Aecon’s remaining equity to be invested in the Quito airport concessionaire was US\$2 million along with the ongoing reinvestment of Aecon’s share of the earnings of the existing airport. An additional estimated US\$19 million is required to be invested under the terms of a new Strategic Alliance Agreement reached which amends and supersedes the Concession Contract. Aecon has already contributed US\$10 million of this requirement as an advance to Quiport JV. As of September 30, 2010, Aecon’s total investment in the Quito airport concessionaire was approximately US\$72 million. Of this amount, US\$41 million was invested through cash equity contributions and the balance of US\$31 million through the reinvestment of Aecon’s share of the earnings of the existing airport. Aecon has also deposited US\$4 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\$2 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 Consolidated Balance Sheet at September 30, 2010.

Summary of Cash Flows

(\$ millions)	Consolidated Cash Flows			
	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2010	2009	2010	2009
Cash provided by (used in):				
Operating activities	\$ (21.9)	\$ (11.4)	\$ (115.9)	\$ (63.2)
Investing activities	(77.3)	(58.7)	(151.7)	(251.7)
Financing activities	21.9	178.8	31.0	321.8
Increase (decrease) in cash and cash equivalents	(77.3)	108.6	(236.6)	7.0
Effects of foreign exchange on cash balances	-	1.1	-	(2.2)
Cash and cash equivalents - beginning of period	181.6	187.9	340.9	292.9
Cash and cash equivalents - end of period	\$ 104.3	\$ 297.6	\$ 104.3	\$ 297.6

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

Operating Activities

Cash used by operating activities of \$22 million in the third quarter of 2010 compares with cash used by operating activities of \$11 million in the same quarter last year, while cash used by operating activities of \$116 million in the first nine months of 2010 compares with cash used of \$63 million in the same period last year. The \$10 million increase in cash usage in the third quarter resulted primarily from lower cash earnings in the third quarter of 2010. For the first nine months of 2010, the \$53 million increased use of cash relates to higher investments in working capital and includes the increase in working capital within build finance projects where the customer is billed only when the project is complete but for which there is offsetting non-recourse project financing available so that there is no negative impact to Aecon's cash reserves other than timing differences (see the discussion under Financing Activities below). These higher investments in working capital also arise from increases in unbilled work-in-process and unpriced change orders. Part of this increase is volume-related and seasonal in nature. Lower earnings in the first nine months of 2010 also contributed to the increase in cash usage period-over-period.

Investing Activities

In the third quarter of 2010, investing activities resulted in a use of cash of \$77 million, which compares with cash used of \$59 million in the third quarter of 2009. Of the cash used in the third quarter of 2010, \$60 million represents Aecon's initial payment related to the purchase of the assets of Cow Harbour, and \$8 million represents Aecon's proportionate share of the investment made by Quiport JV in the construction of the new Quito airport (i.e. increase in concession rights). In addition, other purchases of property, plant and equipment used \$6 million of cash in the third quarter of 2010. During the third quarter of 2009, restricted cash balances increased by \$51 million, mostly in Quiport JV, and \$19 million was also used to fund Aecon's proportionate share of the cash used by Quiport JV for the construction of the new Quito airport.

For the first nine months of 2010, investing activities resulted in a use of cash of \$152 million, which compares with cash used of \$252 million in the first nine months of 2009. Of the cash used in 2010, \$59 million represents Aecon's investment in Churchill common shares (see details below), \$60 million represents Aecon's initial payment related to the purchase of the assets of Cow Harbour, \$28 million represents Aecon's proportionate share of the investment made by Quiport JV in the construction of the new Quito airport, and \$9 million represents capital expenditures, net of sales, on property, plant and equipment. Partly offsetting these cash outflows was \$20 million of cash provided by reductions in term deposit investments. Of the cash used in the first nine months of 2009, \$117 million, net of cash acquired, was used to fund the acquisitions of Lockerbie and South Rock, \$64 million represents Aecon's proportionate share of the investment made by Quiport JV in the construction of the new Quito airport, \$30 million represents increases in restricted cash balances, and cash of \$33 million was used by Build Finance SPVs to invest in term deposits until such time as these investments are required to fund construction costs.

Investment in Churchill

In June, Aecon purchased 3,056,000 subscription receipts offered by Churchill Corporation under the terms of that company's short form prospectus dated June 8, 2010. Aecon purchased the securities for total consideration of \$51.2 million at the offering price of \$16.75. As a result of the purchase, and including additional shares acquired through the facilities of the Toronto Stock Exchange, Aecon holds 3,513,600 common shares or approximately 14.7% of the outstanding common shares of Churchill Corporation. These shares are included in marketable securities and term deposits on the Consolidated Balance Sheet at September 30, 2010

Financing Activities

In the third quarter of 2010, cash provided by financing activities amounted to \$22 million, compared to cash provided of \$179 million in the same quarter last year. During the third quarter of 2010, increases in bank indebtedness of \$24 million represented the majority of the financing activity. In the third quarter of 2009, the principal source of cash from financing activities was \$165 million in net proceeds from the issuance of convertible debentures in the third quarter.

In the first nine months of 2010, cash provided by financing activities amounted to \$31 million, compared to cash provided of \$322 million in the same period last year. During the first nine months of 2010, bank indebtedness increased by \$24 million while issuances of long-term debt amounted to \$40 million, most of which relates to non-recourse project financing for Build Finance SPVs related to various Infrastructure Ontario hospital projects, and repayments totalled \$17 million. Also, \$10 million was used in 2010 to purchase Aecon common shares by the Long-Term Incentive Plan compared to \$9 million in 2009, and dividends of \$9 million and \$8 million were paid in each of the first nine-month periods of 2010 and 2009, respectively. In the first nine months of 2009, net borrowings of long-term debt totalled \$175 million, primarily related to Aecon's proportionate share of additional non-recourse financing for the Quito airport project and related to non-recourse project financing for various Infrastructure Ontario hospital projects.

NEW ACCOUNTING STANDARDS

Note 2 to the September 30, 2010 Interim Consolidated Financial Statements includes new CICA Handbook sections which became effective on or after January 1, 2010 for Aecon. To date, other than the gain from the acquisition of the Cow Harbour assets, there has not been any significant impact in 2010 on Aecon's financial position or on the results of its operations from adoption of these new standards. The impacts from adopting International Financial Reporting Standards are discussed below.

International Financial Reporting Standards ("IFRS")

Background, project structure and project progress

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that Canadian publicly accountable enterprises 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") beginning with the first quarter ending March 31, 2011, with comparative information.

The Company's project and governance structure for its transition to IFRS which includes a Steering Committee with representation from various functions throughout the organization, meets on a bi-weekly basis to monitor the progress of the project and to provide overall guidance. A Technical Committee is also in place. With the progress that has been made on the project, the Technical Committee now meets on an as needed basis to make decisions on any accounting policy issues or technical accounting concerns that arise. This structure will remain in place through 2010. The Company's Audit Committee also receives a status update each quarter on the progress of the conversion.

The Company has completed the detailed assessment phase of its conversion project for all standards that affect the transition. The Company is focusing its effort throughout 2010 on the solutions development and implementation phases of IFRS that will have an impact on Aecon's financial statements. To date, the project is progressing according to plan.

To the end of the third quarter of 2010, the project achieved and/or commenced work on the following key milestones.

Milestone	Progress
Complete roll out of IFRS reporting package	Completed.
Complete general ledger and process changes	Completed.
Prepare IFRS Opening Balance Sheet as at January 1, 2010	Completed subject to various internal and external reviews (discussed below).
External auditors to conduct procedures on the Opening Balance Sheet	Completed with the exception of adjustments to: <ul style="list-style-type: none"> • Fair value Aecon's long-term concession investment in Derech Eretz Highways, • Fair value embedded derivatives within the Company's convertible debentures, and • Record the income tax impacts related to all IFRS adjustments.
Calculation of first quarter 2010 IFRS adjustments	Completed.
Finalize draft of first quarter 2010 financial statements including notes	First draft prepared.
Internal review of first quarter 2010 financial statements and note disclosures	To be completed in Q4 2010.
External auditors to conduct procedures on first quarter 2010 IFRS adjustments	Completed with the exception of the above noted adjustments (same as opening balance sheet).
External auditors to conduct procedures on first quarter 2010 financial statement note disclosures	To be completed in Q4 2010.
Complete final analysis of IFRS impact on budgeting/forecasting process and provide revised instructions for 2011 business plan creation	Completed.
Calculation of second quarter IFRS adjustments	Completed.

During the fourth quarter of 2010, the project is focused on achieving the following milestones:

Milestone	Deadline
Finalize draft of second quarter 2010 financial statements including notes	Q4 2010
Calculation of third quarter 2010 IFRS adjustments	Q4 2010
Prepare initial draft of third quarter 2010 financial statements including notes	Q4 2010
Finalize design, build and testing of IT solution required to migrate 2010 IFRS adjustments to 2011 opening balances	Q4 2010
Completion of embedded derivatives analysis	Q4 2010

Potential accounting changes as a result of transition to IFRS

The table below provides a brief summary of select IFRS that may impact Aeon, their differences from Generally Accepted Accounting Principles (“GAAP”) and their expected impact to the Company. The table is not comprehensive and does not include all of the differences from GAAP for the standards noted. It is intended to provide an overview of the significant differences. Also, the table does not include all the standards that may require changes for the transition to IFRS. Although nothing has been identified to date, ongoing work relating to other standards not presented in the table may have a significant impact on the Company’s Consolidated Financial Statements.

Standards	Difference from GAAP	Potential Impact
Presentation and disclosure	<p>IFRS requires significantly more disclosure than GAAP for certain standards.</p> <p>In some cases, IFRS also requires different presentation on the balance sheet and income statement.</p>	<p>This will be a significant impact to the organization. The other differences and impacts noted throughout this table will cause measurement differences. See the table that follows for the preliminary, unaudited, dollar value impact of the transition adjustments on the first quarter 2010 results.</p> <p>The increased disclosure requirements will cause the Company to change current processes and implement new financial reporting processes (discussed below) to ensure the appropriate data is collected for disclosure purposes.</p>
Construction contracts	<p>IFRS provides more explicit guidance than GAAP on revenue recognition for construction contracts.</p> <p>The criteria for combining and separating contracts are different under IFRS than current generally accepted practice.</p> <p>Borrowing costs are to be treated as a contract cost in calculating percentage of completion.</p>	<p>Current processes are in line with the requirements of IFRS. The analysis performed by the Company did not reveal any situations where contracts were being combined or separated in a manner inconsistent with IFRS and concluded that the Company does not have any measurement differences as a result of the transition to IFRS with respect to combining or separating contracts.</p> <p>However, in the future the potential exists for more contracts to be combined and accounted for as single contracts under IFRS.</p> <p>Percentage completion calculations on projects with project-specific debt will change with the inclusion of borrowing costs as a contract cost in IFRS restatement calculations. See the table that follows for the preliminary, unaudited, dollar value impact of this transition adjustment.</p>
Joint arrangements	<p>IFRS provides an accounting policy choice for jointly controlled entities between the equity method of accounting and proportionate consolidation.⁽¹⁾</p>	<p>All of the Company’s joint arrangements are classified as jointly controlled entities under IAS 31 and Aeon has chosen to continue using proportionate consolidation to account for its joint ventures as opposed to the alternative choice of equity accounting. The amount of assets, liabilities, revenues and expenses relating to joint ventures will therefore not change on transition to IFRS.</p>

Standards	Difference from GAAP	Potential Impact
Property, plant and equipment	Major asset components must be depreciated separately. This accounting treatment is sometimes referred to as “component accounting”.	Annual depreciation expense will change to reflect accounting for components. The impact of this change will be minimal as many of the Company’s assets where “component accounting” is required are already being accounted for in accordance with IFRS. See the table that follows for the preliminary, unaudited, dollar value impact of this transition adjustment.
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.	<p>The Company has not identified any impairment losses as at the date of transition to IFRS (January 1, 2010). The Company has also examined impairment indicators for the first and second quarters of 2010. There was no indication of impairment in either quarter.</p> <p>The potential for more frequent impairment losses or reversals of previously recognized impairments on assets other than Goodwill as compared to GAAP will exist under IFRS.</p> <p>The potential for future asset impairments will increase for assets whose carrying amounts are currently supported by an undiscounted cash-flow basis.</p>
Lease accounting	With respect to classifying a lease as either finance ⁽²⁾ or operating, IFRS does not provide quantitative guidelines, such as those that currently exist currently in GAAP.	<p>The Company currently leases many of its fleet of highway and pickup vehicles. These leases were classified as operating leases under GAAP and will be accounted for as finance leases under IFRS. This will increase the amount of “on balance sheet” assets and liabilities to be reported in the Company’s IFRS financial statements.</p> <p>Going forward, there is a potential for more of Aeon’s leases to be treated as finance leases under IFRS.</p>
Service concession arrangements	IFRS has specific guidance on service concession arrangements. GAAP does not explicitly address these arrangements.	The Company’s service concession arrangements are being accounted for in accordance with IFRS. As a result, there are no changes on transition.
Business combinations	IFRS requires that all transaction costs of a business combination be expensed and that contingent consideration must be recognized on the acquisition date and not the date when payment of the contingent consideration is probable.	<p>The Company has early adopted CICA Handbook sections 1582: Business Combinations along with 1601: Consolidated Financial Statements and 1602: Non-controlling interests. These sections of GAAP are intended to ease transition to IFRS for Canadian companies when business combinations occur in the year of transition.</p> <p>With the decision to early adopt, business combinations in 2010 have been accounted for under the new GAAP sections which are converged with IFRS 3(R). Therefore there will be no IFRS differences on transition relating to these acquisitions.</p>

Standards	Difference from GAAP	Potential Impact
First-time adoption	IFRS contains explicit guidance on first-time adoption of IFRS. There are several elections available to ease the transition to IFRS and some mandatory exemptions from retrospective application of IFRS.	<p>Aecon has selected the available elections the Company wishes to make and has applied them in preparing its Opening Balance Sheet.</p> <p>The following significant elections were made under IFRS 1:</p> <ul style="list-style-type: none"> • The Company has elected not to apply IFRS 3(R) to business combinations before 2010. The Company has examined prior business combinations to ensure that there are no assets or liabilities recognized under GAAP that do not qualify for recognition under IFRS. The Company has also ensured that any assets or liabilities that must be recognized under IFRS but were not required to be recognized under GAAP were recognized. The Company found no such items in its prior business combinations. • The Company did not elect to record property, plant and equipment and intangibles at fair value on transition. The Company is accounting for these items at their historical cost and restating balances where required on transition. • The Company elected to recognize the actuarial gains and losses related to its defined benefit plans in retained earnings in full on transition. This will cause a change in the amount of pension expense recognized each quarter by the Company. See the table that follows for the preliminary, unaudited, dollar value impact of this transition adjustment. • The Company elected to reset the balance of its December 31, 2009 cumulative translation differences to zero, recognizing them to retained earnings in full on transition. The net dollar impact of this election on Shareholders' Equity is zero.
Financial instruments – embedded derivatives in convertible debentures	When a derivative financial instrument gives one party the choice over how it is settled, it is a financial asset or financial liability unless all of the settlement options would result in it being an equity instrument.	Under GAAP, the holder's option to convert its debt to equity is accounted for as an equity instrument. Under IFRS, this option is classified as a liability because the Company has the option to settle the holder's conversion in cash, which is a settlement option that does not result in an equity instrument. Under IFRS this liability will be accounted for at fair value with gains and losses recognized in net income.

Standards	Difference from GAAP	Potential Impact
		<p>The effect of this adjustment has not been finalized in the Company's Opening Balance Sheet. The Company has sought third party professional assistance to value the derivative financial instrument. See the table that follows for the preliminary, unaudited, dollar value impact of this transition adjustment.</p> <p>This treatment will increase the volatility of the Company's net income depending on changes in valuation inputs (e.g. share price).</p>
Financial instruments – available for sale investments	IFRS requires financial assets classified as available for sale investments to be recorded at fair value, even absent a quoted price in an active market, so long as the fair value can be reliably measured. In certain situations, GAAP allows such investments to be accounted for at cost when it does not have a quoted price in an active market.	<p>Under GAAP, Aecon accounts for its investment in Derech Eretz Highways (1997) Ltd. at cost because the investment does not have a quoted market price in an active market.</p> <p>Under IFRS, the Company must account for this investment at fair value.</p> <p>This will significantly increase the value of the investment on the Company's Opening Balance Sheet.</p> <p>The Company has determined a fair value for this investment. See the table that follows for the preliminary, unaudited, dollar value impact of this transition adjustment.</p>
Decommissioning liabilities – Asset retirement obligations	IAS 37 requires that decommissioning liabilities be added to the cost of the asset as incurred and that the liability must be reviewed at each reporting date and adjusted to reflect the current best estimate.	<p>IFRS 1 provides an election to measure the liability and related depreciation impacts at the date of transition to IFRS.</p> <p>The company has measured its decommissioning liabilities and related depreciation effects at the date of transition to IFRS. See the table that follows for the preliminary, unaudited, dollar value impact of this transition adjustment.</p>

- (1) The IASB released an exposure draft (ED 9) on Joint Arrangements in September 2007. The effect of this new standard is discussed further below under "Impact of IASB projects".
- (2) IFRS uses the term "finance lease" to describe what is called a "capital lease" under GAAP.

The Company will continue to report throughout 2010 on its conclusions and accounting policy choices on the standards noted above. The Company has prepared an IFRS Opening Balance Sheet with explanatory notes. With the exception of the above noted outstanding items, this information is currently being reviewed internally before being approved. The Company's external auditors are conducting procedures on the various restatements required throughout the conversion process and to facilitate the reporting on the first set of IFRS financial statement for the year ended December 31, 2011. While the Company believes it has performed an appropriate level of analysis in selecting its IFRS accounting policies, actual quantitative results may reveal additional impacts to the Company that were not anticipated. IASB projects, discussed below, may also lead to changes or adjustments to the Opening Balance Sheet and quarterly restatements.

The following unaudited tables illustrate the impacts of the transition to IFRS identified to date as of the date of transition (January 1, 2010) and for the first quarter of 2010. As these tables are not audited, and as the project continues with preparing quarterly IFRS restatements, there is always the possibility that new information will come to light that will change the amounts ultimately reported in the Company's first set of IFRS financial statements for the period ending March 31, 2011. The table is intended to provide the reader with estimated quantitative information on the Company's known IFRS impacts and its calculations of those impacts as of this date. The issuance of new IFRS or changes in the selection of accounting policies by management could also impact the IFRS financial information that is reported below.

Adjustments to Shareholders' Equity on Adoption of IFRS	As at
(\$ millions) (unaudited and subject to change)	December 31, 2009
Shareholders' Equity under Canadian GAAP	\$ 457.4
IFRS adjustments to shareholders' equity:	
IFRS Standards:	
Financial Instruments - Available-for-sale investments	36.8
Construction contracts - Direct borrowing costs	(7.9)
Financial Instruments - Embedded derivatives in convertible debentures	(14.0)
Decommissioning liabilities - Asset retirement obligations	(1.5)
Lease accounting	(0.3)
Property, plant and equipment	0.1
Income taxes - Tax effect of IFRS differences	1.6
IFRS 1 elections:	
Employee Benefits - Actuarial gains and losses	(11.1)
IFRS Presentation difference:	
Non-controlling interests	4.9
Total adjustments to Shareholder's Equity	8.7
Shareholders' Equity under IFRS	\$ 466.0

Adjustments to Net Income on Adoption of IFRS in 000s	For the three months ended
(\$ millions) (unaudited and subject to change)	March 31, 2010
Net Income (loss) under Canadian GAAP	\$ (6.6)
IFRS adjustments to net income:	
Seasonal production variances related to construction operations (1)	(6.8)
Construction contracts - Direct borrowing costs	(2.4)
Employee Benefits - Defined Benefit pension expense	0.4
Decommissioning liabilities - Asset retirement obligations	(0.1)
Lease accounting	(0.1)
Financial Instruments - Embedded derivatives in convertible debentures	7.9
Income taxes - Tax effect of IFRS differences	0.7
Total adjustments to Net Income	(0.3)
Net Income (loss) under IFRS	\$ (6.9)

⁽¹⁾ The above noted seasonal production variance is a difference that does not impact income on an annual basis. Under GAAP, these seasonal production variances were expected to be absorbed by year end and as such were eligible to be deferred at interim dates. The total annual expense remains the same under IFRS, but the amount recognized quarterly will be different

Impact of IASB projects

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.

The Company participates in many joint arrangements as part of its ongoing construction and concession operations. An IASB Exposure Draft (ED 9) on joint arrangements was issued in September 2007 which proposed the elimination of the use of proportionate consolidation in favour of the equity method for joint ventures, as defined by the exposure draft. Per the IASB website, the final standard is expected to be issued later in 2010. The Company's Opening Balance sheet was prepared using IAS 31. Aecon will evaluate the new standard, and potential early adoption options, when it is issued.

Impact on information systems and technology

The most significant information systems challenges for the IFRS conversion were ensuring the Company had the ability to track its IFRS adjustments in the year of transition and that new IFRS reports could be produced to facilitate the preparation of IFRS financial statements. The Company has successfully tested its ability to track IFRS adjustments throughout 2010 and has successfully implemented the modifications required to existing and new reports to facilitate the preparation of the increased note disclosure required under IFRS.

As noted in prior communications about the Company's transition to IFRS, report requirements necessitated modifications to Aecon's existing general ledger account structures. The Company has implemented these changes and has begun tracking data from the start of 2010 based on its more detailed general ledger structure. As of now, the transition is not expected to have a significant impact on the Company's other information systems.

The most significant challenge remaining from an information systems perspective is the migration of all 2010 IFRS adjustments into the 2011 opening balances in the Company's accounting information system. An appropriate information systems solution was developed in the third quarter of 2010. Testing of the solution has begun, with implementation to be performed throughout the fourth quarter of 2010 for use in the first quarter of 2011.

Impact on internal controls over financial reporting and disclosure controls and procedures

As described further below, in accordance with its conversion plan the Company is continually reviewing its internal controls over financial reporting and its disclosure controls and procedures and will update these as required to ensure they are appropriate for reporting under IFRS.

As noted, the transition to IFRS for the Company mainly affects the presentation and disclosure of its financial statements. This may lead to significant process changes in order to facilitate the reporting of more detailed information in the notes to the financial statements, but it is not currently expected to lead to many measurement or fundamental differences in the accounting processes used by the Company.

The Company has implemented controls over its IFRS adjustment process, which includes management and review by qualified members of corporate finance. The Steering Committee continues to provide ongoing project oversight, and the Technical Committee continues to review the accounting decisions being made by the IFRS implementation team and the resulting implications of those decisions.

The conversion to IFRS, as noted above, exposes the Company to control risks when there are new or modified processes. To address these risks the Company has been designing controls for areas where increased judgement is required (e.g. impairment testing) or areas where changes in the measurement of assets or liabilities are required. The Company's internal audit function is also examining its key risk and control matrices to ensure the changes as a result of IFRS are assessed along side the key controls risks at Aecon. Given that the project is ongoing, the IFRS team is identifying where controls still need to be designed as it goes through the restatements. Given the progress of the project to date and the resources allocated to the project, the Company is confident it will be able to implement the necessary controls by the end of the project. Some of the controls identified for the 2010 comparative year are as follows:

IFRS standard	Control
Impairment of assets	<p>Quarterly review of divisional assessment of impairment indicators.</p> <p>Annual review of divisional impairment calculations for goodwill.</p> <p>Annual review of divisional cash-generating unit analysis to ensure any required changes are made.</p>
Property, plant and equipment	Review of component accounting assessments for compliance with the Company's internal policies.
Revenue Recognition	Quarterly review of adjustment process for situations where combining and separating of contracts is necessary.
Financial statement note disclosure	Quarterly review and consolidation of divisional IFRS reporting packages containing necessary IFRS disclosure information.

Ongoing processes required to properly apply some of the Company's IFRS accounting policies from the start of 2010 for comparative purposes have been put in place and are being applied by all divisions. Processes that center on period end reporting will be rolled out for preparation of first quarter financial statements in 2011.

Financial reporting expertise

Over the past few years, the Company's key financial reporting staff members have attended several CICA IFRS training courses. The Company's IFRS team has also received detailed technical accounting training internally on the differences between GAAP and IFRS as they apply to Aecon. The IFRS team continues to attend CICA and ICAO IFRS specific training courses.

During the past two years, the IFRS team held over 10 IFRS information sessions which detailed high level project milestones and major differences from GAAP for its business units. Attendees of the session included divisional executives, general finance personnel and key operations personnel. The Company's Board of Directors and Audit Committee have also been informed of major differences between GAAP and IFRS and are regularly updated on the progress of the project.

The Company has held three significant training sessions for the wider finance group of the organization. The first, held in November of 2009, focused on impairment of assets processes that are required for IFRS. The second session, held in December of 2009, focused on the above noted process changes for 2010. The third session, held in April of 2010, focused on the IFRS reporting package created to collect information for financial statement note disclosures. The Company's finance group is continuing to receive training on a regular basis to ensure they have the required understanding of new processes, policies and technical knowledge.

The IFRS team continues to make regular presentations to the company's finance management team to ensure there is a thorough awareness and understanding of the IFRS project's progress, issues that require specific attention and important standard-related differences. The IFRS team has also been reviewing the preliminary adjustments with each division to ensure they are appropriately educated on the standard differences that are of significance to their division.

Business Activities

The transition to IFRS has had the following impacts on Aecon's business activities:

Key operations personnel have been educated on the accounting requirements relating to joint ventures so that the accounting implications of contractual arrangements are appropriately understood when negotiating and drafting new agreements.

The company has reviewed the terms of its senior credit facility and noted no significant impact to the Company's current debt covenants, or bonding requirements, as a result of IFRS. The Company is ensuring that any future arrangements include an analysis of IFRS' impact on the arrangement.

The Company has also made its key finance personnel aware that any business combinations considered must not be completed without proper IFRS due diligence being carried out.

SUPPLEMENTAL DISCLOSURES

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Subject to the limitation described in the next paragraph, the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), together with management, have designed disclosure controls and procedures to provide reasonable assurance that material information with respect to Aecon is made known to them by others and is recorded, processed, summarized and reported within required deadlines. Subject to the limitation described in the next paragraph, the CEO and CFO, together with management, have also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. In designing such controls, it should be recognized that any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation and may not prevent or detect misstatements.

Limitation on Scope of Design

In accordance with the provisions of National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings*, the CEO and CFO limited the scope of their design of disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of Aecon Mining, a new business unit established to incorporate the August 2010 acquisition of the assets of Cow Harbour Construction Ltd. Aecon Mining will be included within the scope of the design of the Company’s disclosure controls and procedures and internal controls over financial reporting within a minimum of one year of the date of acquisition. Summary financial information about Aecon Mining follows (\$ millions):

For the period from acquisition to September 30, 2010:

Revenue	\$ 5
Operating profit (loss) before gain on acquisition	\$ -
Operating profit	\$ 14

As of September 30, 2010:

Current assets	\$ 2
Non-current assets	\$ 193
Current liabilities	\$ (2)
Non-current liabilities	\$(183)

Changes in Internal Controls over Financial Reporting

Except as noted below, there have been no changes in the Company’s internal controls over financial reporting during the period beginning on July 1, 2010 and ended on September 30, 2010 that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

On August 26, 2010, Aecon acquired substantially all of the assets of Fort McMurray based Cow Harbour Construction Ltd. (“Cow Harbour”) and together with virtually all of Cow Harbour’s 300 employees formed a new business unit called Aecon Mining. While the Company continues to review the processes and controls of Aecon Mining, the CEO and CFO will exclude Aecon Mining from its disclosure controls and procedures and internal control over financial reporting assessment for the period ended September 30, 2010, as permitted by NI 52-109 and applicable rules with respect to newly acquired businesses. Further details related to the asset purchase of Cow Harbour are disclosed in note 18 to the September 30, 2010 Consolidated Financial Statements.

The Company is continually updating internal controls as necessary to address the transition to IFRS, including changes in processes and controls over the 2010 comparative information. Management will continue to evaluate these changes and future changes to make its internal control over financial reporting IFRS-compliant and will therefore disclose any material changes to internal control over financial reporting as they occur.

Contractual Obligations

At December 31, 2009, the Company had commitments totaling \$451 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 three Infrastructure Ontario hospital projects (approximately \$36 million) and an increase in equipment and premises under operating leases (approximately \$8 million).

At September 30, 2010, Aecon had contractual obligations to complete construction contracts that were in progress. The revenue value of these contracts was \$2.548 billion. This consists of the reported backlog of \$2.525 billion plus an additional \$23 million representing Aecon’s share of the Quito project revenues not included in reported backlog revenues.

Further details on Contractual Obligations are included in the 2009 Annual MD&A.

Off-Balance Sheet Arrangements

In connection with its joint venture operations in Quito and Israel, Aecon has provided various financial and performance guarantees and letters of credit, which are described in note 12 to the Company’s 2010 Interim Consolidated Financial Statements and in the 2009 Consolidated Financial Statements.

Aecon’s defined benefit pension plans had a combined deficit of \$7.1 million at December 31, 2009 (December 31, 2008 - \$2.0 million). There was no material change in the funded status of Aecon’s pension plans during the first nine months of 2010. Refer to the 2009 Annual MD&A for further details regarding Aecon’s defined benefit plans.

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 September 30, 2010, 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 \$0.2 million. The net unrealized exchange gain represents the estimated net amount the Company would have received if it terminated its foreign exchange contracts at September 30, 2010. Financial instruments are discussed in note 20 to the 2010 Interim Consolidated Financial Statements.

Further details of contingencies and guarantees are included in the 2010 Interim Consolidated Financial Statements and in the 2009 Consolidated Financial Statements.

Related Party Transactions

There were no significant related party transactions in the first nine months of 2010.

Critical Accounting Estimates

The reader is referred to the detailed discussion on Critical Accounting Estimates as outlined in the notes to the Company's 2009 Consolidated Financial Statements and in the 2009 Annual MD&A.

RISK FACTORS

Risk factors are discussed in the section on "Risk Factors" in the Final Short Form Prospectus filed on October 1, 2010 and available at www.sedar.com.

Outstanding Share Data

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

(in thousands of dollars, except share amounts)

	<u>Sep. 30, 2010</u>	<u>Nov. 2, 2010</u>
Number of common shares outstanding ⁽¹⁾	56,893,399	56,893,399
Paid-up capital of common shares outstanding ⁽²⁾	\$ 296,300	\$ 296,300
Outstanding securities exchangeable or convertible into common shares:		
Number of stock options outstanding	1,793,650	1,793,650
Number of common shares issuable on exercise of stock options	1,793,650	1,793,650
Increase in paid-up capital on exercise of stock options	\$ 22,436	\$ 22,436
Principal amount of convertible debentures outstanding (see notes 13 and 23 to the 2010 Interim Consolidated Financial Statements)	\$ 160,800	\$ 248,303
Number of common shares issuable on conversion of convertible debentures	9,078,947	13,921,053
Increase in paid-up capital on conversion of convertible debentures	\$ 160,800	\$ 248,303

- (1) The number of common shares outstanding as per the above table at September 30, 2010 includes 2,383,409 shares (Nov. 2, 2010 – 2,383,409 shares) held by the trustee of Aecon’s Long-Term Incentive Plan (“LTIP”).

The number of common shares outstanding at September 30, 2010 for financial statement purposes, after deducting the above LTIP shares, was 54,509,990 shares (Nov. 2, 2010 – 54,509,990 shares) (see note 15 to the 2010 Interim Consolidated Financial Statements).

- (2) As described in note 15 to the 2010 Interim Consolidated Financial Statements, and in accordance with the recommendations of The Canadian Institute of Chartered Accountants, share capital at Sept. 30, 2010 and Nov. 2, 2010 has been reduced by \$26.7 million to reflect shares held by the trustee of the LTIP plan.

OUTLOOK

Most of the key trends that have shaped Aecon's outlook throughout 2010 remain in place as we enter the final quarter of the year. The outlook continues to be strongest in those segments most exposed to public infrastructure such as roads, transit and water infrastructure, but with signs that recovery is also underway in some key industrial construction segments. Those segments more exposed to commercial building and private development continue to lag in new business awards.

Backlog of \$2.5 billion at September 30 is Aecon's largest ever Q3 backlog, representing a 31% increase from the same time last year. Notably, the number of large multi-year contracts secured this year has boosted the value of Aecon's long duration backlog (that with a duration of more than 24 months) by more than four times compared to a year ago. While new business awards of \$579 million in the quarter were down from the \$971 million recorded in the same quarter last year, year-to-date awards reached a record \$2.2 billion, compared to \$1.8 billion in the first nine months of 2009.

The growing strength and duration of Aecon's backlog provides management with a measure of confidence in its medium term outlook as it continues to experience an uneven recovery in its various private sector generated markets.

Signs of recovery continue to build in the oilsands, an increasingly important market for Aecon with the recent establishment of Aecon Mining, as a number of important projects get underway and a number of other projects enter the bidding or pre-bid stage. As stated in previous quarters, Aecon continues to believe that most of the impact of a strengthening oilsands market will begin to be felt in 2011, with continued growth in 2012 and beyond. Similarly, the industrial markets in Ontario and Atlantic Canada, which were hit hard by the recession, are beginning to show early signs of recovery, with increasing opportunities expected in 2011 and 2012.

The public infrastructure markets in Canada continue to be very strong, with Aecon's Infrastructure segment backlog topping \$1 billion for the second consecutive quarter. The addition of the A30 highway project in Quebec and the Lower Mattagami Hydroelectric Complex in Ontario, both of which were secured during the second quarter, as well as several other large multi-year infrastructure projects currently in the pre-bid or bid stage continue to highlight the potential of this sector.

Taken together, the strong outlook for public infrastructure construction over the next several years, and the improving outlook for industrial construction over the same period, would suggest that 2011 and 2012 should be a period where Aecon's financial results increasingly reflect strength in both the private sector and public sector elements of the business.

While it was expected that the Industrial segment would be negatively impacted by the downturn in the economy and the resulting capital spending restraint of private sector clients, the poor financial performance in the third quarter was disappointing, and resulted from a worse than expected decline in revenues in some sectors, as well as market margin compression and performance-related margin compression.

Results within Aecon's Buildings segment continues to disappoint. However, positive progress is being made toward returning this business unit to financial health as the difficult projects of the past work toward completion, the management team is strengthened with recent important additions in the GTA operations, its market focus and project selection criteria refined, its execution disciplines improved, and synergies are identified as part of the realignment within Aecon's Infrastructure operations. Over time, this new focus for Aecon Buildings will mean the division will increasingly participate in projects with a more robust margin profile than the division has traditionally seen. The early impact of this shift should begin to be felt in 2011, as Buildings' backlog and work in progress begin to reflect this new focus.

Internationally, progress continues to be made toward resolving issues surrounding Aecon's concession interest in the Quito International Airport project. The effective date of the new commercial agreement is expected to occur in the fourth quarter of 2010, and will allow construction to resume in early 2011. In Israel, the agreement signed in July to sell Aecon's 25% interest in the Cross Israel Highway is expected to close in the fourth quarter of 2010, subject to a number of required third party approvals, and is forecast to generate an after tax gain of approximately \$30 million and after tax cash proceeds of \$65-70 million.

Aecon's diverse and vertically integrated operations which are unmatched by any company in the Canadian industry, allows it to mitigate the impact of downturns in any one sector or region. In addition, its strong financial fundamentals and substantial surety capacity, each of which is among the strongest in the Canadian industry, position Aecon well to exploit the many growth opportunities that exist in today's market.

Overall, Aecon's management continues to believe that its record backlog, the strength, depth and durability of the public infrastructure markets, and the expected return to strength of its oilsands and industrial markets, combine to signal a strong outlook for Aecon. The impact of this improving market outlook should gain momentum throughout 2011 and into 2012 as lagging markets begin to improve.

Aecon Group Inc.

Consolidated Financial Statements
(Unaudited)

September 30, 2010 and 2009

Notice to Reader

The management of Aecon Group Inc. (“the Company”) 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) David Smales, Executive Vice-President and Chief Financial Officer

Aecon Group Inc.
Consolidated Balance Sheets

(in thousands of dollars) (unaudited)

	September 30, 2010	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents (note 3)	\$ 104,262	\$ 340,893
Restricted cash (note 3)	59,518	54,045
Marketable securities and term deposits (note 3)	73,012	19,509
Accounts receivable	373,975	325,836
Holdbacks receivable	146,178	126,709
Deferred contract costs and unbilled revenue	393,978	218,645
Inventories	29,274	33,377
Income tax recoverable	29,212	-
Prepaid expenses	11,877	9,597
	1,221,286	1,128,611
Property, plant and equipment (note 5)	406,860	200,883
Future income tax assets	3,960	11,993
Concession rights (note 7)	235,380	215,697
Long-term concession investment (note 6)	32,685	32,685
Goodwill (note 8)	53,618	50,961
Other intangible assets (note 9)	20,509	24,137
Other assets (note 10)	28,307	24,371
Total assets	\$ 2,002,605	\$ 1,689,338

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)

	September 30, 2010	December 31, 2009
Liabilities		
Current liabilities		
Bank indebtedness (note 3)	\$ 24,408	\$ -
Accounts payable and accrued liabilities	438,624	389,196
Holdbacks payable	92,557	73,385
Deferred revenue	144,826	88,005
Income taxes payable	-	9,272
Future income tax liabilities	50,043	50,043
Current portion of non-recourse project debt (note 11)	298,168	217,436
Current portion of long-term debt (note 11)	144,096	16,489
	1,192,722	843,826
Non-recourse project debt (note 11)	22,461	70,000
Other long-term debt (note 11)	57,540	63,037
Other liabilities	8,653	7,851
Other income tax liabilities	16,944	16,341
Concession related deferred revenue	66,307	67,348
Convertible debentures (note 13)	160,800	158,614
	1,525,427	1,227,017
Guarantees and contingencies (notes 12 and 14)		
Equity		
Capital stock (note 15)	296,300	304,946
Contributed surplus (note 15)	4,657	4,097
Convertible debentures (note 13)	6,887	6,887
Retained earnings	154,120	144,237
Accumulated other comprehensive income (loss) (note 15)	8,157	(2,775)
	470,121	457,392
Shareholders' equity	470,121	457,392
Non-controlling interests	7,057	4,929
	477,178	462,321
Total equity	477,178	462,321
Total liabilities and equity	\$ 2,002,605	\$ 1,689,338

Aecon Group Inc.

Consolidated Statements of Income

For the three months ended September 30, 2010 and 2009

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

	2010	2009
Revenues	\$ 800,181	\$ 707,094
Direct costs and expenses	<u>(741,905)</u>	<u>(630,921)</u>
	58,276	76,173
Marketing, general and administrative expenses	(30,430)	(28,937)
Gain from business combination (note 18)	13,984	-
Foreign exchange gains (losses)	389	(1,007)
Income from construction projects accounted for using the equity method	599	-
Gain on sale of assets	237	41
Depreciation and amortization (note 17(c))	(10,493)	(14,501)
Interest expense	(9,422)	(4,330)
Interest income	2,314	2,238
	<u>(32,822)</u>	<u>(46,496)</u>
Income before income taxes and non-controlling interests	25,454	29,677
Income tax (expense) recovery		
Current	(5,366)	(16,634)
Future	<u>(1,519)</u>	<u>7,027</u>
	<u>(6,885)</u>	<u>(9,607)</u>
Net income for the period	18,569	20,070
Net income attributable to non-controlling interests	<u>(1,345)</u>	<u>(432)</u>
Net income attributable to the Company	<u>\$ 17,224</u>	<u>\$ 19,638</u>
Earnings per share (note 15)		
Basic	\$ 0.32	\$ 0.36
Diluted	\$ 0.27	\$ 0.35
Weighted average number of shares outstanding (note 15)		
Basic	54,516,842	55,045,089
Diluted	71,973,671	56,729,786

Aecon Group Inc.

Consolidated Statements of Income

For the nine months ended September 30, 2010 and 2009

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

	<u>2010</u>	<u>2009</u>
Revenues	\$ 1,907,905	\$ 1,661,216
Direct costs and expenses	<u>(1,767,142)</u>	<u>(1,488,994)</u>
	140,763	172,222
Marketing, general and administrative expenses	(88,476)	(84,945)
Gain from business combination (note 18)	13,984	-
Foreign exchange losses	(25)	(2,725)
Loss from construction projects accounted for using the equity method	(1,113)	-
Gain on sale of assets (note 16)	6,991	97
Depreciation and amortization (note 17(c))	(28,034)	(37,533)
Interest expense	(25,195)	(9,012)
Interest income	8,151	6,903
	<u>(113,717)</u>	<u>(127,215)</u>
Income before income taxes and non-controlling interests	27,046	45,007
Income tax (expense) recovery (note 4)		
Current	388	(19,174)
Future	<u>(5,773)</u>	<u>5,265</u>
	(5,385)	(13,909)
Net income for the period	21,661	31,098
Net income attributable to non-controlling interests	<u>(3,252)</u>	<u>(2,157)</u>
Net income attributable to the Company	<u>\$ 18,409</u>	<u>\$ 28,941</u>
Earnings per share (note 15)		
Basic	\$ 0.34	\$ 0.54
Diluted	\$ 0.33	\$ 0.53
Weighted average number of shares outstanding (note 15)		
Basic	54,711,468	53,443,813
Diluted	71,294,732	54,898,744

Aecon Group Inc.

For the three and nine months ended September 30, 2010 and 2009

(in thousands of dollars) (unaudited)

Consolidated Statements of Comprehensive Income

	Three months ended		Nine months ended	
	September 30		September 30	
	2010	2009	2010	2009
Net income attributable to the Company	\$ 17,224	\$ 19,638	\$ 18,409	\$ 28,941
Other comprehensive income (loss), net of tax:				
Currency translation adjustments	(2,124)	(3,064)	(1,245)	(6,201)
Mark-to-market adjustments on available-for-sale investments	8,599	-	12,177	(145)
Comprehensive income for the period	\$ 23,699	\$ 16,574	\$ 29,341	\$ 22,595

Consolidated Statements of Retained Earnings

	Three months ended		Nine months ended	
	September 30		September 30	
	2010	2009	2010	2009
Retained earnings - beginning of period	\$ 139,741	\$ 114,827	\$ 144,237	\$ 110,903
Net income attributable to the Company	17,224	19,638	18,409	28,941
Dividends (note 15)	(2,845)	(2,835)	(8,526)	(8,214)
Retained earnings - end of period	\$ 154,120	\$ 131,630	\$ 154,120	\$ 131,630

Consolidated Statements of Accumulated Other Comprehensive Income (Loss)

	Three months ended		Nine months ended	
	September 30		September 30	
	2010	2009	2010	2009
Accumulated other comprehensive income (loss) - beginning of period	\$ 1,682	\$ 2,608	\$ (2,775)	\$ 5,890
Currency translation adjustments	(2,124)	(3,064)	(1,245)	(6,201)
Mark-to-market adjustments on available-for-sale investments	8,599	-	12,177	(145)
Accumulated other comprehensive income (loss) - end of period	\$ 8,157	\$ (456)	\$ 8,157	\$ (456)

Aecon Group Inc.

Consolidated Statements of Cash Flows

For the three months ended September 30, 2010 and 2009

(in thousands of dollars) (unaudited)

	2010	2009
Cash provided by (used in)		
Operating activities		
Net income attributable to the Company	\$ 17,224	\$ 19,638
Items not affecting cash		
Depreciation and amortization	10,493	14,501
Gain from business combination (note 18)	(13,984)	-
Income from construction projects accounted for using the equity method	(599)	-
Gain on sale of assets	(237)	(41)
Amortization of commitment fees	532	114
Unrealized foreign exchange (gains) losses	(580)	374
Non-cash interest on other income tax liabilities	201	201
Notional interest representing accretion	(1,328)	(916)
Defined benefit pension	401	258
Future income taxes	1,519	(7,027)
Stock-based compensation	240	475
	13,882	27,577
Change in other balances relating to operations (note 17(a))	(35,759)	(39,012)
	(21,877)	(11,435)
Investing activities		
Increase in restricted cash balances	(6,531)	(51,082)
Decrease in marketable securities and term deposits	8,073	13,335
Purchase of property, plant and equipment	(5,502)	(1,807)
Proceeds on sale of property, plant and equipment	1,372	971
Acquisitions (note 18)	(60,675)	(1,651)
Investment in concession rights	(7,926)	(18,613)
(Increase) decrease in other intangible assets and other assets	(7,568)	275
Increase (decrease) in non-controlling interests	1,426	(168)
	(77,331)	(58,740)
Financing activities		
Increase in bank indebtedness	24,408	-
Issuance of long-term debt	5,150	21,087
Repayments of long-term debt	(4,414)	(4,740)
Increase in other liabilities	440	-
Issuance of capital stock (note 15)	445	385
Repurchase of capital stock (note 15)	(1,300)	-
Dividends paid (note 15)	(2,840)	(2,834)
Net proceeds from issuance of convertible debentures	-	164,925
	21,889	178,823
(Decrease) increase in cash and cash equivalents during the period	(77,319)	108,648
Effects of foreign exchange on cash balances	(31)	1,106
Cash and cash equivalents - beginning of period	181,612	187,869
Cash and cash equivalents - end of period	\$ 104,262	\$ 297,623

Supplementary disclosures (note 17(b))

Aecon Group Inc.

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2010 and 2009

(in thousands of dollars) (unaudited)

	2010	2009
Cash provided by (used in)		
Operating activities		
Net income attributable to the Company	\$ 18,409	\$ 28,941
Items not affecting cash		
Depreciation and amortization	28,034	37,533
Gain from business combination (note 18)	(13,984)	-
Loss from construction projects accounted for using the equity method	1,113	-
Gain on sale of assets	(6,991)	(97)
Amortization of commitment fees	1,556	324
Unrealized foreign exchange (gains) losses	(297)	953
Non-cash interest on other income tax liabilities	603	603
Notional interest representing accretion	(4,274)	(1,736)
Defined benefit pension	1,214	814
Future income taxes	5,773	(5,265)
Stock-based compensation	721	1,334
	31,877	63,404
Change in other balances relating to operations (note 17(a))	(147,759)	(126,558)
	(115,882)	(63,154)
Investing activities		
Increase in restricted cash balances	(6,382)	(30,114)
Increase in marketable securities and term deposits	(39,324)	(33,060)
Purchase of property, plant and equipment	(19,651)	(10,199)
Proceeds on sale of property, plant and equipment	11,041	1,511
Acquisitions (note 18)	(63,027)	(116,517)
Investment in concession rights	(28,414)	(64,095)
Increase in other intangible assets and other assets	(8,118)	(628)
Increase in non-controlling interests	2,158	1,414
	(151,717)	(251,688)
Financing activities		
Increase (decrease) in bank indebtedness	24,408	(2,687)
Issuance of long-term debt	39,607	195,252
Repayments of long-term debt	(16,637)	(20,396)
Increase in other liabilities	944	-
Issuance of capital stock (note 15)	883	2,080
Repurchase of capital stock (note 15)	(9,690)	(9,425)
Dividends paid (note 15)	(8,519)	(7,924)
Net proceeds from issuance of convertible debentures	-	164,925
	30,996	321,825
(Decrease) increase in cash and cash equivalents during the period	(236,603)	6,983
Effects of foreign exchange on cash balances	(28)	(2,233)
Cash and cash equivalents - beginning of period	340,893	292,873
Cash and cash equivalents - end of period	\$ 104,262	\$ 297,623

Supplementary disclosures (note 17(b))

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

(in thousands of dollars, except 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 consolidated financial statements and, accordingly, the interim consolidated financial information should be read in conjunction with the Company’s annual consolidated financial statements. Other than as disclosed below, the interim consolidated 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, 2009. 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 Canadian Institute of Chartered Accountants (“CICA”) has 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 remeasured 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, a bargain purchase (“negative goodwill”) is 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 combination. All three sections come into effect for financial periods beginning January 1, 2011. The Company has elected to early adopt the above standards in 2010 with Section 1582 being applied prospectively. The option to early adopt is intended to ease the transition to International Financial Reporting Standards (“IFRS”) for Canadian publicly accountable enterprises. Sections 1601 and 1602 have been applied retrospectively with the Company recording the following transition adjustments effective January 1, 2010 and 2009 in the consolidated financial statements: non-controlling interests of \$4,929 and \$2,449, respectively, which were previously presented as a non-current liability in the Consolidated Balance Sheets, have been reclassified to a separate item in equity.

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 nine-month periods ended September 30, 2010 are not necessarily indicative of results expected for the full fiscal year or any other future period.

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

2) Future accounting changes

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 commencing in the first quarter ended March 31, 2011, with comparative information. The Company is in the process of transitioning its financial statement reporting to IFRS in time to meet the January 1, 2011 deadline. The process will be ongoing as new standards and recommendations are issued by the International Accounting Standards Board and AcSB. Further details regarding the Company’s transition to IFRS are included in the Company’s September 30, 2010 Management’s Discussion and Analysis (“MD&A”) filed on the System for Electronic Document Analysis and Retrieval (“SEDAR”).

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

		September 30, 2010			
		Balances excluding joint ventures and Build Finance SPVs	Joint ventures	Build Finance SPVs	Consolidated Total
Cash and cash equivalents	(a)	\$ 15,272	\$ 62,553	\$ 26,437	\$ 104,262
Restricted cash	(b)	6,722	52,796	-	59,518
Marketable securities and term deposits	(c)	73,012	-	-	73,012
Bank indebtedness	(d)	(24,408)	-	-	(24,408)

		December 31, 2009			
		Balances excluding joint ventures and Build Finance SPVs	Joint ventures	Build Finance SPVs	Consolidated Total
Cash and cash equivalents	(a)	\$ 261,425	\$ 31,113	\$ 48,355	\$ 340,893
Restricted cash	(b)	7,802	46,243	-	54,045
Marketable securities and term deposits	(c)	-	-	19,509	19,509

- (a) Cash and cash equivalents as at September 30, 2010 of \$104,262 (December 31, 2009 - \$340,893) include \$62,553 (December 31, 2009 - \$31,113) on deposit in joint venture and affiliate bank accounts, which the Company cannot access directly. Also included in cash and cash equivalents was \$26,437 (December 31, 2009 - \$48,355) of cash advanced by lenders to finance the construction of three build finance hospital projects through individual Build Finance Special Purpose Vehicles (“Build Finance SPVs”).
- (b) Restricted cash of \$59,518 at September 30, 2010 (December 31, 2009 - \$54,045) includes \$6,722 (December 31, 2009 - \$14,409) that was deposited as collateral for letters of credit issued by the Company or to secure future equity investment requirements in the Quito airport concessionaire. These amounts were not available for general operating purposes. The restricted cash balance at September 30, 2010 also includes \$52,796 (December 31, 2009 - \$39,636) held in Quiport JV.

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

- (c) Marketable securities and term deposits at September 30, 2010 of \$73,012 represent an investment in the common shares of Churchill Corporation. This investment is classified as available-for-sale for accounting purposes. The Company marks-to-market this investment every period with the difference between the original carrying value of the investment (\$58,833) and the fair value at the end of the period being recorded in other comprehensive income. Marketable securities and term deposits of \$19,509 at December 31, 2009 consisted of highly liquid interest bearing securities with maturities up to one year and were all held by Build Finance SPVs.
- (d) Bank indebtedness of \$24,408 at September 30, 2010 (December 31, 2009 - \$nil) represents borrowings on the Company's senior credit facility. The Company has a senior credit facility with a syndicate of lenders that expires on June 15, 2011 and includes a \$100,000 revolving operating line of credit. The operating line of credit bears interest at prime plus 1.35% per annum. Standby fees are payable quarterly on the unused operating line balance at 25 basis points per annum.

4) 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:

	Nine months ended September 30	
	2010	2009
Income before income taxes and non-controlling interests	\$ 27,046	\$ 45,007
Statutory income tax rate	31%	33%
Expected income tax expense	(8,384)	(14,852)
Effect on income tax of:		
Provincial and foreign rate differentials	3,947	1,925
Non-deductible expenses	(1,425)	(388)
Foreign exchange translation losses	(67)	(456)
Tax exempt portion of capital gain	613	-
Other	(69)	(138)
	2,999	943
Income tax expense	\$ (5,385)	\$ (13,909)

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

5) Property, plant and equipment

	September 30, 2010		
	Cost	Accumulated depreciation	Net
Land and improvements	\$ 33,483	\$ -	\$ 33,483
Buildings and leasehold improvements	63,275	15,945	47,330
Aggregate properties	49,759	7,824	41,935
Machinery and construction equipment	338,174	66,823	271,351
Office equipment, furniture and fixtures, and computer equipment	24,470	15,128	9,342
Vehicles	5,957	2,538	3,419
	\$ 515,118	\$ 108,258	\$ 406,860

	December 31, 2009		
	Cost	Accumulated depreciation	Net
Land and improvements	\$ 27,396	\$ -	\$ 27,396
Buildings and leasehold improvements	59,263	13,568	45,695
Aggregate properties	48,701	6,963	41,738
Machinery and construction equipment	131,322	58,727	72,595
Office equipment, furniture and fixtures, and computer equipment	22,619	13,094	9,525
Vehicles	5,875	1,941	3,934
	\$ 295,176	\$ 94,293	\$ 200,883

Depreciation expense for the three months ended September 30, 2010 amounted to \$6,303 (2009 - \$6,312), and for the nine months ended September 30, 2010 amounted to \$16,698 (2009 - \$17,350). See also note 17(c).

6) Long-term concession investment

The long-term concession investment in the amount of \$32,685 at September 30, 2010 (December 31, 2009 - \$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 concession rights to the Cross Israel Highway.

On July 15, 2010, the Company signed an agreement with a consortium headed by Israel Infrastructure Management to sell its interest in the Cross Israel Highway concessionaire for \$77,782, subject to certain adjustments on closing. The transaction agreement anticipates closing in the fourth quarter of 2010, although the transaction remains subject to various third party approvals, including consents to waive rights of first refusal and tag-along rights held by the Company's existing partners, Africa Israel Investments Ltd. (37.5%)

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

and Shikun & Binui Holdings Ltd. (37.5%), as well as approval by the State of Israel and Derech Eretz senior lenders.

Excluded from the transaction are the Company's interests in Derech Eretz Highways Management Corporation Limited, the operator of the Cross Israel Highway, in which the Company holds a 30.6% interest, as well as the Company's interests in several affiliates of the operator that operate other transportation infrastructure assets in Israel.

The sale of this investment is expected to generate net after tax cash proceeds of between \$65,000 and \$70,000 for the Company and an after-tax gain of approximately \$30,000.

7) Concession rights

The Company has recorded concession rights as follows:

	September 30, 2010	December 31, 2009
Concession rights to operate the existing Quito Airport, net of accumulated amortization of \$52,481 (December 31, 2009 - \$48,448)	\$ 6,806	\$ 11,813
Concession rights to operate the new Quito Airport	228,574	203,884
	\$ 235,380	\$ 215,697

8) Goodwill

	September 30, 2010	December 31, 2009
Balance - beginning of period	\$ 50,961	\$ 9,804
Changes resulting from business combinations (a)	2,657	41,157
Balance - end of period	\$ 53,618	\$ 50,961

(a) During the nine months ended September 30, 2010, goodwill increased by \$2,657 as a result of the acquisition of GCCL Contracting Limited (see note 18).

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

9) Other intangible assets

	September 30, 2010		
	Cost	Accumulated amortization	Net
Acquired customer backlog	\$ 25,631	\$ 14,603	\$ 11,028
Computer software	7,872	4,090	3,782
Licences	6,314	1,452	4,862
Other	948	111	837
	\$ 40,765	\$ 20,256	\$ 20,509

	December 31, 2009		
	Cost	Accumulated amortization	Net
Acquired customer backlog	\$ 24,631	\$ 9,747	\$ 14,884
Computer software	5,567	1,887	3,680
Licences	6,191	1,340	4,851
Other	786	64	722
	\$ 37,175	\$ 13,038	\$ 24,137

For the three and nine months ended September 30, 2010 and 2009, the Company recorded related amortization expense as follows (see also note 17(c)):

	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Acquired customer backlog	\$ 1,827	\$ 3,873	\$ 4,856	\$ 7,937
Other	555	36	1,620	98
	\$ 2,382	\$ 3,909	\$ 6,476	\$ 8,035

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

10) Other assets

	September 30, 2010	December 31, 2009
Long-term receivables	\$ 9,893	\$ 9,189
Income tax deposit	5,414	5,414
Pension assets	2,903	4,117
Construction projects accounted for using the equity method	7,555	2,671
Commitment fees	-	513
Other	2,542	2,467
	<u>\$ 28,307</u>	<u>\$ 24,371</u>

11) Long-term debt

	September 30, 2010	December 31, 2009
Non-recourse project debt		
Quiport JV project financing (note 14)	\$ 113,812	\$ 115,682
Quiport JV CORPAQ debt	4,705	4,782
Rouge Valley Health System project debt	56,996	45,935
Toronto Rehabilitation Hospital project debt	75,408	50,607
Lakeridge Health Oshawa Hospital project debt	69,708	70,000
Other joint venture project debt	-	430
	<u>320,629</u>	<u>287,436</u>
Other long-term debt		
Capital leases and equipment loans	55,840	50,619
Notes payable	(a) 134,747	17,742
Mortgages	5,445	5,791
Loans from Derech Eretz partners	5,597	5,178
Investment loan	7	196
	<u>201,636</u>	<u>79,526</u>
Total long-term debt	522,265	366,962
Less: Amounts due within one year		
- Non-recourse project debt	298,168	217,436
- Other long-term debt	144,096	16,489
	<u>\$ 80,001</u>	<u>\$ 133,037</u>

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

The following describes the major changes to long-term debt during the nine months ended September 30, 2010:

- (a) As partial consideration for the acquisition of the assets of Cow Harbour Construction Ltd. (“Cow Harbour”) on August 26, 2010, the Company issued a short-term note payable in the amount of \$120,000. This note payable, which is payable within 90 days after the date of acquisition, bears interest at an annual rate of prime plus 1% and is secured by the purchased assets of Cow Harbour. During the three months ended September 30, 2010, the Company recorded interest expense on the note payable of \$462 (see note 18).

12) Guarantees

Guarantees are described in note 13 to the Company’s December 31, 2009 consolidated financial statements.

The following describes the major changes during the nine months ended September 30, 2010:

- (a) Financial and performance guarantees related to the Nathpa Jhakri hydroelectric project in India, which amounted to \$3,937 at December 31, 2009, were cancelled in 2010.
- (b) The Company has issued, in the normal conduct of operations, letters of credit amounting to \$50,655 (December 31, 2009 - \$39,021) in support of financial and performance related obligations of its North American operations.
- (c) 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 September 30, 2010, 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 \$2,374,633 (December 31, 2009 - \$279,292), 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.

13) Convertible debentures

Convertible subordinated debentures consist of:

	September 30, 2010	December 31, 2009
Debt component reported as long-term liability:		
Debenture maturing September 30, 2014	\$ 160,800	\$ 158,614
Equity component:		
Debenture maturing September 30, 2014	\$ 6,887	\$ 6,887

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

Interest expense related to the debentures consists of:

	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Interest expense on face value	\$ 3,019	\$ 66	\$ 9,007	\$ 66
Notional interest representing accretion	341	8	1,024	8
Amortization of financing charges	387	8	1,161	8
	<u>\$ 3,747</u>	<u>\$ 82</u>	<u>\$ 11,192</u>	<u>\$ 82</u>

14) Contingencies – Quito Airport Project Update

The Company holds a 42.3% economic interest in 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.

Refer to note 17(g) in the December 31, 2009 consolidated financial statements for additional details of previous developments regarding the Quito airport project (the “Project”).

In July 2009, as a result of a legal ruling (the “Airports Ruling”) issued by the Constitutional Court of Ecuador with respect to the public nature of revenues collected by the concessionaire, a formal contractual dispute was declared and the Project’s financing was suspended. Immediately thereafter, the concessionaire, the Municipality of Quito and the Project’s senior lenders engaged in a process of consultation and negotiation in order to secure a new arrangement that would be satisfactory to all stakeholders.

Subsequently, agreement was reached with the Municipality of Quito, including a new commercial arrangement and legal structure acceptable to all parties, including the Ecuadorian State and the Project’s senior lenders. The new agreement was signed on August 9, 2010. The effectiveness of the new agreement, however, is subject to various conditions and approvals by the senior lenders and various Ecuadorian authorities, including the State Comptroller General. Assuming prompt and favourable approvals by these institutions and delivery of the remaining closing conditions, the effective date of the new agreement should occur in the fourth quarter of 2010. In the meantime, because the Airports Ruling represents an event of default under the relevant finance agreements, the non-recourse debt related to the Project (\$113,812) has been classified as a current liability until such time as the default is cured through implementation of the new agreement.

As a result of the postponement of construction financing until such time as the new agreement is effective, the completion date for Project construction is likely to be extended to May 2012, which is approximately 18 months later than the completion date initially established. As at September 30, 2010, the Quito airport construction project was approximately 76% complete.

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

15) Capital stock

	2010		2009	
	Number of shares	Amount	Number of shares	Amount
Balance - January 1	55,102,010	\$ 304,946	50,207,924	\$ 262,644
Common shares issued on exercise of options	70,000	477	-	-
Common shares purchased by the Trust of the Long-Term Incentive Plan ⁽ⁱ⁾	(625,182)	(8,390)	-	-
Balance - March 31	54,546,828	297,033	50,207,924	262,644
Common shares issued as part consideration for the Lockerbie & Hole Inc. acquisition	-	-	5,510,941	49,083
Common shares issued on exercise of options	-	-	268,334	2,126
Common shares purchased by the Trust of the Long-Term Incentive Plan ⁽ⁱ⁾	-	-	(950,856)	(9,425)
Balance – June 30	54,546,828	297,033	55,036,343	304,428
Common shares issued on exercise of options	79,167	567	61,667	487
Common shares purchased by the Trust of the Long-Term Incentive Plan ⁽ⁱ⁾	(116,005)	(1,300)	-	-
Balance – September 30 ⁽ⁱ⁾	54,509,990	\$ 296,300	55,098,010	\$ 304,915

⁽ⁱ⁾ In accordance with the recommendations of 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 administering the Company’s Long-Term Incentive Plan (“LTIP”).

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

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

Stock option plans

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:

	Nine months ended September 30			
	2010		2009	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Balance outstanding – January 1	1,942,817	\$ 12.00	1,993,484	\$ 11.26
Granted	-	-	50,000	9.12
Exercised	(70,000)	6.25	-	-
Cancelled	-	-	(54,166)	12.43
Balance outstanding – March 31	1,872,817	12.22	1,989,318	\$ 11.17
Granted	-	-	400,000	10.87
Exercised	-	-	(268,334)	6.32
Cancelled	-	-	(112,500)	10.20
Balance outstanding – June 30	1,872,817	12.22	2,008,484	11.81
Exercised	(79,167)	5.63	(61,667)	6.25
Balance outstanding – September 30	1,793,650	\$ 12.51	1,946,817	\$ 11.99
Options exercisable - end of period	1,318,651	\$ 12.24	1,096,817	\$ 10.80

Long-Term Incentive Plan

During the three months ended September 30, 2010, the Company recorded LTIP compensation charges of \$1,500 (2009 - \$1,050), and \$4,500 (2009 - \$3,150) during the nine months ended September 30, 2010.

The LTIP Trust (the “Trust”) holds 2,383,409 shares at September 30, 2010 (December 31, 2009 – 1,642,222 shares) with a cost basis of \$26,730 (December 31, 2009 - \$17,040).

The Company has determined 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 September 30, 2010, share capital was reduced by \$26,730 (December 31, 2009 - \$17,040) and accrued liabilities increased by the same amount.

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

Earnings per share

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

	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Net income attributable to the Company	\$ 17,224	\$ 19,638	\$ 18,409	\$ 28,941
Interest on convertible debentures ⁽ⁱ⁾	2,158	55	7,507	55
Diluted net earnings	\$ 19,382	\$ 19,693	\$ 25,916	\$ 28,996
Weighted average number of common shares outstanding	54,516,842	55,045,089	54,711,468	53,443,813
Effect of dilutive securities				
Options	173,401	228,262	203,205	220,851
Convertible debentures ⁽ⁱ⁾	15,768,531	335,375	14,865,162	113,020
Shares held in a trust account in respect of long-term incentive plan	1,514,897	1,121,060	1,514,897	1,121,060
Weighted average number of diluted common shares outstanding	71,973,671	56,729,786	71,294,732	54,898,744
Basic earnings per share	\$ 0.32	\$ 0.36	\$ 0.34	\$ 0.54
Diluted earnings per share ⁽ⁱ⁾	\$ 0.27	\$ 0.35	\$ 0.33	\$ 0.53

⁽ⁱ⁾ These items are excluded from the calculation of diluted earnings per share when the impact of dilutive securities would be to increase the earnings per share or decrease the loss per share.

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

Contributed surplus

Changes in contributed surplus for the three and nine months ended September 30 were as follows:

	<u>2010</u>	<u>2009</u>
Balance – January 1	\$ 4,097	\$ 2,828
Increase (decrease) in contributed surplus resulting from:		
Granting of stock options	241	265
Exercise of stock options	(39)	-
	<u>4,299</u>	<u>3,093</u>
Balance – March 31	4,299	3,093
Granting of stock options	240	594
Exercise of stock options	-	(431)
	<u>4,539</u>	<u>3,256</u>
Balance – June 30	4,539	3,256
Granting of stock options	240	475
Exercise of stock options	(122)	(102)
	<u>4,657</u>	<u>3,629</u>
Balance – September 30	\$ 4,657	\$ 3,629

Dividends

Annual dividends in the amount of \$0.20 per share are paid in four quarterly payments of \$0.05 per share. In the fourth quarter of 2009, the Company recorded dividends declared of \$2,838 which were paid in 2010 (2009 - \$2,545). For the nine months ended September 30, 2010, the Company declared dividends of \$8,526 (2009 - \$8,214), of which \$5,681 (2009 - \$5,379) was paid during the nine-month period and \$2,845 (2009 - \$2,835) was paid after September 30.

Accumulated other comprehensive income (loss)

Components of accumulated other comprehensive income (loss) include:

	<u>September 30, 2010</u>	<u>December 31, 2009</u>
Foreign currency translation adjustments of self-sustaining foreign operations, net of related hedging activities	\$ (4,020)	\$ (2,775)
Mark-to-market adjustments on available-for-sale investments	12,177	-
	<u>8,157</u>	<u>(2,775)</u>
Accumulated other comprehensive income (loss)	\$ 8,157	\$ (2,775)

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

16) Gain on sale of assets

The gain on sale of assets in the nine months ended September 30, 2010 of \$6,991 includes a \$6,983 pre-tax gain from a sale of land.

17) Cash flow information and other supplementary information

(a) Change in other balances relating to operations:

	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
(Increase) decrease in:				
Accounts receivable	\$ (29,064)	\$ (4,964)	\$ (47,998)	\$ 71,165
Holdbacks receivable	(28,533)	(13,627)	(19,544)	10,475
Deferred contract costs and unbilled revenue	(73,783)	(68,171)	(168,633)	(142,549)
Inventories	2,616	2,847	4,187	(5,229)
Prepaid expenses	2,642	(2,912)	(2,687)	(1,914)
Income taxes	(6,743)	6,480	(39,024)	1,190
Increase (decrease) in:				
Accounts payable and accrued liabilities	64,133	39,956	49,894	(36,297)
Holdbacks payable	20,652	6,838	19,239	(781)
Deferred revenue	12,321	(5,459)	56,807	(22,618)
	<u>\$ (35,759)</u>	<u>\$ (39,012)</u>	<u>\$ (147,759)</u>	<u>\$ (126,558)</u>

(b) Other supplementary information:

	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Cash interest paid	\$ 9,335	\$ 2,546	\$ 22,480	\$ 6,301
Cash income taxes paid	\$ 11,619	\$ 10,524	\$ 37,457	\$ 17,401

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

(c) Depreciation and amortization are comprised of:

	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Property, plant and equipment (note 5)	\$ 6,303	\$ 6,312	\$ 16,698	\$ 17,350
Concession rights (note 7)	1,808	4,280	4,860	12,148
Other intangible assets (note 9)	2,382	3,909	6,476	8,035
	<u>\$ 10,493</u>	<u>\$ 14,501</u>	<u>\$ 28,034</u>	<u>\$ 37,533</u>

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 September 30, 2010 amounted to \$5,353 (2009 - \$1,415) and \$11,929 (2009 - \$1,548) for the nine months ended September 30.

18) Acquisitions

On August 26, 2010, the Company acquired substantially all of the assets of Fort McMurray based Cow Harbour Construction Ltd. ("Cow Harbour"), a mining, land reclamation, and contracting services business. With its newly acquired assets and contracts, the Company becomes one of the largest mining and land reclamation contractors in the oilsands. The new operation also complements Aecon Lockerbie's position as one of the leading heavy industrial contractors in the oilsands. The Company paid \$60,000 in cash and issued a \$120,000 note payable, which is payable within 90 days after closing and bears interest at an annual rate of prime plus 1%.

In March 2010, the Company acquired GCCL Contracting Limited ("GCCL"), an asphalt, paving and construction company located in Orangeville, Ontario. The Company paid \$2,400 in cash and issued a \$1,702 note payable. The note payable which is payable over a four-year term, is non-interest bearing and has been discounted to arrive at its fair value at the date of the acquisition.

The acquisitions were accounted for using the purchase method and the results of operations are included from the respective dates of the acquisition.

The preliminary allocations of the purchase prices for the above acquisitions have not been finalized pending final determination of the fair values of assets acquired and liabilities assumed.

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

The following is a summary of the acquisitions:

	<u>Cow Harbour</u>	<u>GCCL</u>
Net assets acquired		
Cash	\$ -	\$ 48
Property, plant and equipment	192,900	1,707
Amortizable intangible assets	1,000	-
Goodwill	-	2,657
Working capital	84	(53)
Future income tax liability	-	(257)
	<u>\$ 193,984</u>	<u>\$ 4,102</u>
Consideration		
Cash consideration paid	\$ 60,000	\$ 2,400
Note payable	120,000	1,702
	<u>\$ 180,000</u>	<u>\$ 4,102</u>
Gain from business combination	<u>\$ 13,984</u>	<u>\$ -</u>
Future Incomes taxes on the above gain	<u>\$ 3,436</u>	

The above gain from business combination reflects the independently appraised fair value of the Cow Harbour assets acquired in excess of the \$180,000 purchase price. Cow Harbour filed for Companies' Creditors Arrangement Act ("CCAA") protection from its creditors in April 2010 resulting in a forced sale of its assets. A bargain purchase represents an economic gain, which is immediately recognized by the acquirer in profit or loss. This gain is separately disclosed in the Company's Consolidated Statements of Income.

For further information for the Cow Harbour transaction, see also the Company's September 30, 2010 MD&A filed on SEDAR.

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

19) Employee benefit plans

Employee future benefit expenses for the three and nine months ended September 30 are as follows:

	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Defined benefit plan expense	\$ 623	\$ 449	\$ 1,870	\$ 1,347
Company sponsored pension plans	1,197	660	2,908	2,192
Multi-employer pension plans	12,571	11,675	37,652	29,768
Total employee future benefit expenses	<u>\$ 14,391</u>	<u>\$ 12,784</u>	<u>\$ 42,430</u>	<u>\$ 33,307</u>

20) Financial instruments

Fair values

From time to time, the Company enters into forward contracts and other foreign exchange hedging products to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar, but does not hold or issue such financial instruments for speculative trading purposes. At September 30, 2010, the Company had net outstanding contracts to sell euro 2,635, sell US\$33,078, and buy US\$2,544 (December 31, 2009 - sell euro 939, sell US\$4,345, and buy US\$4,576) on which there was a net unrealized exchange gain of \$215 (December 31, 2009 - net gain of \$330). 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, and was included in foreign exchange gains (losses) in the consolidated statements of income.

CICA Handbook Section 3862 enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs. The first two levels are considered observable and the last unobservable. These levels are used to measure fair values as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 – Inputs, other than Level 1 inputs that are observable for assets and liabilities, either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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

	Assets (Liabilities) Measured at Fair Value		
	As at September 30, 2010		
	Total	Level 1	Level 2
Financial assets (liabilities) measured at fair value through net income			
Cash and cash equivalents	\$ 104,262	\$ 104,262	\$ -
Restricted cash	59,518	59,518	-
Holdbacks receivable	146,178	-	146,178
Bank indebtedness	(24,408)	(24,408)	-
Holdbacks payable	(92,557)	-	(92,557)
Forward contracts mark-to-market adjustments	215	-	215
Financial assets (liabilities) measured at fair value through other comprehensive income			
Marketable securities (Churchill Corporation common shares)	\$ 73,012	73,012	-

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 generally 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 Company provides an allowance for credit losses in the year in which anticipated losses become known. Balances are considered for impairment on a case by case basis when they are over 60 days past due or if there is an indication that a customer will default. At September 30, 2010, the Company had \$126,139 in past due trade receivables. Of this amount, \$48,824 was over 60 days past due against which the Company has recorded an allowance for doubtful accounts of \$5,846.

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.

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

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 12.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure 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 management and the Board of Directors to ensure a sufficient continuity of funding. Long-term debt maturities are spread over a range of dates thereby ensuring that the Company is not exposed to excessive refinancing risk in any one year.

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

The following are the contractual maturities of the Company's long-term debt including capital lease obligations at September 30, 2010. Included in the "Next 12 months" column is Quiport JV debt of \$113,812 which, although not due to mature within one year, has been classified as a current liability payable in 2010 (see note 14). Also included in this column is a note payable for \$120,000 issued in relation to the purchase of Cow Harbour. The note payable will be refinanced with proceeds from a convertible debentures issue and through equipment loans secured by some of the acquired assets.

	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	\$ 298,167	\$ 22,461	\$ -	\$ -	\$ -	\$ -	\$ 320,628
Capital leases and equipment loans	13,965	25,913	5,744	6,754	2,911	1,588	56,875
Other long-term debt	130,132	5,140	3,411	482	-	5,597	144,762
	\$ 442,264	\$ 53,514	\$ 9,155	\$ 7,236	\$ 2,911	\$ 7,185	\$ 522,265
Convertible debentures	\$ -	\$ -	\$ -	\$ 172,500	\$ -	\$ -	\$ 172,500

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

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 September 30, 2010, the interest rate profile of the Company's long-term debt was as follows:

	<u>2010</u>
Fixed rate instruments held by joint ventures	\$ 58,772
Variable rate instruments held by joint ventures	59,744
Fixed rate instruments	278,749
Variable rate instruments	125,000
Total long-term debt	<u>\$ 522,265</u>
Fixed rate convertible debentures	<u>\$ 160,800</u>

Long-term debt held by joint ventures relates to project financing for the Quito Airport project (see note 11), 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 and convertible debentures would not have impacted net earnings or comprehensive income in the current period.

For the nine months ended September 30, 2010, 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 and Israel new shekel.

The Company's currency exposure to US dollars arises primarily from its investments in the Quito Airport concessionaire and from its US operating unit within the Buildings segment. As these two investments are treated as self-sustaining foreign operations for accounting purposes, the impact of changes in currency rates for these operations does not impact net earnings but is instead reported as currency translation adjustments in other comprehensive income. For these two investments, the Company's sensitivity to a 10% strengthening/weakening of the US dollar against the Canadian dollar at September 30, 2010, would have been an increase/decrease in comprehensive income of approximately \$9,000. 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/weakening of the US dollar against the Canadian dollar on net income and comprehensive income at September 30, 2010 would have been a decrease/increase of approximately \$500.

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

The Company's exposure to Israel new shekels arises primarily from its cost accounted for investment in Derech Eretz. 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 arose as discussed above.

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.

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 for currency exposures other than those discussed above. 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 income	\$ 800	\$ 200	\$ 100
Comprehensive income	\$ 800	\$ 200	\$ 100

21) 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 Eliminations and Other category in the summary below includes corporate costs and other activities not directly allocable to segments and also includes inter-segment eliminations.

Infrastructure

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

On January 15, 2009, the Company acquired South Rock Ltd., an integrated construction and materials business headquartered in Medicine Hat, Alberta focusing primarily on the southern Alberta road building market. The Company reports South Rock Ltd.'s operations within its Infrastructure segment.

On August 26, 2010, the Company acquired substantially all of the assets of Fort McMurray based Cow Harbour and together with virtually all of Cow Harbour's 300 employees formed a new business unit called Aecon Mining. Aecon Mining operates within Aecon's Infrastructure segment and, with its newly acquired assets and contracts, becomes one of the largest mining and land reclamation contractors in the oilsands. The

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

new division complements Aecon Lockerbie's position as one of the leading heavy industrial contractors in the oilsands.

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, retail complexes, roof-top solar installations 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 & 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. The Company has integrated the former 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 Toll Highway and the Quito Airport concession companies. This segment also includes the operations of the Highway 104 toll plaza in Atlantic Canada. In addition, this segment has a development function whereby it monitors and, where appropriate, brings together the unique capabilities and strengths of the Company for the development of public sector infrastructure projects in which the Company can play a role beyond just contractor, as developer, operator or investor.

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

Information by reportable segments is as follows:

As at September 30 and the three months then ended

2010

	Infrastructure	Buildings	Industrial	Concessions	Eliminations and Other	Total
Revenues	\$ 385,703	\$ 123,100	\$ 266,289	\$ 24,695	\$ 394	\$ 800,181
EBITDA ⁽ⁱ⁾	\$ 47,013	\$ (2,415)	\$ (2,948)	\$ 7,758	\$ (6,353)	\$ 43,055
Depreciation and amortization	(4,469)	(192)	(3,135)	(1,809)	(888)	(10,493)
Segment operating profit (loss) ⁽ⁱ⁾	42,544	(2,607)	(6,083)	5,949	(7,241)	32,562
Interest expense (net), income taxes and non-controlling interests						(15,338)
Net income attributable to the Company						\$ 17,224
Total assets	\$ 526,546	\$ 376,450	\$ 331,740	\$ 376,465	\$ 391,404	\$ 2,002,605
Concession rights, goodwill and other intangible assets	\$ 10,501	\$ 1,920	\$ 45,476	\$ 235,391	\$ 16,219	\$ 309,507
Capital expenditures	\$ 3,926	\$ -	\$ 1,374	\$ -	\$ 202	\$ 5,502
Cash flows from (used in) operating activities ⁽ⁱ⁾	\$ 31,996	\$ (2,376)	\$ (3,498)	\$ 6,499	\$ (18,739)	\$ 13,882

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

As at September 30 and the three months then ended

2009

	<u>Infrastructure</u>	<u>Buildings</u>	<u>Industrial</u>	<u>Concessions</u>	<u>Eliminations and Other</u>	<u>Total</u>
Revenues	\$ 340,828	\$ 120,976	\$ 215,603	\$ 31,322	\$ (1,635)	\$ 707,094
EBITDA ⁽ⁱ⁾	\$ 31,963	\$ 1,113	\$ 15,429	\$ 4,050	\$ (6,285)	\$ 46,270
Depreciation and amortization	(7,030)	(194)	(2,339)	(4,280)	(658)	(14,501)
Segment operating profit (loss) ⁽ⁱ⁾	24,933	919	13,090	(230)	(6,943)	31,769
Interest expense (net), income taxes and non-controlling interests						(12,131)
Net income attributable to the Company						\$ 19,638
Total assets	\$ 529,853	\$ 287,224	\$ 350,020	\$ 316,084	\$ 195,817	\$ 1,678,998
Concession rights, goodwill and other intangible assets	\$ 15,302	\$ 1,783	\$ 51,395	\$ 198,364	\$ -	\$ 266,844
Capital expenditures	\$ 301	\$ 619	\$ 471	\$ -	\$ 416	\$ 1,807
Cash flows from (used in) operating activities ⁽ⁱ⁾	\$ 32,543	\$ 1,113	\$ 15,101	\$ 3,590	\$ (24,770)	\$ 27,577

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

As at September 30 and the nine months then ended

2010

	Infrastructure	Buildings	Industrial	Concessions	Eliminations and Other	Total
Revenues	\$ 707,999	\$ 402,831	\$ 734,111	\$ 66,473	\$ (3,509)	\$ 1,907,905
EBITDA ⁽ⁱ⁾	\$ 47,958	\$ (11,456)	\$ 33,251	\$ 20,997	\$ (18,626)	\$ 72,124
Depreciation and amortization	(11,144)	(571)	(9,011)	(4,860)	(2,448)	(28,034)
Segment operating profit (loss) ⁽ⁱ⁾	36,814	(12,027)	24,240	16,137	(21,074)	44,090
Interest expense (net), income taxes and non-controlling interests						(25,681)
Net income attributable to the Company						\$ 18,409
Capital expenditures	\$ 13,418	\$ 5	\$ 3,714	\$ -	\$ 2,514	\$ 19,651
Cash flows from (used in) operating activities ⁽ⁱ⁾	\$ 27,817	\$ (11,433)	\$ 33,095	\$ 17,834	\$ (35,436)	\$ 31,877

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

As at September 30 and the nine months then ended

2009

	Infrastructure	Buildings	Industrial	Concessions	Eliminations and Other	Total
Revenues	\$ 686,170	\$ 344,318	\$ 556,690	\$ 78,744	\$ (4,706)	\$ 1,661,216
EBITDA ⁽ⁱ⁾	\$ 29,058	\$ 1,421	\$ 51,965	\$ 19,639	\$ (17,434)	\$ 84,649
Depreciation and amortization	(14,899)	(542)	(8,755)	(12,148)	(1,189)	(37,533)
Segment operating profit (loss) ⁽ⁱ⁾	14,159	879	43,210	7,491	(18,623)	47,116
Interest expense (net), income taxes and non-controlling interests						(18,175)
Net income attributable to the Company						\$ 28,941
Capital expenditures	\$ 5,642	\$ 697	\$ 2,450	\$ -	\$ 1,410	\$ 10,199
Cash flows from (used in) operating activities ⁽ⁱ⁾	\$ 30,662	\$ 1,421	\$ 51,644	\$ 16,881	\$ (37,204)	\$ 63,404

⁽ⁱ⁾ EBITDA represents earnings or loss before net interest expense, income taxes, depreciation and amortization, and non-controlling interests. Segment operating profit (loss) represents net income (loss) before net 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.

22) 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 sufficient liquidity to adequately fund the ongoing operations of the business;

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

- to provide flexibility 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 a satisfactory 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 sheets. In 2009, an increase in debt balances and the issuance of convertible debentures drove the debt to equity percentage up to 52.1% as at December 31, 2009. In the nine months ended September 30, 2010, an increase in debt increased the debt to equity percentage to 82.3%. If the convertible debentures were to be excluded from debt and added to equity on the basis that they could be redeemed for equity, either at the Company's option or at the holder's option, then the adjusted debt to equity percentage would be 35.8% as at September 30, 2010. While the Company believes this debt to equity percentage is acceptable, 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 September 30, 2010, except as disclosed in note 14 regarding the Quito Airport Project, the Company complied with all of its financial debt covenants. The Company's current operating performance and current debt to equity percentage have significantly lessened the restrictive impact of debt covenants in capital management decisions.

23) Subsequent events

On October 8, 2010, the Company issued \$92,000 in unsecured, subordinated convertible debentures maturing October 31, 2015. The debentures bear interest at a rate of 6.25% per annum payable on a semi-annual basis. At the holder's option, the convertible debentures may be converted into common shares of the Company at any time up to the maturity date at a conversion price of \$19.00 for each common share, subject to adjustment in certain circumstances. From October 31, 2013 through the maturity date, the Company may, at its option, redeem the convertible debentures, in whole or in part, at par plus accrued and unpaid interest provided the weighted average trading price of the common shares on the Toronto Stock Exchange during a specified period prior to redemption is not less than 125% of the conversion price.

Subject to specified conditions, the Company will have the right to repay the outstanding principal amount of the convertible debentures, on maturity or redemption, through the issuance of common shares of the Company. The Company also will have the option to satisfy its obligation to pay interest through the issuance and sale of additional common shares of the Company. Additionally, the Company will have the option, subject

Aecon Group Inc.

Notes to Consolidated Financial Statements

September 30, 2010 and 2009

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

to the prior agreement of the holders, to settle its obligations on conversion by way of a cash payment of equal value.

The Company will use the net proceeds of the offering to help fund the remaining purchase price payable in connection with the previously completed acquisition of assets from Cow Harbour (see note 18).

Notes

Notes

Aecon



Mixed Sources
Product group from well-managed
forests and other controlled sources
www.fsc.org Cert no. SGS-COC-004339
© 1996 Forest Stewardship Council



aecon.com