

Aecon Group Inc.

Consolidated Financial Statements
December 31, 2002 and 2001

March 5, 2003

Auditors' Report

To the Shareholders of Aecon Group Inc.

We have audited the consolidated balance sheets of **Aecon Group Inc.** as at December 31, 2002 and 2001 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Aecon Group Inc.
 Consolidated Balance Sheets
 As at December 31, 2002 and 2001

(in thousands of dollars)

	2002	2001
Assets		
Current assets		
Cash and cash equivalents (note 3)	\$ 76,006	\$ 97,215
Marketable securities (note 3)	12,578	9,882
Accounts receivable (note 4)	154,889	187,259
Holdbacks receivable	40,056	40,655
Deferred contract costs and unbilled revenue	58,717	74,211
Inventories	13,478	11,156
Prepaid expenses	5,276	3,936
Future income tax assets (note 5)	10,724	34,526
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	371,724	458,840
Property, plant and equipment (note 6)	80,192	92,772
Future income tax assets (note 5)	22,728	3,787
Other assets (note 7)	41,076	33,854
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	\$ 515,720	\$ 589,253
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Aecon Group Inc.

Consolidated Balance Sheets ... *continued*

As at December 31, 2002 and 2001

(in thousands of dollars)

	2002		2001
Liabilities			
Current liabilities			
Bank indebtedness (note 3)	\$ 30,136	\$	32,180
Accounts payable and accrued liabilities (note 4)	172,105		215,867
Holdbacks payable	27,396		27,769
Deferred revenue	68,036		101,260
Income taxes payable	1,642		3,034
Future income tax liabilities (note 5)	24,298		46,239
Current portion of long-term debt (note 8)	2,349		8,752
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	325,962		435,101
Long-term debt (note 8)	24,957		28,791
Employee benefit plans (note 17)	1,764		2,922
Future income tax liabilities (note 5)	17,825		7,097
Redeemable preferred shares of subsidiary (note 9)	6,310		6,371
Convertible debenture (note 10)	7,348		9,195
	<hr/>		<hr/>
	384,166		489,477
Commitments and contingencies (note 11)			
Shareholders' Equity			
Capital stock (note 12)	68,336		33,713
Contributed surplus	68		-
Convertible debenture (note 10)	836		1,075
Retained earnings	62,314		64,988
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	131,554		99,776
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	\$ 515,720	\$	589,253
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Approved by the Board of Directors

(signed) John M. Beck, Director

(signed) Scott C. Balfour, Director

Aecon Group Inc.

Consolidated Statements of Income

For the years ended December 31, 2002 and 2001

(in thousands of dollars, except per share amounts)

	2002		2001
Revenues	\$ 1,072,964	\$	1,138,864
Costs and expenses	1,005,138		1,033,591
Marketing, general and administrative expenses	56,096		51,520
Depreciation and amortization	9,824		10,508
(Gain) loss on sale of assets	(774)		446
Provision for loss on impairment of assets (note 13)	-		12,900
(Gain) loss on disposal of joint venture (note 4)	(1,169)		-
Interest expense, net (note 14)	2,926		5,578
	1,072,041		1,114,543
Income before income taxes	923		24,321
Income taxes (note 5)			
Current	7,045		9,391
Future	(6,352)		2,544
	693		11,935
Net income for the year	\$ 230	\$	12,386
Earnings per share (note 12)			
Basic	\$ 0.01	\$	0.69
Diluted	\$ 0.01	\$	0.61
Average number of shares outstanding (note 12)			
Basic	22,688,629		17,974,070
Diluted	25,361,200		20,995,070

Aecon Group Inc.

Consolidated Statements of Retained Earnings For the years ended December 31, 2002 and 2001

(in thousands of dollars)

	2002		2001
Retained earnings - Beginning of year	\$ 64,988	\$	52,617
Add (deduct):			
Net income for the year	230		12,386
Change in accounting policies (note 2)	(659)		-
Dividends	(2,245)		-
Common shares purchased in excess of carrying amount (note 12)	-		(15)
Retained earnings - End of year	<u>\$ 62,314</u>	<u>\$</u>	<u>64,988</u>

Aecon Group Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2002 and 2001

(in thousands of dollars)

	2002		2001
Cash provided by (used in)			
Operating activities			
Net income for the year	\$ 230	\$	12,386
Items not affecting cash			
Depreciation and amortization	9,824		10,508
(Gain) loss on sale of assets	(774)		446
Provision for loss on impairment of assets	-		12,900
Gain on disposal of joint venture (note 4)	(1,169)		-
Gain on foreign exchange	(428)		(796)
Notional interest representing accretion	123		165
Future income taxes	(6,352)		2,544
	1,454		38,153
Change in other balances relating to operations (note 15)	(38,105)		40,937
	(36,651)		79,090
Investing activities			
Purchase of property, plant and equipment	(4,855)		(14,673)
Proceeds on sale of property, plant and equipment	9,053		3,687
Acquisition (note 16)	(484)		-
Proceeds on sale of joint venture (note 4)	2,603		-
Increase in other assets	(7,045)		(17,699)
	(728)		(28,685)
Financing activities			
Decrease in bank indebtedness	(1,838)		(3,676)
Issuance of long-term debt	14,786		21,165
Repayments of long-term debt	(25,971)		(21,944)
Issuance of capital stock (note 12)	919		340
Issuance of special warrants (note 12)	31,495		-
Dividends paid	(2,245)		(1,798)
Repurchase of capital stock (note 12)	-		(44)
	17,146		(5,957)
Increase (decrease) in cash and cash equivalents	(20,233)		44,448
Effects of foreign exchange on cash balances	(976)		1,791
Cash and cash equivalents - Beginning of year	97,215		50,976
Cash and cash equivalents - End of year	\$ 76,006	\$	97,215

Supplementary disclosure (note 15)

Aecon Group Inc.

Notes to Consolidated Financial Statements December 31, 2002 and 2001

(in thousands of dollars)

1) Summary of significant accounting policies

Principles of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries, as well as its pro rata share of assets, liabilities, revenues, expenses, net income and cash flows of its joint ventures. Note 4 summarizes the effect of the joint ventures on these consolidated financial statements.

Use of significant accounting estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates. A certain amount of uncertainty is inherent in estimating the costs of completing construction projects. The impact on the consolidated financial statements of future changes in such estimates could be material.

Cash and cash equivalents

The Company considers investments purchased with original maturities of three months or less to be cash equivalents. Cash held by joint ventures is for the sole use of joint venture activities.

Accounting for contracts

Revenue and income from fixed price construction contracts, including contracts in which the Company participates through joint ventures, are determined on the percentage of completion method, based on the ratio of costs incurred to date over estimated total costs. This method is used because management considers expended costs to be the best available measure of progress on these contracts. Contract costs include all direct material and labour costs and those indirect costs relating to contract performance such as indirect labour and supplies, tools and repairs. For large multi-year fixed price contracts, income is recognized when progress reaches a stage of completion sufficient to reasonably determine the probable results. Consulting contracts to manage or supervise construction activity of others are recognized only to the extent of the fee revenue. Revenues from cost plus fee contracts are recognized on the basis of costs incurred. Provision is made for anticipated contract losses as soon as they are evident. Revenues from change orders are recorded when recovery is likely to occur. Claims for additional contract compensation are not recognized until resolved.

Deferred contract costs and unbilled revenues represent costs incurred and revenues earned in excess of amounts billed on uncompleted contracts. Deferred revenue represents the excess of amounts billed over costs incurred and revenue earned on uncompleted contracts. Contract advances are included in deferred revenue and represent advance payments received from clients for mobilization of project staff, equipment and services.

The operating cycle, or duration, of many of the Company's contracts exceeds one year. All contract-related assets and liabilities of such contracts are classified as current as they are expected to be realized or satisfied within the operating cycle of the contract.

Aecon Group Inc.

Notes to Consolidated Financial Statements

December 31, 2002 and 2001

(in thousands of dollars)

Inventories

Inventories are recorded at the lower of cost and net realizable value, with the cost of materials and supplies determined on a first-in, first-out basis and aggregate inventories determined at weighted average cost.

Property, plant and equipment

Property, plant and equipment are recorded at historical cost less accumulated amortization. Amortization of aggregate properties is calculated using the unit of extraction method. Depreciation of other property, plant and equipment is provided on a straight-line basis using annual rates that approximate the estimated useful lives of the assets as follows:

Buildings	20 to 40 years
Roadways and leaseholds	5 to 10 years
Construction equipment and vehicles	2 to 15 years
Computer hardware and software	3 to 5 years
Furniture and fixtures	5 to 8 years

When joint ventures are established to perform single contracts and equipment is acquired for use during the contract and disposed of upon completion of the contract, the cost of such equipment, net of estimated salvage value, is treated as a contract cost and is not included in property, plant and equipment.

Investments

Investments in entities where the Company exercises significant influence are accounted for using the equity method. These investments are recorded at cost plus the share of income or loss to date less dividends received.

Other investments, where the Company exercises neither significant influence or control, are carried at cost. If there is other than a temporary decline in value, investments are written down to provide for the loss.

Goodwill

Goodwill represents the excess of the cost of acquisitions over the fair value of net identifiable assets acquired. Goodwill is not amortized but is subject to an annual impairment test, or earlier when circumstances indicate an impairment may exist. When the estimated fair value of goodwill is lower than its carrying amount, the difference is charged against income.

Prior to January 1, 2002, goodwill was amortized on a straight-line basis over five to fifteen years. Goodwill was written down when declines in value were considered to be other than temporary, based on undiscounted future cash flows.

Aecon Group Inc.

Notes to Consolidated Financial Statements

December 31, 2002 and 2001

(in thousands of dollars)

Income taxes

The Company follows the asset and liability method of tax accounting for future income taxes. Temporary differences between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using substantively enacted tax rates anticipated to apply in the periods when the temporary differences are expected to reverse.

Employee benefit plans

The Company recognizes the cost of retirement benefits over the periods in which employees render services in return for the benefits. The Company sponsors defined contribution pension plans and defined benefit pension plans (which had their membership frozen as of January 1, 1998) for its salaried employees. The Company matches employee contributions to the defined contribution plans, which are based on a percentage of earnings for services rendered by the employees. For the defined benefit pension plans, current service costs are charged to operations as they accrue based on services rendered by employees during the year. Pension benefit obligations are determined by independent actuaries using management's best estimate assumptions with accrued benefits pro-rated on service. Adjustments arising from plan amendments, changes in assumptions, experience gains and losses, and the difference between the actuarial present value of accrued benefits and the value of pension fund assets are amortized over the expected average remaining service life of the employee group (note 17).

Stock-based compensation plan

The Company has a stock-based compensation plan, as described in note 12. Stock options are issued at an exercise price no less than the market value of the Company's shares at the date of issuance. The Company has adopted fair value accounting and expensed employee stock options issued after January 1, 2002 (note 2).

Translation of foreign currencies

The accounts of the Company, its foreign subsidiaries and joint ventures stated in foreign currencies have been translated into Canadian dollars using:

- the fiscal year-end exchange rates for monetary items, which include cash, amounts receivable, accounts payable and long-term debt;
- exchange rates in effect at the time of the transaction for non-monetary assets, liabilities and deferred credits; and
- average exchange rates prevailing during the year for revenue and expenses, except for depreciation, which has been translated at rates pertaining to the related assets.

All other foreign exchange gains or losses are included in the consolidated statements of income.

Aecon Group Inc.

Notes to Consolidated Financial Statements

December 31, 2002 and 2001

(in thousands of dollars)

Earnings per share

Basic earnings per share are calculated based on the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated using the treasury stock method to compute the dilutive effect of stock options and convertible debentures. Under this method, dilutive securities are assumed to be exercised only when the exercise price is below the average price of the Company's stock.

2) Adoption of new accounting standards

Effective January 1, 2002, the Company adopted the new recommendations of The Canadian Institute of Chartered Accountants for Stock-Based Compensation and Other Stock-Based Payments. In accordance with these recommendations, the liability for stock-based awards that will be settled in cash, which is recognized through compensation expense, are recorded at an amount equivalent to the quoted market value of the related shares. For Aecon's stock-based compensation arrangement (referred to as phantom share agreements), the new section requires that the cumulative amount that would have been recognized in prior years had this new section been in effect, less any amounts previously recognized, is to be recognized as the effect of a change in accounting policy and charged to opening retained earnings at January 1, 2002. Subsequently, at each balance sheet date before settlement, the changes in the share value will result in an adjustment to the award liability, which is recognized through compensation expense. As a result of adopting the new recommendations, retained earnings at January 1, 2002 have been reduced by \$659 and compensation expense has been increased by \$161 for the year ended December 31, 2002. The Company has adopted fair value accounting to account for employee stock options issued after January 1, 2002. During the year ended December 31, 2002, 75,000 options were granted to employees for which compensation expense of \$68 was recognized and contributed surplus was increased by the same amount. In addition, 166,750 non-transferable compensation warrants, exercisable into 166,750 compensation options, were granted to the underwriters in connection with the issuance of special warrants (note 12).

Effective January 1, 2002, the Company adopted the new recommendations of The Canadian Institute of Chartered Accountants for Goodwill and Other Intangible Assets. In accordance with these recommendations, the accounting for goodwill is changed from an amortization method to an impairment-only approach. As a result, goodwill will no longer be amortized to income but will be subject to an annual impairment review and should there be impairment, that amount would be charged to income. An impairment charge of \$168 was recorded in earnings during the year ended December 31, 2002 (note 16). Goodwill amortization amounted to \$894 for the year ended December 31, 2001. The impact on basic earnings per share in 2001 was \$0.05.

Aecon Group Inc.

Notes to Consolidated Financial Statements

December 31, 2002 and 2001

(in thousands of dollars)

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

- (a) Cash and cash equivalents as at December 31, 2002 include \$72,484 (2001 - \$93,959), which is on deposit in joint venture and affiliate bank accounts that the Company cannot access directly. Marketable securities of \$12,578 (2001 - \$9,882) are held within a joint venture and these securities cannot be accessed directly by the Company.
- (b) At December 31, 2002, the Company had operating lines of credit totalling \$31,250 (2001 - \$45,750), of which \$14,497 (2001 - \$25,799) was unused. Utilization amounted to \$16,753 (2001 - \$19,951) and included bank loans of \$11,383 (2001 - \$14,589) and letters of credit of \$5,370 (2001 - \$5,362). In addition, the Company has a revolving term loan facility in the amount of \$25,000 of which \$5,000 has been utilized (note 8(a)).
- (c) Interest rates on the bank loans outstanding at December 31, 2002 generally bear interest at Canadian prime rate plus 1.25% to 1.5%.
- (d) Included in bank indebtedness is the Company's proportionate share of bank loans of the joint venture that is building the Nathpa Jhakri Hydro-electric Project in India amounting to \$18,753 (2001 - \$17,591), which bear interest at a weighted average rate of 4.02% (2001 - 6.72%). The full amount of the joint venture operating line and borrowings, amounting to \$41,674 (2001 - \$42,076), is secured by letters of credit which are guaranteed by the Company and by Hochtief AG, the parent of the Company's principal shareholder.

Of the operating lines of credit, \$30,000 was secured by general security agreements that include assignments of accounts receivable, holdbacks receivable and pledges of inventory, and equipment and was also secured by second position fixed and floating charge debentures over certain assets of the Company, and \$1,250 was secured by general security agreements that include assignments of accounts receivable, holdbacks receivable and pledges of inventory, and equipment of a subsidiary company.

4) Joint ventures

The Company participates in several incorporated and unincorporated joint ventures and the consolidated financial statements include the Company's proportionate share of the assets, liabilities, revenues, expenses, net income and cash flows of these joint ventures.

Aecon Group Inc.

Notes to Consolidated Financial Statements

December 31, 2002 and 2001

(in thousands of dollars)

- (a) The following table sets out the Company's proportionate share of the assets, liabilities, venturers' equity, revenues, expenses, net income and cash flows of these joint ventures:

	2002		2001
Assets			
Current	\$ 158,521	\$	191,561
Property, plant and equipment	12,633		13,227
Other	18,472		12,156
	<hr/>		<hr/>
	\$ 189,626	\$	216,944
Liabilities			
Current	\$ 130,927	\$	162,567
Long-term	6,546		6,823
Venturers' equity	52,153		47,554
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	\$ 189,626	\$	216,944
Revenues	\$ 300,030	\$	301,650
Expenses	286,748		293,211
	<hr/>		<hr/>
Net income	\$ 13,282	\$	8,439
Cash provided by (used in)			
Operating activities	\$ (4,872)	\$	21,544
Investing activities	(5,800)		(12,328)
Financing activities	(7,614)		34,063
	<hr/>		<hr/>
	\$ (18,286)	\$	43,279

- (b) The Company is either contingently or directly liable for obligations of its unincorporated joint ventures. The assets of the joint ventures are available for the purpose of satisfying such obligations.
- (c) The Company enters into transactions in the normal course of operations with its joint ventures, which are measured at the exchange amount, being the amount of consideration established and agreed to by the parties involved. During the year, the Company generated revenues of \$11,189 (2001 - \$16,563) from its joint venture partners. At December 31, 2002, the Company has included in accounts receivable \$3,361 (2001 - \$5,461) owing from its joint ventures. At December 31, 2002, the Company has included in accounts payable and accrued liabilities \$251 (2001 - \$369) owing to its joint ventures.
- (d) During 2002, the Company received proceeds of \$2,603 and realized a pre-tax gain of \$1,169 from the sale of a joint venture interest.

Aecon Group Inc.

Notes to Consolidated Financial Statements

December 31, 2002 and 2001

(in thousands of dollars)

5) Income taxes

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

	2002		2001
Income before income taxes	\$ 923	\$	24,321
Statutory income tax rate	38.62%		42.12%
Expected income tax	356		10,244
Effect on income tax of			
Provincial and foreign rate differential	570		(725)
Manufacturing and processing rate differential	401		(1,292)
Non-deductible portion of provision for loss on impairment of assets	-		4,039
Reversal of valuation allowances	-		(4,060)
Effect of substantively enacted future rates	(888)		(762)
Increase in liability for taxes of prior years	-		3,091
Large corporations tax	282		364
Other	(28)		1,036
Income tax expense	\$ 693	\$	11,935

The Company and certain subsidiaries have accumulated non-capital income tax losses, the benefit of which has been recognized in these consolidated financial statements, of approximately \$52,536 (2001 - \$64,666), which may be used to reduce future taxable income and expire in the following years:

2003	\$ 12
2004	192
2005	9,079
2006	8,327
2007	18,981
2008	2,490
2009	13,455
	<u>\$ 52,536</u>

Aecon Group Inc.

Notes to Consolidated Financial Statements December 31, 2002 and 2001

(in thousands of dollars)

The components of future income tax assets and liabilities are as follows:

	Current		Long-term	
	2002	2001	2002	2001
Future income tax assets				
Net operating and capital losses carried forward	\$ -	\$ 23,278	\$ 15,538	\$ 1,529
Reserves expensed for financial statement purposes and deducted for income tax purposes when paid	1,722	3,342	-	-
Property, plant and equipment				
Net book value in excess of tax basis	-	-	1,554	-
Long-term contracts including joint ventures ⁽¹⁾	8,084	7,254		
Other temporary differences	918	652	5,636	2,258
Total future income tax assets	\$ 10,724	\$ 34,526	\$ 22,728	\$ 3,787
Future income tax liabilities				
Property, plant and equipment				
Net book value in excess of tax basis	\$ -	\$ -	\$ 4,365	\$ 4,982
Long-term contracts including joint ventures ⁽¹⁾	24,191	33,973	-	-
Other temporary differences and reserves	107	12,266	13,460	2,115
Total future income tax liabilities	\$ 24,298	\$ 46,239	\$ 17,825	\$ 7,097

⁽¹⁾ Results from the difference between the use of percentage of completion method of reporting for financial statement purposes and use of uncompleted contracts and billings less costs, excluding contractual holdbacks, for tax purposes.

6) Property, plant and equipment

	2002			
	Cost	Accumulated depreciation and amortization		Net
Land and improvements	\$ 7,874	\$ -	\$	7,874
Buildings	13,258	1,335		11,923
Construction-in-progress	11,496	-		11,496
Aggregate properties	12,661	1,224		11,437
Machinery and equipment	75,203	37,741		37,462
	\$ 120,492	\$ 40,300	\$	80,192

Aecon Group Inc.

Notes to Consolidated Financial Statements December 31, 2002 and 2001

(in thousands of dollars)

				2001
	Cost	Accumulated depreciation and amortization		Net
Land and improvements	\$ 9,561	\$ -	\$	9,561
Buildings	16,660	1,144		15,516
Construction-in-progress	11,496	-		11,496
Aggregate properties	12,661	776		11,885
Machinery and equipment	77,836	33,522		44,314
	<u>\$ 128,214</u>	<u>\$ 35,442</u>	<u>\$</u>	<u>92,772</u>

Included in property, plant and equipment is equipment of \$9,846 (2001 - \$8,023) held under capital leases, with accumulated depreciation of \$2,711 (2001 - \$2,169).

Construction-in-progress represents the Company's share of the cost, less provision for impairment, of a partially completed grain terminal in Gdansk, Poland (note 13).

7) Other assets

	2002		2001
Goodwill	\$ 9,233	\$	9,064
Deposits held in trust	17,511		12,157
Loans receivable	6,075		6,414
Income tax deposit (note 11(e))	5,414		5,414
Other	2,843		805
	<u>\$ 41,076</u>	<u>\$</u>	<u>33,854</u>

The Company is required to deposit in trust with a Canadian financial institution by April 2004 an amount of US\$26,700 to fund an investment in a company that will operate the Cross Israel Highway and collect tolls. Letters of credit have been issued by the Export Development Corporation on behalf of the Company in support of this obligation (see note 11). At December 31, 2002, short-term interest bearing deposits held in trust in respect of this obligation amounted to \$17,511 (US\$11,100) (2001 - \$12,157 (US\$7,632)).

Loans receivable include \$4,472 (2001 - \$4,249) from Capital Projects Group Inc. (CPGI), a company that has an 11.3% indirect interest in Europort Inc. Poland Sp. z o.o., which is the company developing a grain terminal and handling facility in Gdansk, Poland (note 13) and a 7.5% indirect interest in Strait Crossing Development Inc. (SCDI), which owns and operates the Confederation Bridge in eastern Canada. Security for the loan is 60 common shares of SCDI. Interest at prime plus 3.5% to June 30, 2001 and prime plus 1% thereafter is accrued annually and added to the loan balance, which is due on December 31, 2005 (note 18).

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December 31, 2002 and 2001

(in thousands of dollars)

Also included in loans receivable are loans to directors, senior officers and employees granted to purchase shares of the Company in the amount of \$1,603 (2001 - \$1,723). These loans are unsecured and bear interest, which is payable quarterly at Canada Customs and Revenue Agency's prescribed quarterly rates. Repayment terms for principal vary with some loans requiring fixed quarterly repayments and others having flexible repayment terms. Included in loans receivable in 2001 was a mortgage receivable of \$442, which was repaid in 2002.

8) Long-term debt

	Notes	2002	2001
Revolving term loan	(a)	\$ 5,000	\$ -
Capital leases and equipment loans	(b)	15,788	23,012
Bank term debt	(c)	-	7,500
Real estate financing	(d)	5,640	5,781
Other		878	1,250
		<hr/>	<hr/>
		27,306	37,543
Less: Amounts due within one year		2,349	8,752
		<hr/>	<hr/>
		\$ 24,957	\$ 28,791

The following describes the components of long-term debt:

- (a) The Company has a \$25,000 revolving term loan facility, principally secured by first position collateral mortgages over certain of the Company's real estate assets and its aggregate reserves on such properties. The loan is available in either Canadian or U.S. dollars. The maximum availability under the facility reduces annually according to a mortgage-style amortization schedule based on an assumed 7% interest rate and a fifteen-year amortization period. Interest on borrowings under the facility is based on reference rates established and re-established by the Lender on a monthly basis by reference to US LIBOR, Canadian Prime or 30 day Canadian Bankers' Acceptances. At December 31, 2002, an amount of \$5,000 had been borrowed under the facility, bearing interest at 5.63%. After seven years, the Lender may reduce the maximum facility amount to the extent that it exceeds 60% of the appraised value of the loan collateral. At that time, the applicable interest margins can also be re-established at the Lender's discretion up to a maximum increase of 50 basis points.
- (b) Capital leases and equipment loans bear interest as at December 31, 2002, at an average rate of 6.96% (2001 - 6.90%) per annum, with specific equipment provided as security.
- (c) Bank term debt of \$7,500 was paid in 2002. Bank term debt was repayable by way of quarterly principal payments of \$625, with monthly payments of interest at prime plus 1.5%. It was secured by second position general security agreements and first position collateral mortgages over certain of the Company's real estate assets.

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(in thousands of dollars)

- (d) Mortgages are secured by certain of the Company's real estate assets. The majority of these loans, amounting to \$5,320 (2001 - \$5,403), are for a term of ten years at a fixed rate of interest of 7.6% (2001 - 7.6%) and require monthly principal and interest payments amortized over 25 years.

The weighted average interest rate on long-term debt outstanding at the end of the year was 6.6% (2001 - 6.6%).

Repayments of long-term debt required within the next five years, including the \$7,731 convertible debenture described in note 10, are as follows:

2003	\$	2,349
2004		4,350
2005		2,738
2006		10,545
2007		6,702
Thereafter		8,353
	\$	<u>35,037</u>

9) Redeemable preferred shares of subsidiary

The redeemable preferred shares of a subsidiary company amounting to \$6,310 (2001 - \$6,371) comprise US\$4,000 redeemable shares, which bear a cumulative dividend of 8% on the redemption amount. These shares were assumed as part of the acquisition of the additional interest in Europort Inc. Poland Sp. z o.o., the company developing the Gdansk, Poland grain terminal project (note 13). The shares will be redeemed only from available cash flow from the project with US\$1,000 scheduled for redemption upon completion of the terminal's construction and US\$3,000 by July 2006.

10) Convertible debenture

Convertible secured subordinated debenture:

	2002		2001	
Debt component	\$	7,348	\$	9,195
Equity component	\$	836	\$	1,075

A convertible subordinated debenture in the principal amount of \$9,940 was issued to the Company's principal shareholder and was taken out in connection with the acquisition of a subsidiary in 1999. The debenture bears interest at prime rate plus 1.0%, is convertible into common shares of the Company and matures on June 30, 2006. The conversion price for \$613 (2001 - \$2,822) of debenture principal, representing 170,344 (2001 - 783,887) common shares, is equal to \$3.60 per share. The remaining principal balance shall be eligible for conversion at such price, and at such times, as common shares are issued to employees pursuant to the exercise

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of stock options (other than pursuant to the exercise of stock options that were outstanding at December 31, 1999), subject to a minimum conversion price of \$3.00 per common share. The debenture creates a security interest, behind the security granted to the Company's bankers, which includes assignment of accounts receivable, holdbacks receivable and pledges of inventory, equipment and property and other assets of the Company. The Company is not entitled to prepay or repay any principal amount until the earlier of January 1, 2006 or demand by the lender for payment following the occurrence of an event of default. The lender has the right, at its option until June 30, 2006, to convert a portion of the principal amount into common shares of the Company. During the year ended December 31, 2002, the principal shareholder exercised its option to convert \$2,209 of convertible debentures into common shares. This resulted in a decrease in the debt component of convertible debenture by \$1,970 and a decrease in the equity component of convertible debenture by \$239. After conversion, the amount of the principal outstanding as at December 31, 2002 is \$7,731. An amount of \$836 (2001 - \$1,075) of the debenture principal has been included in shareholders' equity representing the value of the conversion option.

Interest expense on the debenture is composed of the interest calculated on the face value of the convertible debenture plus an annual notional interest representing the accretion of the carrying value of the debentures. Interest recorded was as follows:

	2002		2001
Interest expense on face value	\$ 433	\$	697
Notional interest representing accretion	123		165
	<u>\$ 556</u>	\$	<u>862</u>

The liability portion of the debenture is as follows:

	2002		2001
Financial liability component	\$ 6,895	\$	8,865
Notional interest representing accretion	453		330
	<u>\$ 7,348</u>	\$	<u>9,195</u>

11) Commitments and contingencies

- (a) The Company has commitments for equipment and premises under operating leases, which require the following future minimum payments:

2003	\$ 18,824
2004	14,225
2005	9,397
2006	6,500
2007	4,467
Beyond	<u>10,032</u>
	<u>\$ 63,445</u>

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In addition to commitments under the leases above, the Company has a proportionate share of the obligation of a joint venture constructing a grain terminal in Poland. The lease of land and a pier is for 25 years starting in 2002, with the Company's proportionate share of the minimum fixed payment being US\$867 per year and additional payments based on operating results of the terminal. Since the Company believes that payments under this lease do not come into effect until construction of the grain terminal is complete, the amount payable is in dispute and is subject to arbitration. The ultimate outcome of the dispute is not currently determinable (note 13).

- (b) The Company is involved in various claims and litigation both as plaintiff and defendant. In the opinion of management, the resolution of claims against the Company will not result in a material effect on the financial position of the Company. Any settlements or awards will be reflected in the consolidated statements of income, as the matters are resolved.
- (c) The Company is contingently liable for the usual contractor's obligations relating to performance and completion of construction contracts and for the obligations of its venturers in unincorporated joint ventures, the assets of which are available to settle any claims that may arise in the joint ventures.
- (d) The Company has outstanding guarantees and letters of credit amounting to \$54,831, of which \$50,498 is in support of financial and performance related obligations for the Nathpa Jhakri Hydro-electric Project in India, which has also been guaranteed by Hochtief AG, the parent of the Company's principal shareholder. In addition, in connection with the Cross Israel Highway project, letters of credit have been issued for which the Company has provided joint and several indemnification of \$59,500 net of funded deposits, in support of financial related obligations, including the requirement to invest in the project at the completion of construction (see note 7), as well as joint and several guarantees of \$74,100 in support of performance related obligations.
- (e) During 2001, the Company received federal income tax reassessments relating to deductions claimed by a previously acquired company, BFC Construction Corporation and its predecessor companies, between 1993 and 1999. The reassessments, which disallow previously claimed Canadian development expense deductions, amounted to \$10,720. The total expected reassessments, including income taxes, interest and penalties could be up to \$17,000. Although the Company has filed Notices of Objection, it is required to pay 50% of the assessed amounts pending resolution of the objections. At December 31, 2002, the Company paid 50% of the reassessments received. The Company believes it has adequate provisions to cover the ultimate outcome of these reassessments.

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12) Capital stock

	<u>2002</u>		<u>2001</u>	
	Number of shares issued	Amount	Number of shares issued	Amount
Balance - Beginning of year	18,018,583	\$ 33,713	17,936,682	\$ 33,402
Common shares issued on the exercise of special warrants, less expenses of \$1,014	6,192,150	31,495	-	-
Common shares issued on exercise of options	286,833	919	97,401	340
Common shares issued on the conversion of convertible debenture	613,543	2,209	-	-
Common shares repurchased pursuant to normal course issuer bid	-	-	(15,500)	(29)
Balance - End of year	<u>25,111,109</u>	<u>\$ 68,336</u>	<u>18,018,583</u>	<u>\$ 33,713</u>

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

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

In 2001, the Company repurchased 15,500 of its common shares on the open market pursuant to the terms and conditions of a Normal Course Issuer Bid at a net cost of \$44. The amount in excess of the carrying value of the common shares was charged to retained earnings. All shares repurchased by the Company pursuant to its normal course issuer bid have been cancelled.

Pursuant to the loan agreement with the Company's bankers, the Company is restricted from paying dividends, except for an aggregate of \$4,000 per fiscal year provided that the financial covenants set out in the loan agreement have been satisfied.

Under the terms and conditions of the 1998 Stock Option Plan (the 1998 Plan), the aggregate number of common shares, which may be reserved for issuance under the 1998 Plan, shall not exceed 2,700,000 common shares. At December 31, 2002, the maximum number of shares reserved for issuance under the plan, after deducting options that have been exercised, is 2,310,766, of which 1,911,233 have been issued. Each option agreement shall specify the period for which the option thereunder is exercisable (which in no event shall exceed ten years from the date of grant), and shall provide that the option shall expire at the end of such period. The Company's Board of Directors will determine the vesting period on the dates of option grants.

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	2002		2001	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Balance outstanding at beginning of year	2,143,066	\$ 3.58	1,806,000	\$ 3.51
Granted	75,000	5.55	740,000	3.74
Exercised	(286,833)	3.21	(97,401)	3.48
Forfeited	(20,000)	4.10	(305,533)	3.56
	1,911,233	\$ 3.71	2,143,066	\$ 3.58
Balance outstanding at end of year				
Options exercisable at end of year	1,027,900	\$ 3.61	576,568	\$ 3.46

Options were exercised during the year for 286,833 shares (2001 - 97,401) for which share capital was increased by \$919 (2001 - \$340). Options currently outstanding have the following exercise prices and expiry dates:

Options granted in	Number of shares	Exercise price	Expiry date
1999	29,733	\$ 2.90	April 15, 2004
2000	1,106,500	3.60	July 20, 2005
2001	200,000	3.60	March 5, 2006
2001	275,000	3.60	April 9, 2006
2001	225,000	4.00	May 7, 2006
2002	75,000	5.55	April 9, 2007

The options granted have a term of five years from the date of grant and vest on the anniversary date of the grant at the rate of one-third per annum of the total number of share options granted.

The Company has adopted fair value accounting for options granted after 2001 (note 2). For the 75,000 options issued to employees in 2002, compensation expense of \$68 was recognized and contributed surplus was increased by the same amount.

In connection with the issue of Special Warrants, referred to above, the Company issued to the underwriters 166,750 compensation options ("Compensation Options"). Each Compensation Option entitles the holder thereof to purchase one common share at an exercise price of \$5.25 per common share. The Compensation Options have an expiry date of May 6, 2004 and vest as follows: (i) one-third on November 6, 2002; (ii) one-third on May 6, 2003; and (iii) one-third on November 6, 2003. All of the Compensation Options were outstanding at December 31, 2002.

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In addition to stock options, the Company has phantom share agreements with certain officers and to a firm in which a director of the Company is a partner whereby compensation, in the aggregate, shall be paid in each of 2002 and 2003 in an amount equal to the total of 165,000 shares multiplied by the average share price of the Company's shares for a specified period prior to payment. The Company paid an amount of \$754 in 2002, and an additional final amount of \$879 in February 2003, based on the same formula (note 2).

Details of the calculation of earnings per share are set out below. For purposes of calculating the weighted average number of shares outstanding (the denominator), the Special Warrants issued on May 6, 2002 have been treated as common share equivalents from their issue date.

	2002		
	Income (numerator)	Shares (denominator)	Per share
Net income for the year	\$ 230	22,688,629	\$ 0.01
Effect of dilutive securities			
Options	-	596,648	-
Convertible secured subordinated debenture bearing interest at prime rate plus 1.0%, maturing on June 30, 2006 (i)	354	2,075,923	-
	<u>\$ 584</u>	<u>25,361,200</u>	<u>\$ 0.01</u>
	2001		
	Income (numerator)	Shares (denominator)	Per share
Net income for the year	\$ 12,386	17,974,070	\$ 0.69
Effect of dilutive securities			
Options	-	347,746	-
Convertible secured subordinated debenture bearing interest at prime rate plus 1.0%, maturing on June 30, 2006	496	2,673,254	-
	<u>\$ 12,882</u>	<u>20,995,070</u>	<u>\$ 0.61</u>

- (i) As the impact of the convertible secured subordinated debenture in 2002 would be anti-dilutive, it has been excluded from the calculation of diluted earnings per share.

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13) Provision for loss on impairment of assets

The Company has a 54.4% interest in Europort Inc. Poland Sp. z o.o., which is the company developing a grain terminal and handling facility in Gdansk, Poland. Aecon's interest was increased in late 2000 from 11.3% to the current 54.4%, which is net of a 10% beneficial interest held by the Company's principal shareholder, Hochtief Canada Inc., by purchasing shares from another shareholder. The Company's subsidiary, SC Infrastructure (Poland) Sp. z o.o., is the contractor building the facility. The facility is partially completed and the Company's share of the cost to complete this project is estimated to be \$23,800.

Throughout 2001, the Company attempted but was not successful in obtaining project financing in order to complete the facility. The Company therefore determined that its share of the partially completed grain terminal was impaired and recorded in 2001 a provision of \$12,900 to write down the Company's investment in the project to its net recoverable amount. This provision is net of a guarantee of certain assets provided by the Company's principal shareholder, Hochtief Canada Inc., in the amount of \$7,500 and net of all non-recourse obligations. The non-recourse obligations represent redeemable preferred shares of a subsidiary, which are redeemable only if the project is completed and generates sufficient cash flow (note 9), and a working capital deficiency within SC Infrastructure (Poland) Sp. z o.o.

14) Interest

	2002		2001
Interest on long-term debt and subordinated debentures	\$ 1,348	\$	2,271
Interest on capital leases	1,423		1,636
Interest on short-term debt	3,731		7,957
Interest income	(3,576)		(6,286)
	<hr/>		<hr/>
	\$ 2,926	\$	5,578

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15) Cash flow information

Change in other balances relating to operations:

	2002		2001
(Increase) decrease in			
Marketable securities	\$ (2,860)	\$	(2,475)
Accounts receivable	28,824		(7,583)
Holdbacks receivable	544		(6,053)
Deferred contract costs and unbilled revenue	14,605		268
Inventories	(2,708)		(3,834)
Income taxes recoverable	-		2,257
Prepaid expenses	(1,353)		2,863
Assets held for resale	-		2,410
Increase (decrease) in			
Accounts payable and accrued liabilities	(40,461)		43,006
Holdbacks payable	(129)		196
Deferred revenue	(32,432)		9,381
Income taxes payable	(977)		785
Employee benefit plans	(1,158)		(284)
	<u>\$ (38,105)</u>	<u>\$</u>	<u>40,937</u>

Other supplementary information:

	2002		2001
Cash interest paid	\$ 6,641	\$	10,205
Cash income taxes paid	7,489		7,571

Property, plant and equipment acquired and financed by means of capital leases was \$948 for the year ended December 31, 2002 (2001 - \$1,488).

16) Acquisition

In the second quarter of 2002, the Company's 38.75% owned joint venture, Canatom NPM Inc. ("Canatom"), acquired all of the issued and outstanding shares of CNUS (Canadian Nuclear Utility Services), for a total consideration of \$1,250, of which the Company's proportionate share is \$484. Canatom has accounted for the acquisition using the purchase method and the results of operations of the acquired business are included from the acquisition date.

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The Company's share of net assets acquired are summarized as follows:

	2002
Property, plant and equipment	\$ 5
Intangible assets	79
Goodwill	400
	<hr/>
Total cash consideration	\$ 484

Canatom determined in late 2002 that goodwill acquired on the acquisition of CNUS was impaired, and as a result, \$434 was written off as a charge to earnings in the last quarter of 2002. Aecon's share of the impairment charge amounted to \$168.

17) Employee benefit plans

The Company has defined benefit pension plans including a supplementary executive retirement plan and defined contribution plans covering substantially all employees, other than union employees who are covered by multi-employer pension plans administered by the unions. Benefits under the defined benefit plans are generally based on the employee's years of service and level of compensation. Pension expense with respect to the Company's plans is shown below.

Pension expense:

	2002	2001
Defined contribution plans	\$ 1,226	\$ 873
Defined benefit plans, including supplementary executive retirement plan	2,164	1,472
Multi-employer pension plan contributions	10,977	13,597
	<hr/>	
	\$ 14,367	\$ 15,942

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Additional information with respect to the defined benefit plans follows:

	2002		2001
Accrued benefit obligation			
Balance - Beginning of year	\$ 26,359	\$	23,322
Current service cost	1,165		1,115
Interest cost	1,888		1,679
Actuarial losses	1,800		1,344
Benefits paid	(1,435)		(1,101)
	<hr/>		<hr/>
Balance - End of year (a)	29,777		26,359
Plan assets			
Fair value - Beginning of year	20,828		20,961
Actual return on plan assets	(719)		965
Benefits paid	(1,435)		(1,101)
Employer contributions	3,323		363
Contributions to defined contribution plan	-		(360)
	<hr/>		<hr/>
Fair value - End of year (b)	21,997		20,828
Funded status - plan deficit	(7,780)		(5,531)
Less			
Unrecognized transitional liability	262		789
Unrecognized actuarial losses	5,754		1,820
	<hr/>		<hr/>
Accrued liability recorded in consolidated financial statements	\$ (1,764)	\$	(2,922)

(a) Included in the accrued benefit obligation is an unfunded defined benefit pension plan obligation of \$2,613 (2001 - \$2,484).

(b) Pension fund assets are held in equity, fixed income and money market securities.

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations are as follows:

	2002		2001
Discount rate	7.0 %		7.0 %
Expected long-term rate of return on plan assets	7.0 %		7.0 %
Rate of compensation increase	4.5 %		4.5 %

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Components of defined benefit pension expense are:

	2002		2001
Current service cost	\$ 1,165	\$	1,115
Interest	1,888		1,679
Expected return on plan assets	(1,488)		(1,441)
Amortization of transitional obligation	527		119
Amortization of actuarial losses	72		-
	<hr/>		<hr/>
	\$ 2,164	\$	1,472

18) Related party transactions

In addition to related party transactions described elsewhere in the notes to these consolidated financial statements, the following summarizes additional transactions during the year:

- (a) The Company paid guarantee fees in the amount of \$387 (2001 - \$394) to Hochtief AG, the parent of the Company's principal shareholder in relation to the guarantees it has issued for the Nathpa Jhakri Hydroelectric Project in India (note 11). In addition, a guarantee of \$7,500 provided by the Company's principal shareholder, Hochtief Canada Inc., in relation to the Gdansk project was settled during the year (note 13).
- (b) The Company paid legal fees (which includes compensation under a phantom share agreement, as discussed in note 12) in the amount of \$566 (2001 - \$464) to a firm in which a Director of the Company is a partner.
- (c) The Company paid professional fees in the amount of \$43 (2001 - \$102) to a consulting company in which a Director of the Company is a partner.
- (d) An officer of a subsidiary company is a shareholder of Capital Projects Group Inc. from which the Company has a loan receivable of \$4,472 (2001 - \$4,249) (note 7).

19) Financial instruments

Short-term deposits and cash equivalents, marketable securities, accounts receivable, and accounts payable and accrued liabilities approximate their fair values on a discounted cash flow basis because of the near-term nature of these instruments.

The carrying value of long-term debts, including convertible debt, approximate their fair value on a discounted cash flow basis because the majority of these obligations bear interest at rates that vary with the prime rate.

The redeemable preferred shares of a subsidiary are not traded and no quoted market value exists, and accordingly, their estimated fair value is not determinable.

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

From time to time, the Company enters into forward contracts to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar. At December 31, 2002, the Company had outstanding contracts to sell US\$3,857 (2001- 2,785 pounds sterling) on which there was an unrealized exchange loss of \$20 (2001 - loss of \$395), which represents the estimated amount that the Company would have had to pay if it terminated the contracts at the end of the respective years.

20) Segmented information and business concentration

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

Infrastructure

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

Buildings

This segment is active in the construction of commercial and institutional buildings principally in Canada and the northwestern United States and selected international projects.

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Industrial

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

(a) Industry segments

	2002				
	Infrastructure	Buildings	Industrial	Corporate and Other	Total
Revenues	\$ 536,087	\$ 332,900	\$ 208,407	\$ (4,430)	\$ 1,072,964
EBITDA	\$ 12,639	\$ 5,751	\$ 4,901	\$ (9,618)	\$ 13,673
Depreciation and amortization	6,989	139	1,891	805	9,824
Segment operating profit (loss)	\$ 5,650	\$ 5,612	\$ 3,010	\$ (10,423)	\$ 3,849
Interest and income taxes					\$ (3,619)
Net income					\$ 230
Total assets	\$ 316,380	\$ 65,261	\$ 82,696	\$ 51,383	\$ 515,720
Capital expenditures	\$ 2,153	\$ 195	\$ 1,461	\$ 1,046	\$ 4,855
Cash flow from operations	\$ 11,258	\$ 5,839	\$ 3,823	\$ (19,466)	\$ 1,454

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						2001
	Infrastructure	Buildings	Industrial	Corporate and Other	Total	
Revenues	\$ 573,321	\$ 278,080	\$ 291,860	\$ (4,397)	\$ 1,138,864	
EBITDA	\$ 23,156	\$ 6,013	\$ 27,048	\$ (15,810)	\$ 40,407	
Depreciation and amortization	7,346	168	1,801	1,193	10,508	
Segment operating profit (loss)	\$ 15,810	\$ 5,845	\$ 25,247	\$ (17,003)	\$ 29,899	
Interest and income taxes					\$ (17,513)	
Net income					\$ 12,386	
Total assets	\$ 334,651	\$ 79,039	\$ 109,576	\$ 65,987	\$ 589,253	
Capital expenditures	\$ 6,402	\$ 118	\$ 5,574	\$ 2,579	\$ 14,673	
Cash flow from operations	\$ 35,259	\$ 5,574	\$ 26,324	\$ (29,004)	\$ 38,153	

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

(b) Geographic segments

	2002	2001
Revenues		
Canada	\$ 790,836	\$ 827,348
United States	70,242	147,690
Other	211,886	163,826
	<u>\$ 1,072,964</u>	<u>\$ 1,138,864</u>
Property, plant and equipment and goodwill		
Canada	\$ 77,600	\$ 90,000
United States	329	340
Poland	11,496	11,496
	<u>\$ 89,425</u>	<u>\$ 101,836</u>

21) Comparative figures

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