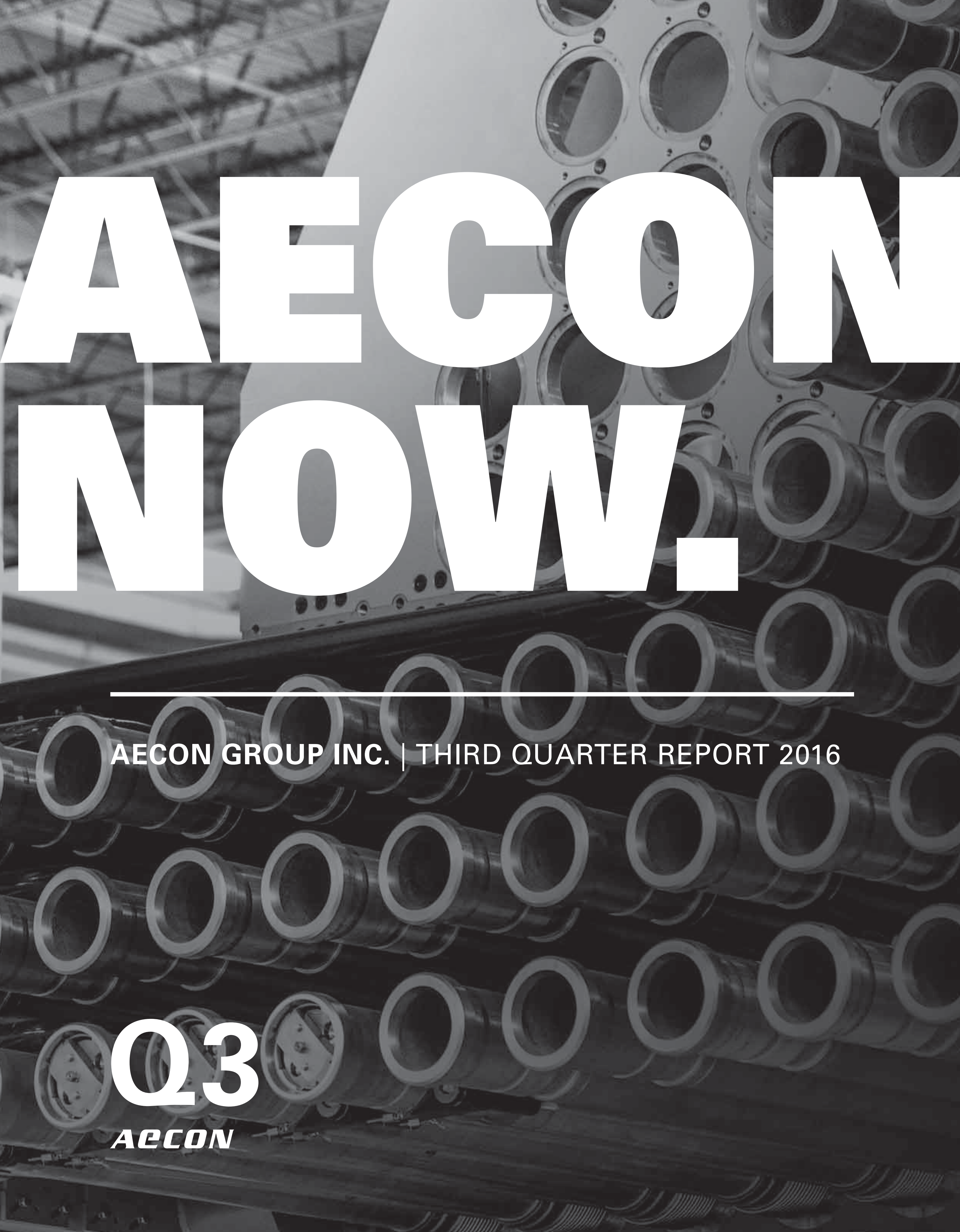

AECON NOW.

AECON GROUP INC. | THIRD QUARTER REPORT 2016

Q3

AECON

Dear Fellow Shareholders,

Aecon's solid third quarter and year to date results for 2016 highlight the resiliency of Aecon's business model. For the first nine months of 2016, Adjusted EBITDA of $93.6 million improved from $88.0 million last year, on a like for like basis. Lower demand from commodity and resource related sectors, delays in commitments to and approvals of new pipelines, the slower than anticipated roll out of new infrastructure investments, and the impacts of the Alberta wildfires, have all presented challenges through 2016. However, we are overcoming these challenges through an increasing transition into market segments which provide significant opportunity and play to Aecon's strengths – namely power, transit, and water infrastructure.

Our significant longer-term backlog of $4.6 billion, an increase of $1.2 billion, or 34 per cent, compared to the same time last year, provides both visibility and stability, and we are well positioned to continue to make progress across our diversified business segments.

In the Infrastructure segment, increased infrastructure investment to address both the significant infrastructure deficit in Canada and slower economic growth is a key area of focus for federal, provincial, and municipal governments and Aecon is well positioned to successfully bid on, secure, and deliver these projects, the benefit of which should start to be seen later in 2017 as larger projects with longer procurement cycles begin to roll out. While Aecon expects to be a beneficiary of this increased infrastructure investment, competition in this space continues to be strong.

In the Energy segment, new contract awards were achieved in the first half of 2016 in the gas distribution and power generation sectors including the execution phase of the Darlington Nuclear Refurbishment Project – which was awarded to a joint venture in which Aecon has a 50 per cent interest. The execution phase commenced in 2016 and will take approximately 10 years. Revenue from Aecon's fabrication and modular assembly services in Western Canada will be lower in the fourth quarter compared to the prior year due to the completion of fabrication and field work on a major project in Alberta and securing additional oil related backlog will be challenging in the current environment.

In the Mining segment, while commodity prices generally remain soft, Aecon is involved in a number of pursuits related to potential projects, however the timing of when these projects may move into construction is uncertain. New backlog in the process installation sector of Aecon's Mining segment is required for the second half of 2017. Other than the impact in 2016 of the Alberta wildfires, contract mining operations and outlook continues to be relatively stable.

The Concessions segment continues to partner with Aecon's other segments to focus on the significant number of Public-Private Partnership (P3) opportunities, and is actively pursuing a number of large-scale infrastructure projects that require private finance solutions while participating as a concessionaire on the Region of Waterloo and Eglinton Crosstown Light Rail Transit projects.

Overall, the outlook for the fourth quarter of 2016 and through 2017 remains generally positive with areas of strength in Aecon's business expected to outweigh the impact of softness in certain markets. All four segments continue to bid on opportunities and Aecon's balance sheet and financial capacity remain key advantages for Aecon in its ability to continue to grow and benefit from the significant infrastructure investment, including P3s, expected in coming years.

Thank you for your continued support.

Sincerely,

(Signed) John M. Beck	(Signed) Teri McKibbon
Executive Chairman	President and Chief Executive Officer

November 1, 2016

Aecon Group Inc.

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

September 30, 2016

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, 2016 interim condensed 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, 2015. This MD&A has been prepared as of November 1, 2016. Additional information regarding 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, Energy, Mining and Concessions.

The construction industry in Canada is seasonal in nature for companies like Aecon that 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 revenue and profit 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. Although these forward-looking statements are based on currently available competitive, financial and economic data and operating plans, they 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" included in the Company's Annual Information Form dated March 28, 2016 and available through SEDAR at www.sedar.com. Forward-looking statements include information concerning possible or assumed future results of Aecon's operations and financial position, as well as statements preceded by, followed by, or that include the words "believes", "expects", "anticipates", "estimates", "projects", "intends", "should" or similar expressions. Other important factors, in addition to those discussed in this document, could affect the future results of Aecon and could cause its results to differ materially from those expressed in any forward-looking statements. Aecon assumes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

FINANCIAL REPORTING STANDARDS

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

NON-GAAP AND ADDITIONAL GAAP FINANCIAL MEASURES

The MD&A presents certain non-GAAP and additional GAAP (GAAP refers to Canadian Generally Accepted Accounting Principles) financial measures to assist readers in understanding the Company's performance. These non-GAAP measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Management uses these non-GAAP and additional GAAP measures to analyze and evaluate operating performance. Aecon also believes the non-GAAP and additional GAAP financial measures below are commonly used by the investment community for valuation purposes, and are useful complementary measures of profitability, and provide metrics useful in the construction industry. The most directly comparable measures calculated in accordance with GAAP are profit (loss) attributable to shareholders or earnings (loss) per share.

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

Non-GAAP Financial Measures

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 in the consolidated financial statements.

- **"Adjusted EBITDA"** represents operating profit (loss) adjusted to exclude depreciation and amortization, the gain (loss) on sale of assets and investments, restructuring costs, gain (loss) on mark-to-market adjustments related to the Company's long-term incentive plan ("LTIP") program, and net income (loss) from projects accounted for using the equity method, but including "Equity Project EBITDA" from projects accounted for using the equity method.
- **"Equity Project EBITDA"** represents Aecon's proportionate share of the earnings or losses from projects accounted for using the equity method before depreciation and amortization, net financing expense and income taxes.
- **"Adjusted EBITDA margin"** represents Adjusted EBITDA as a percentage of revenue.
- **"Adjusted profit (loss)"** represents the profit (loss) adjusted to exclude the after-tax fair value gain (loss) on the embedded derivative portion of convertible debentures.
- **"Adjusted earnings (loss) per share"** represents earnings (loss) per share calculated using Adjusted profit (loss).
- **"Backlog"** means the total value of work that has not yet been completed that: (a) has 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 where the finalization of a formal contract respecting such work is reasonably assured.

Additional GAAP Financial Measures

Additional GAAP financial measures are presented on the face of the Company's consolidated statements of income and are not meant to be a substitute for other subtotals or totals presented in accordance with International Financial Reporting Standards ("IFRS"), but rather should be evaluated in conjunction with such IFRS measures.

- **"Gross profit"** represents revenue less direct costs and expenses. Not included in the calculation of gross profit are 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.
- **"Gross profit margin"** represents Gross profit as a percentage of revenue.
- **"Operating profit (loss)"** represents the profit (loss) from operations, before net financing expense, income taxes and non-controlling interests.
- **"Operating margin"** represents Operating profit (loss) as a percentage of revenue.

BUSINESS STRATEGY

The reader is referred to the discussion on Business Strategy as outlined in the MD&A in the 2015 Annual Report available on the Company's website at www.aecon.com or through SEDAR at www.sedar.com.

CONSOLIDATED FINANCIAL HIGHLIGHTS

$ millions (except per share amounts)	Three months ended September 30				Nine months ended September 30			
		2016		2015		**2016**		2015
Revenue	$	**838.1**	$	**874.9**	$	**2,368.1**	$	**2,043.8**
Gross profit		96.0		108.1		210.9		202.9
Marketing, general and administrative expenses		(42.5)		(37.8)		(132.1)		(125.1)
Income from projects accounted for using the equity method		2.1		3.9		4.3		19.1
Foreign exchange gain (loss)		1.3		(0.6)		2.6		(0.8)
Gain on sale of assets and investments		0.5		1.4		1.2		1.1
Gain on sale of IST		-		-		-		14.1
Loss on mark-to-market of LTIP program		-		(2.2)		-		(3.4)
Depreciation and amortization		(14.3)		(17.4)		(47.8)		(51.0)
Operating profit		**43.1**		**55.4**		**39.2**		**57.1**
Financing expense, net		(5.5)		(7.6)		(16.3)		(22.3)
Fair value gain on convertible debentures		-		-		-		0.2
Profit before income taxes		**37.6**		**47.8**		**22.9**		**35.0**
Income tax expense		(10.2)		(22.3)		(5.2)		(14.0)
Profit	$	**27.4**	$	**25.6**	$	**17.7**	$	**21.0**
Profit	$	**27.4**	$	**25.6**	$	**17.7**	$	**21.0**
Exclude:								
Fair value gain on convertible debentures		**-**		**-**		**-**		**(0.2)**
Adjusted profit	$	**27.4**	$	**25.6**	$	**17.7**	$	**20.8**
Gross profit margin		**11.5%**		**12.4%**		**8.9%**		**9.9%**
MG&A as a percent of revenue		**5.1%**		**4.3%**		**5.6%**		**6.1%**
Adjusted EBITDA		**60.0**		**76.1**		**93.6**		**112.5**
Adjusted EBITDA margin		**7.2%**		**8.7%**		**4.0%**		**5.5%**
Operating margin		**5.1%**		**6.3%**		**1.7%**		**2.8%**
Earnings per share - basic	$	**0.48**	$	**0.45**	$	**0.31**	$	**0.37**
Earnings per share - diluted	$	**0.42**	$	**0.35**	$	**0.29**	$	**0.35**
Adjusted earnings per share - basic	$	**0.48**	$	**0.45**	$	**0.31**	$	**0.37**
Adjusted earnings per share - diluted	$	**0.42**	$	**0.35**	$	**0.29**	$	**0.35**
Backlog					$	**4,551**	$	**3,394**

Revenue for the three months ended September 30, 2016 was lower by $37 million compared to the same period in 2015. The largest decrease occurred in the Energy segment with revenue lower by $16 million, as an increase in utilities volume ($27 million) was offset by lower revenue in industrial operations ($42 million) driven by lower activity in Western Canada. Revenue also decreased in the Mining segment by $5 million, as a higher volume of site installation work in the commodity mining sector ($40 million) was offset by lower revenue from contract mining and civil and foundations work for mining clients ($45 million). In the Infrastructure segment, revenue was lower by $2 million with an increase in transportation operations ($11 million), offset by lower revenue from heavy civil ($5 million) and water operations ($8 million).

Revenue for the nine months ended September 30, 2016 was higher by $324 million compared to the same period in 2015, with revenue higher across all operating segments. The largest increase occurred in the Mining segment, with revenue higher by $166 million due to a higher volume of site installation work in the commodity mining sector ($236 million), partially offset by lower revenue from contract mining and civil and foundations operations ($70 million). Energy segment revenue was higher by $93 million with increases in both utilities ($78 million) and industrial operations ($15 million). In the Infrastructure segment, revenue was higher by $81 million with increases in heavy civil ($57 million) and transportation operations ($50 million), offset in part by lower revenue from water operations ($26 million).

Aecon's operations in northern Alberta were impacted in 2016 by wildfires in Fort McMurray and the surrounding region. The impact is largely confined to contract mining operations in the Mining segment with normal operations affected beginning in early May. Aecon maintains various insurance policies, including business interruption coverage, which are expected to offset much of the impact incurred as a result of the wildfires. No anticipated recovery from insurance claim settlements is included in the operating results for the three and nine months ended September 30, 2016.

Operating profit of $43.1 million for the three months ended September 30, 2016 declined by $12.3 million compared to an operating profit of $55.4 million in the same period in 2015, while operating profit for the nine months ended September 30, 2016 of $39.2 million compared to an operating profit of $57.1 million in the same period last year, a period-over-period change of $17.9 million.

In the third quarter of 2016, gross profit decreased by $12.1 million with the largest decrease occurring in the Mining segment ($5.4 million) as higher volume and gross profit in the commodity mining sector was more than offset by lower revenue and gross profit in contract mining and civil and foundation operations. Gross profit also decreased in the Energy segment ($4.0 million) mainly from lower volume in industrial operations in western Canada and lower gross profit margin in utilities operations. In the Infrastructure segment, gross profit decreased by $2.8 million mainly from lower gross profit margin in transportation operations.

Impacting the period-over-period comparison of operating profit for the nine months ended September 30, 2016 and 2015 was a $14.1 million gain realized in the second quarter of 2015 as a result of the sale on April 10, 2015 of Aecon's wholly owned subsidiary Innovative Steam Technologies ("IST"). The gain and the financial results of IST for the nine-month period in 2015 are reported in the Energy segment.

Operating profit for the nine months ended September 30, 2016 was favourably impacted by an increase in gross profit of $8.0 million. In the Energy segment, gross profit increased by $9.0 million due to higher volume and gross profit margin in industrial operations in Ontario and higher volume from utilities operations. Gross profit also increased in the Mining segment ($7.3 million) primarily from higher volume in the commodity mining sector, partially offset by lower revenue and gross profit margin in contract mining operations which were impacted by the Alberta wildfires. Consistent with the period-over-period result for the third quarter, gross profit decreased in the Infrastructure segment ($2.9 million) during the first nine months of 2016 from lower gross profit margin in transportation operations. A one-time charge recorded as a corporate cost in "Other & Eliminations" ($6.7 million) in the second quarter of 2016 also reduced consolidated gross profit for the nine-month period. This was the result of the resolution of a legal dispute that dated back to 2012.

Marketing, general and administrative expenses ("MG&A") increased by $4.7 million in the third quarter of 2016 compared to the same period in 2015 and MG&A as a percentage of revenue increased from 4.3% in the third quarter of 2015 to 5.1% in the third quarter of 2016. In the first nine months of 2016, MG&A increased by $7.0 million compared to the same period in 2015 although MG&A as a percentage of revenue decreased from 6.1% to 5.6%. The quarterly and year-to-date increases in MG&A were driven primarily by higher bidding costs as well as higher information technology costs. Lower MG&A as a percentage of revenue in the nine-month period ended September 30, 2016 reflects the higher revenue in 2016 compared to the same period in 2015.

Aecon's participation in projects that are classified for accounting purposes as a joint venture or an associate, as opposed to a joint operation, are accounted for using the equity method of accounting. For the three and nine months ended September 30, 2016, income from projects accounted for using the equity method was $1.8 million and $14.8 million lower, respectively, than in the same periods in 2015. The decrease in the third quarter was largely due to a lower contribution from projects in the Infrastructure segment ($1.4 million), while most of the decrease in the nine-month period occurred in Concessions ($13.7 million) and was the result of no income in 2016 from Aecon's previous investment in the Quito airport concession which was sold on December 10, 2015.

The sale of IST in April 2015 and Aecon's investment in the Quito airport concession in December 2015, including the classification of the Quito airport concession as "held for sale" from June 8, 2015, have impacted Aecon's results for the nine months ended September 30, 2016 when compared to the same period in the prior year. A summary of these impacts is included below:

$ millions		**Three months ended September 30**				**Nine months ended September 30**		
		2016	2015	Change		**2016**	2015	Change
Revenue as reported	$	**838.1**	874.9	(36.8)	$	**2,368.1**	2,043.8	324.3
Exclude:								
IST & Quiport Revenue		**-**	-	-		**-**	8.0	(8.0)
Revenue excluding IST & Quiport	$	**838.1**	874.9	(36.8)	$	**2,368.1**	2,035.8	332.3
Adjusted EBITDA as reported	$	**60.0**	76.1	(16.1)	$	**93.6**	112.5	(18.9)
Exclude:								
IST & Quiport EBITDA		**-**	-	-		**-**	24.5	(24.5)
Adjusted EBITDA excluding IST & Quiport	$	**60.0**	76.1	(16.1)	$	**93.6**	88.0	5.6
Operating Profit as reported	$	**43.1**	55.4	(12.3)	$	**39.2**	57.1	(17.9)
Exclude:								
IST & Quiport Operating Profit		**-**	-	-		**-**	25.0	(25.0)
Operating Profit excluding IST & Quiport	$	**43.1**	55.4	(12.3)	$	**39.2**	32.1	7.1
Adjusted EBITDA margin as reported		**7.2%**	8.7%	(1.5)%		**4.0%**	5.5%	(1.5)%
Adjusted EBITDA margin excluding IST & Quiport		**7.2%**	8.7%	(1.5)%		**4.0%**	4.3%	(0.3)%
Operating Profit margin as reported		**5.1%**	6.3%	(1.2)%		**1.7%**	2.8%	(1.1)%
Operating Profit margin excluding IST & Quiport		**5.1%**	6.3%	(1.2)%		**1.7%**	1.6%	0.1%

Depreciation and amortization expense of $14.3 million in the third quarter of 2016 was $3.1 million lower than in the third quarter of 2015, and for the nine-month period ended September 30, 2016, depreciation and amortization expense of $47.8 million decreased by $3.2 million when compared to the same period last year. The decrease in both periods occurred largely in contract mining operations within the Mining segment as a result of decreased heavy equipment utilization from projects in Alberta.

Financing expense, net of interest income, of $5.5 million in the third quarter of 2016 was $2.1 million lower than the same period in 2015, and financing expense, net of interest income, of $16.3 million for the first nine months of 2016 was $6.0 million lower than in the same period last year, due primarily in both periods to the repayment of convertible debentures in the fourth quarter of 2015.

Set out in Note 17 of the September 30, 2016 interim condensed consolidated financial statements is a reconciliation between the expected income tax recovery (expense) for the first nine months of 2016 and 2015 based on statutory income tax rates and the actual income tax recovery (expense) reported for both these periods.

Reported backlog as at September 30, 2016 of $4,551 million compares to backlog of $3,394 million as at September 30, 2015. New contract awards of $500 million and $3,658 million were booked in the third quarter and first nine months of 2016, respectively, compared to $1,681 million and $2,785 million in the same periods of 2015. Further details of backlog for each of the segments are included in the discussion below under Reporting Segments.

Backlog $ millions	**As at September 30**	
	2016	2015
Infrastructure	**$ 1,876**	$ 2,318
Energy	**2,475**	758
Mining	**200**	318
Consolidated	**$ 4,551**	$ 3,394

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

Estimated backlog duration $ millions	**As at September 30**			
	2016		2015	
Next 12 months	**$ 1,523**	**33%**	$ 1,730	51%
Next 13-24 months	**609**	**13%**	958	28%
Beyond	**2,419**	**54%**	706	21%
	$ 4,551	**100%**	$ 3,394	100%

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

Reported backlog includes the revenue value of backlog that relates to projects that are accounted for using the equity method. The equity method reports a single amount (revenue less expenses) on Aecon's consolidated statement of income, and as a result the revenue component of backlog for these projects is not included in Aecon's reported revenue.

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

REPORTING SEGMENTS

INFRASTRUCTURE

Financial Highlights

$ millions	Three months ended September 30		Nine months ended September 30	
	2016	2015	**2016**	2015
Revenue	**$ 322.4**	$ 324.6	**$ 746.0**	$ 665.4
Gross profit	**$ 37.3**	$ 40.0	**$ 54.9**	$ 57.8
Adjusted EBITDA	**$ 26.4**	$ 31.8	**$ 20.1**	$ 22.3
Operating profit	**$ 20.8**	$ 29.0	**$ 5.3**	$ 11.7
Gross profit margin	**11.6%**	12.3%	**7.4%**	8.7%
Adjusted EBITDA margin	**8.2%**	9.8%	**2.7%**	3.4%
Operating margin	**6.5%**	8.9%	**0.7%**	1.8%
Backlog			**$ 1,876**	$ 2,318

In the third quarter of 2016, revenue in the Infrastructure segment of $322 million was $2 million, or 1%, lower than the same period last year. Revenue was higher in transportation operations ($11 million) due to a higher volume of work in Ontario. This increase was offset by lower revenue in water operations ($8 million), due to less mechanical work in Western Canada, and lower revenue in heavy civil operations ($5 million).

For the nine months ended September 30, 2016, revenue of $746 million, was $81 million, or 12%, higher than in the same period in 2015. The largest increase occurred in heavy civil operations ($57 million) primarily due to increased volume from light rail transit and hydroelectric projects. Similar to the third quarter, revenue was also higher in transportation operations ($50 million), primarily in Ontario and lower in water operations ($26 million), for the same reason cited above for the third quarter.

In the third quarter of 2016, operating profit in the Infrastructure segment of $20.8 million decreased by $8.2 million compared to an operating profit of $29.0 million in the same period in 2015. Most of the decrease resulted from lower margin and higher bidding costs in transportation operations in the quarter.

For the nine months ended September 30, 2016, operating profit of $5.3 million decreased by $6.4 million compared to an operating profit of $11.7 million in the same period in 2015. An operating profit increase in water operations, due to higher gross profit margin, was more than offset by a decrease in operating profit in transportation operations.

Infrastructure backlog at September 30, 2016 was $1,876 million, which is $442 million lower than the same time last year. The year-over-year decrease in backlog occurred primarily in transportation ($134 million) and heavy civil operations ($285 million) and reflects the work-off of projects over the past twelve months. New contract awards totalled $78 million in the third quarter of 2016 and $427 million year-to-date, compared to $1,348 million and $1,721 million, respectively, in the prior year. The year-over-year decrease in new awards is due in large part to the Eglinton Crosstown LRT project award in the third quarter of 2015 to a consortium in which Aecon has a 25 per cent interest.

As discussed in the Consolidated Financial Highlights section, the Infrastructure segment's effective backlog at any given time is greater than what is reported.

ENERGY

Financial Highlights

$ millions	Three months ended September 30		Nine months ended September 30	
	2016	2015	**2016**	2015
Revenue	$ **324.5**	$ 340.4	$ **983.3**	$ 890.0
Gross profit	$ **31.9**	$ 35.9	$ **78.7**	$ 69.8
Adjusted EBITDA	$ **17.9**	$ 21.4	$ **37.3**	$ 25.5
Operating profit	$ **12.8**	$ 17.7	$ **21.9**	$ 28.6
Gross profit margin	**9.8%**	10.5%	**8.0%**	7.8%
Adjusted EBITDA margin	**5.5%**	6.3%	**3.8%**	2.9%
Operating margin	**3.9%**	5.2%	**2.2%**	3.2%
Backlog			$ **2,475**	$ 758

Revenue in the third quarter of 2016 of $325 million in the Energy segment was $16 million, or 5%, lower than the same period in 2015, driven by lower industrial revenue ($42 million), partially offset by higher activity in utilities operations ($26 million). In industrial operations, higher power and gas distribution revenue in Eastern Canada ($42 million) was offset by lower volume of construction and fabrication work in Western Canada ($84 million) compared to the same period in 2015. The increase in industrial operations in Eastern Canada of $42 million was despite a revenue reduction of $11 million from fabrication operations on the east coast, which had benefitted in the prior year period from volume related to oil projects in Alberta. The revenue increase in utilities operations was primarily due to higher volume related to gas distribution projects in Ontario.

For the nine months ended September 30, 2016, Energy segment revenue of $983 million was $93 million, or 10%, higher compared to revenue of $890 million for the nine months ended September 30, 2015 with revenue higher in both utilities ($78 million) and industrial operations ($15 million). The higher revenue in utilities operations was driven by higher gas distribution work in Ontario and increased pipeline volume in Western Canada. For the same reasons cited above for the third quarter, revenue was higher in industrial operations in Eastern Canada ($106 million) and lower in Western Canada ($91 million).

In the third quarter of 2016, operating profit of $12.8 million decreased by $4.9 million when compared to the same period last year. In industrial operations, higher operating profit in Eastern Canada from higher volume was largely offset by a decline in operating profit in Western Canada due to lower volume. Operating profit in utilities operations declined as a result of lower gross profit margin.

For the nine months ended September 30, 2016, operating profit of $21.9 million decreased by $6.7 million when compared to the same period in 2015. The decrease in operating profit was due to a $14.1 million gain on the sale of IST reported in the second quarter of 2015. Excluding IST, operating profit improved by $7.4 million in the first nine months of 2016. In industrial operations an increase in Eastern Canada, from higher volume and margin, was partially offset by lower volume and margin from Western Canada. Operating profit in utilities operations improved slightly as a result of higher volume in Ontario.

Backlog at September 30, 2016 of $2,475 million was $1,717 million higher than the same time last year, with increases in both industrial operations ($1,644 million) and utilities operations ($73 million). Backlog was higher in industrial operations in Eastern Canada ($1,875 million) due to new awards in the gas distribution and power generation sectors, including the execution phase of the Darlington nuclear refurbishment project, which was awarded in 2016 to a joint venture in which Aecon has a 50 per cent interest. This increase was partially offset by lower fabrication and site construction backlog from industrial operations in Western Canada ($231 million). New contract awards of $259 million in the third quarter of 2016 were $27 million lower than in the same period in 2015, and new awards of $2,769 million for the first nine months of 2016 were $2,077 million higher than the previous year.

As discussed in the Consolidated Financial Highlights section, the Energy segment's effective backlog at any given time is greater than what is reported.

MINING

Financial Highlights

$ millions	Three months ended September 30				Nine months ended September 30			
		2016		2015		**2016**		2015
Revenue	$	**209.0**	$	213.6	$	**665.3**	$	498.9
Gross profit	$	**26.6**	$	32.0	$	**83.3**	$	76.1
Adjusted EBITDA	$	**21.2**	$	25.5	$	**64.2**	$	57.2
Operating profit	$	**17.5**	$	18.2	$	**46.0**	$	34.9
Gross profit margin		**12.7%**		15.0%		**12.5%**		15.2%
Adjusted EBITDA margin		**10.1%**		11.9%		**9.7%**		11.5%
Operating margin		**8.4%**		8.5%		**6.9%**		7.0%
Backlog					$	**200**	$	318

Revenue of $209 million in the Mining segment for the three months ended September 30, 2016 was $5 million, or 2%, lower compared to revenue of $214 million during the same period in 2015. This decrease was driven by lower volume from civil and foundations work related to mining projects ($31 million) in Western Canada and from lower revenue in contract mining operations ($14 million) which continued to be impacted to some extent by the after effects of the wildfires in Alberta in the prior quarter. These decreases were largely offset by higher volume of site construction work in the commodity mining sector ($40 million).

For the nine months ended September 30, 2016, Mining segment revenue of $665 million was $166 million, or 33%, higher compared to revenue of $499 million in the same period last year. The higher revenue was due to an increase in volume in the commodity mining sector ($236 million). Partially offsetting these increases was lower revenue from contract mining which was affected by the Alberta wildfires in the period, and civil and foundations work related to mining projects ($70 million). The Alberta wildfires are discussed in the consolidated financial highlights section of the MD&A.

In the third quarter of 2016, operating profit of $17.5 million decreased by $0.7 million when compared to $18.2 million in the same period in 2015. Similar to the quarterly revenue changes for the three months ended September 30, 2016, a volume driven increase in operating profit in the commodity mining sector was offset by lower operating profit from contract mining and civil and foundations work.

For the nine months ended September 30, 2016, operating profit of $46.0 million improved by $11.1 million compared to $34.9 million in the same period in 2015. The increase was driven primarily by the volume impacts discussed above.

Mining segment backlog at September 30, 2016 of $200 million was $118 million lower than the same time last year. Backlog decreased in the commodity mining sector ($35 million) primarily as the work-off of existing site installation work outpaced new awards in the sector. Civil and foundations backlog also decreased ($55 million) largely due to the work off of backlog related to mining projects in Ontario and Alberta. Backlog in the contract mining sector also decreased compared to the same time in 2015 ($29 million) primarily due to the substantial completion of site development projects in Alberta. New contract awards of $181 million in the third quarter of

2016 were $131 million higher than in the same period in 2015, and new awards of $488 million for the first nine months of 2016 were $106 million higher than the same period in 2015.

As discussed in the Consolidated Financial Highlights section, the Mining segment's effective backlog at any given time is greater than what is reported.

CONCESSIONS

Financial Highlights

$ millions	Three months ended September 30		Nine months ended September 30	
	2016	2015	**2016**	2015
Revenue	$ **0.8**	$ 1.2	$ **2.6**	$ 2.5
Gross profit	$ **-**	$ 0.2	$ **0.4**	$ (0.7)
Income from projects accounted for using the equity method	$ **0.4**	$ 0.8	$ **1.0**	$ 14.7
Adjusted EBITDA	$ **2.3**	$ 2.8	$ **5.1**	$ 26.5
Operating profit (loss)	$ **(0.1)**	$ 0.9	$ **(1.5)**	$ 11.1

Revenue reported in the Concessions segment for the three months ended September 30, 2016 and 2015, was $0.8 million and $1.2 million, respectively, while revenue for the nine months ended September 30, 2016 and 2015, was $2.6 million and $2.5 million, respectively.

For the three months ended September 30, 2016, operating loss of $0.1 million compared to an operating profit of $0.9 million in the same period last year. For the nine months ended September 30, 2016, operating loss of $1.5 million compared to an operating profit of $11.1 million in the same period last year. The lower operating profit in the quarter was largely due to higher bid costs. The decrease in operating profit for the nine months ended September 30, 2016 was due primarily to the sale of Aecon's investment in the Quito airport concession on December 10, 2015.

Aecon does not include in its reported backlog expected revenue from concession agreements. As such, while Aecon expects future revenue from its concession assets, no concession backlog is reported.

Quarterly Financial Data

Set out below is quarterly financial data for the most recent eight quarters:

$ millions (except per share amounts)

	2016 (see Note 1)			2015				2014
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
Revenue	$ 838.1	$ 839.3	$ 690.7	$ 874.3	$ 874.9	$ 667.3	$ 501.5	$ 722.2
Adjusted EBITDA	60.0	29.4	4.2	57.3	76.1	29.9	6.5	75.9
Earnings (loss) before income taxes	37.6	6.6	(21.3)	78.9	47.8	12.8	(25.7)	36.9
Profit (loss)	27.4	7.1	(16.8)	47.7	25.6	12.4	(17.0)	28.6
Adjusted profit (loss)	27.4	7.1	(16.8)	47.7	25.6	12.2	(17.0)	27.3
Earnings (loss) per share:								
Basic	0.48	0.12	(0.29)	0.84	0.45	0.22	(0.30)	0.51
Diluted	0.42	0.12	(0.29)	0.68	0.35	0.21	(0.30)	0.39
Adjusted earnings (loss) per share:								
Basic	0.48	0.12	(0.29)	0.84	0.45	0.22	(0.30)	0.49
Diluted	0.42	0.12	(0.29)	0.68	0.35	0.21	(0.30)	0.39

(1) The sale of IST in April 2015 and Aecon's investment in the Quito airport concession in December 2015, including the classification of the Quito airport concession as "held for sale" from June 8, 2015, have impacted Aecon's quarterly results for 2016 when compared to the same periods in the prior year. A summary of these impacts in the first nine months is included in the Consolidated Financial Highlights section of this MD&A.

Earnings (loss) per share for each quarter has been computed using the weighted average number of shares issued and outstanding during the respective quarter. Any dilutive securities, which increase the earnings per share or decrease the loss per share, are excluded for purposes of calculating diluted earnings per share. Due to the impacts of dilutive securities, such as convertible debentures, and share issuances throughout the periods, the sum of the quarterly earnings (losses) per share will not necessarily equal the total for the year.

Set out below is the calculation of Adjusted EBITDA for the most recent eight quarters:

$ millions

	2016			2015				2014
	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4
Operating profit (loss)	$ 43.1	$ 12.3	$ (16.3)	$ 85.6	$ 55.4	$ 19.8	$ (18.2)	$ 40.9
Depreciation and amortization	14.3	14.4	19.0	17.0	17.3	16.7	17.0	17.3
(Gain) loss on sale of assets	(0.5)	(0.4)	(0.3)	(0.4)	(1.3)	(0.4)	0.7	0.1
Gain on sale of IST and Quito airport concession investment	-	-	-	(48.8)	-	(14.1)	-	-
Restructuring costs	-	-	-	-	-	-	-	6.5
(Gain) loss on mark-to-market of LTIP program	-	-	-	-	2.2	1.3	(0.2)	2.6
Income from projects accounted for using the equity method	(2.1)	(1.9)	(0.2)	(3.1)	(3.9)	(6.9)	(8.3)	(10.9)
Equity Project EBITDA	5.1	5.0	2.0	7.1	6.4	13.5	15.5	19.4
Adjusted EBITDA	$ 60.0	$ 29.4	$ 4.2	$ 57.3	$ 76.1	$ 29.9	$ 6.5	$ 75.9

Set out below is the calculation of Equity Project EBITDA for the most recent eight quarters:

$ millions

Aecon's proportionate share of projects accounted for using the equity method (1)	2016 Quarter 3	2016 Quarter 2	2016 Quarter 1	2015 Quarter 4	2015 Quarter 3	2015 Quarter 2	2015 Quarter 1	2014 Quarter 4
Operating profit	**$ 5.0**	**$ 4.9**	**$ 1.9**	**$ 7.0**	**$ 6.3**	**$ 10.7**	**$ 11.4**	**$ 15.7**
Depreciation and amortization	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**2.8**	**4.1**	**3.7**
Equity Project EBITDA	**5.1**	**5.0**	**2.0**	**7.1**	**6.4**	**13.5**	**15.5**	**19.4**

(1) Refer to Note 9 "Projects Accounted for Using the Equity Method" in the 2016 interim condensed consolidated financial statements

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Aecon's participation in joint arrangements classified as joint operations is accounted for in the consolidated financial statements by reflecting, line by line, Aecon's share of the assets held jointly, liabilities incurred jointly, and revenue and expenses arising from the joint operations.

Aecon's participation in joint arrangements classified as joint ventures, as well as Aecon's participation in project entities where Aecon exercises significant influence over the entity, but does not control or jointly control the entity (i.e. associates), is accounted for using the equity method.

For further information, see Note 9 to the September 30, 2016 interim condensed consolidated financial statements.

Cash and Debt Balances

Cash balances at September 30, 2016 and December 31, 2015 are as follows:

$ millions		September 30, 2016 Balances excluding Joint Operations	September 30, 2016 Joint Operations	September 30, 2016 Consolidated Total
Cash and cash equivalents	(1)	**$ 3**	**$ 199**	**$ 202**
Bank indebtedness	(2)	**(40)**	**-**	**(40)**
		December 31, 2015 Balances excluding Joint Operations	**December 31, 2015 Joint Operations**	**December 31, 2015 Consolidated Total**
Cash and cash equivalents	(1)	$ 110	$ 172	$ 283

(1) Cash and cash equivalents include cash on deposit in bank accounts of joint operations which Aecon cannot access directly.

(2) Bank indebtedness represents borrowings on Aecon's revolving credit facility.

Total long-term debt of $307.7 million at September 30, 2016 compares to $322.5 million as at December 31, 2015, the composition of which is as follows:

$ millions				
		September 30, 2016		**December 31, 2015**
Current portion of long-term debt	**$**	**52.5**	$	56.1
Long-term debt		**91.4**		105.4
Convertible debentures		**163.8**		161.0
Total long-term debt	**$**	**307.7**	$	322.5

Most of the $15 million net decrease in total long-term debt results from a decrease in finance leases and equipment loans during the first nine months of 2016 of $18 million and an increase in convertible debentures of $3 million related to the accretion of notional interest.

Aecon's liquidity position and capital resources are expected to be sufficient to finance its operations and working capital requirements for the foreseeable future. Aecon's liquidity position is strengthened by its ability to draw on a committed revolving credit facility of $400 million of which $288 million was unutilized as of September 30, 2016. When combined with an additional $500 million letter of credit facility provided by Export Development Canada ("EDC"), Aecon's total committed credit facilities for working capital and letter of credit requirements are $900 million. As at September 30, 2016, Aecon was in compliance with all debt covenants related to its credit facility.

In the first quarter of 2016, Aecon's Board of Directors approved an increase in the dividend to be paid to all holders of Aecon common shares. Annual dividends increased to $0.46 per share, to be paid in four quarterly payments of $0.115 per share. Prior to this increase, Aecon paid an annual dividend of $0.40 per share ($0.10 each quarter). The first quarterly dividend payment of $0.115 per share was paid on April 1, 2016.

Summary Of Cash Flows

$ millions	**Consolidated Cash Flows**			
	Nine months ended September 30			
		2016		2015
Cash provided by (used in):				
Operating activities	**$**	**(65.6)**	$	(73.1)
Investing activities		**(8.1)**		(5.7)
Financing activities		**(6.8)**		76.4
Decrease in cash and cash equivalents		**(80.5)**		(2.4)
Effects of foreign exchange on cash balances		**0.1**		(0.1)
Cash and cash equivalents - beginning of period		**282.7**		138.9
Cash and cash equivalents - end of period	**$**	**202.3**	$	136.4

The construction industry in Canada is seasonal in nature for companies like Aecon that 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. These seasonal impacts typically result in cash balances peaking near year-end or during the first quarter of the year.

Operating Activities

Cash used in operating activities of $66 million in the first nine months of 2016 compares with cash used in operating activities of $73 million in the same period in 2015. Most of the $7 million period-over-period decrease in cash used in operating activities resulted from higher after-tax cash earnings from operations in the current year-to-date period in 2016 when compared to the same period last year, partially offset by higher investments in working capital in the year-to-date period.

Investing Activities

In the first nine months of 2016, investing activities resulted in a use of cash of $8 million, which compares to cash used of $6 million in the same period in 2015. In the first nine months of 2016, $17 million of cash was used for expenditures (net of disposals) on property, plant and equipment and intangible assets compared to $35 million of cash used for such expenditures in the first nine months of 2015. Cash flows from investing activities in 2015 included proceeds from the sale of IST of $26 million. Cash distributions to Aecon from projects accounted for using the equity method of $9 million in the year-to-date period compared to cash distributions of $3 million during the same period in 2015.

In the first six months of 2016, Aecon acquired, either through purchase or finance leases, property, plant and equipment totalling $34 million. Most of this investment in property, plant and equipment related to the purchase of new machinery and construction equipment as part of normal ongoing business operations in the Infrastructure, Energy and Mining segments. In the first nine months of 2015, investments in property, plant and equipment totalled $36 million, with most of the spending occurring in the Infrastructure and Mining segments.

Financing Activities

In the first nine months of 2016, cash used by financing activities amounted to $7 million, compared to cash provided of $76 million in the same period in 2015. The decrease was due largely to a lower increase in bank indebtedness of $89 million in the first nine months of 2016 compared to the same period in 2015. Issuances of long-term debt in the first nine months of 2016 amounted to $13 million, while repayments totalled $42 million, for a net outflow of $29 million. The majority of the net debt repayment related to equipment financing arrangements. In the first nine months of 2015, net debt repayments totalled $42 million, relating primarily to equipment financing arrangements. Dividends of $19 million were paid in the first nine months of 2016, compared to $16 million in the same period in 2015.

NEW ACCOUNTING STANDARDS

New accounting standards impacting the Company in 2016 and beyond are described in Note 5 to the September 30, 2016 interim condensed consolidated financial statements.

These new accounting standards had no significant impact on profit (loss), comprehensive income or earnings per share in the first nine months of 2016.

SUPPLEMENTAL DISCLOSURES

Disclosure Controls and Procedures

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 the Company, including its consolidated subsidiaries, is made known to them by others and is recorded, processed, summarized and reported within the time periods specified in securities legislation. 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 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 due to error or fraud.

Changes in Internal Controls over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during the period beginning on July 1, 2016 and ended on September 30, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Contractual Obligations

At December 31, 2015, the Company had commitments totaling $390 million for equipment and premises under operating leases requiring minimum payments, and for principal repayment obligations under long-term debt and convertible debentures. There have been no material changes since December 31, 2015.

At September 30, 2016, Aecon had contractual obligations to complete construction contracts that were in progress. The revenue value of these contracts was $4,551 million.

Further details on Contractual Obligations are included in the Company's 2015 Annual Report.

Off-Balance Sheet Arrangements

In connection with its previous operations in Quito, Aecon has provided various financial and performance guarantees and letters of credit, which are described in Note 19 to the September 30, 2016 interim condensed consolidated financial statements.

Aecon's defined benefit pension plans had a combined deficit of $2.9 million at September 30, 2016 (December 31, 2015 - $2.5 million). The defined benefit obligations and benefit cost levels will change as a result of future changes in the actuarial methods and assumptions, the membership data, the plan provisions and the legislative rules, or as a result of future experience gains or losses, none of which have been anticipated at this time. Emerging experience, differing from assumptions, will result in gains or losses that will be disclosed in future accounting valuations. Refer to the Company's 2015 Annual Report for further details regarding Aecon's defined benefit plans.

Further details of contingencies and guarantees are included in the September 30, 2016 interim condensed consolidated financial statements and in the 2015 Annual Report.

Related Party Transactions

There were no significant related party transactions in the first nine months of 2016.

Critical Accounting Estimates and Judgements

The reader is referred to the detailed discussion on Critical Accounting Estimates as outlined in Note 4 to the September 30, 2016 interim condensed consolidated financial statements.

RISK FACTORS

The reader is referred to the detailed discussion on Risk Factors as outlined in the Company's Annual Information Form dated March 28, 2016 and available through SEDAR at www.sedar.com. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. These risks and uncertainties and risk management practices, which management reviews on a quarterly basis, have not materially changed in the period since March 28, 2016.

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)		**November 1, 2016**
Number of common shares outstanding		57,451,745
Outstanding securities exchangeable or convertible into common shares:		
Number of stock options outstanding		270,000
Number of common shares issuable on exercise of stock options		270,000
Increase in paid-up capital on exercise of stock options	$	3,342
Principal amount of convertible debentures outstanding (see Note 16 to the September 30, 2016 interim condensed consolidated financial statements)	$	172,497
Number of common shares issuable on conversion of convertible debentures		8,625,000
Increase in paid-up capital on conversion of convertible debentures	$	172,497

OUTLOOK

Aecon ended the third quarter with a backlog of $4.6 billion, 34% higher than the $3.4 billion at the same time last year, largely reflecting the significant nuclear project work awarded during 2016 in the Energy segment. Much of the growth in backlog relative to a year ago is longer term backlog that provides greater visibility and stability to Aecon's outlook. However, backlog in the next 24 months of $2.1 billion is lower than the $2.7 billion at the same time last year, due in part to higher work-off in the last twelve months but also reflecting the fact that certain end markets remain challenging, notably oil and commodity markets across Canada. The commitment to increase infrastructure investment by all levels of government across Canada bodes well for Aecon although we believe the potential benefits of this program will not been seen until later in 2017 and beyond. Due to the diversity of its business, Aecon continues to be well positioned to make progress overall despite the weakness of certain markets.

Infrastructure segment backlog at the end of the third quarter of 2016, was $1,876 million compared to $2,318 million at the same time last year. Increased infrastructure investment to address both the significant infrastructure deficit in Canada and slower economic growth is a key area of focus for federal, provincial, and municipal governments and Aecon is well positioned to successfully bid on, secure, and deliver these projects, the benefit of which should start to be seen later in 2017 as larger projects with longer procurement cycles begin to roll out. While Aecon expects to be a beneficiary of this increased infrastructure investment, competition in this space continues to be strong.

Backlog in the Energy segment was $2,475 million at the end of the third quarter of 2016 compared to $758 million at the end of the third quarter of 2015 due primarily to new awards in the first half of 2016 in the gas distribution and power generation sectors including the execution phase of the Darlington nuclear refurbishment project being awarded to a joint venture in which Aecon has a 50 per cent interest. The execution phase commenced in 2016 and will take approximately ten years. Revenue from Aecon's fabrication and modular assembly services in Western Canada will be lower in the fourth quarter compared to the prior year due to the completion of fabrication and field work on a major project in Alberta and securing additional oil related backlog will be challenging in the current environment. Aecon expects increased backlog and ongoing demand for gas distribution facilities, utilities work, and nuclear refurbishment in 2017 will help offset lower oil related volume.

Backlog in the Mining segment at the end of the third quarter of 2016 of $200 million compared to $318 million at the end of the third quarter of 2015. Commodity prices generally remain soft which is reducing the number of new projects being developed. Although Aecon is involved in a number of pursuits related to potential projects, the timing of when these projects may move into construction is uncertain. New backlog in the process installation sector of Aecon's Mining segment is required for the second half of 2017. Other than the impact in 2016 of the Alberta wildfires, contract mining operations and outlook continues to be relatively stable.

The Concessions segment continues to partner with Aecon's other segments to focus on the significant number of Public Private Partnership ("P3") opportunities, and is actively pursuing a number of large-scale infrastructure projects that require private finance solutions while participating as a concessionaire on the Waterloo and Eglinton Crosstown LRT projects.

The Company's balance sheet and financial capacity remain key advantages for Aecon in its ability to continue to grow and benefit from the significant infrastructure investment, including P3s, expected in coming years.

Aecon continues to be disciplined in responding to requests for its services, becoming pre-qualified, bidding, negotiating and carrying out work. The overall outlook for the fourth quarter of 2016 and through 2017 remains generally positive with areas of strength in Aecon's business expected to outweigh the impact of softness in certain markets. All four segments continue to bid on opportunities that should enhance the level of backlog and support the goal of improving Adjusted EBITDA margin.

AECON GROUP INC.
THIRD QUARTER

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2016

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2016 AND 2015

TABLE OF CONTENTS

MANAGEMENT REPORT
November 1, 2016

Notice to Reader

The management of Aecon Group Inc. (the “Company”) is responsible for the preparation of the accompanying interim condensed consolidated financial statements. The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements including International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

These interim condensed consolidated financial statements have not been reviewed by an auditor. These interim condensed 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 of the Company.

(signed) Terrance L. McKibbon, President and Chief Executive Officer

(signed) David Smales, Executive Vice-President and Chief Financial Officer

CONSOLIDATED BALANCE SHEETS

AS AT SEPTEMBER 30, 2016 AND DECEMBER 31, 2015

(in thousands of Canadian dollars) (unaudited)

	Note	September 30 2016	December 31 2015
ASSETS			
Current assets			
Cash and cash equivalents		$ 202,278	$ 282,732
Trade and other receivables	6	654,586	554,702
Unbilled revenue	7	464,372	347,533
Inventories	8	27,769	28,081
Income tax recoverable		12,275	13,419
Prepaid expenses		12,568	15,712
		1,373,848	1,242,179
Non-current assets			
Long-term financial assets		2,065	2,293
Projects accounted for using the equity method	9	18,884	25,631
Deferred income tax assets		23,566	26,401
Property, plant and equipment	10	452,297	465,862
Intangible assets	11	108,523	111,996
		605,335	632,183
TOTAL ASSETS		$ 1,979,183	$ 1,874,362
LIABILITIES			
Current liabilities			
Bank indebtedness	12	$ 40,000	$ -
Trade and other payables	13	580,154	507,846
Provisions	14	16,418	18,738
Deferred revenue	7	187,362	185,263
Income taxes payable		3,268	4,093
Long-term debt	15	52,450	56,033
		879,652	771,973
Non-current liabilities			
Provisions	14	5,843	5,422
Long-term debt	15	91,390	105,358
Convertible debentures	16	163,823	160,991
Deferred income tax liabilities		102,897	102,897
Other liabilities		11,241	9,669
		375,194	384,337
TOTAL LIABILITIES		1,254,846	1,156,310
EQUITY			
Capital stock	20	341,035	332,275
Convertible debentures	16	8,674	8,674
Contributed surplus		43,160	41,546
Retained earnings		334,796	336,910
Accumulated other comprehensive loss		(3,328)	(1,353)
TOTAL EQUITY		724,337	718,052
TOTAL LIABILITIES AND EQUITY	19	$ 1,979,183	$ 1,874,362

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

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

	Note	For the three months ended		For the nine months ended	
		September 30 2016	September 30 2015	**September 30 2016**	September 30 2015
Revenue		**$ 838,069**	$ 874,943	**$ 2,368,082**	$ 2,043,775
Direct costs and expenses	21	**(742,039)**	(766,864)	**(2,157,185)**	(1,840,877)
Gross profit		**96,030**	108,079	**210,897**	202,898
Marketing, general and administrative expenses	21	**(42,451)**	(37,804)	**(132,073)**	(125,093)
Depreciation and amortization	21	**(14,308)**	(17,351)	**(47,766)**	(51,010)
Income from projects accounted for using the equity method	9	**2,115**	3,912	**4,282**	19,132
Other income (loss)	22	**1,755**	(1,417)	**3,841**	11,138
Operating profit		**43,141**	55,419	**39,181**	57,065
Finance income		**119**	306	**193**	782
Finance costs	23	**(5,615)**	(7,924)	**(16,490)**	(23,082)
Fair value gain on convertible debentures	16	**-**	33	**-**	172
Profit before income taxes		**37,645**	47,834	**22,884**	34,937
Income tax expense	17	**(10,279)**	(22,254)	**(5,219)**	(13,963)
Profit for the period		**$ 27,366**	$ 25,580	**$ 17,665**	$ 20,974
Basic earnings per share	24	**$ 0.48**	$ 0.45	**$ 0.31**	$ 0.37
Diluted earnings per share	24	**$ 0.42**	$ 0.35	**$ 0.29**	$ 0.35

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

(in thousands of Canadian dollars) (unaudited)

	For the three months ended		For the nine months ended	
	September 30 2016	September 30 2015	**September 30 2016**	September 30 2015
Profit for the period	**$ 27,366**	$ 25,580	**$ 17,665**	$ 20,974
Other comprehensive income (loss):				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences - foreign operations	**(402)**	-	**(402)**	(60)
Currency translation differences - equity-accounted investees	**-**	-	**-**	15,105
Cash flow hedges - equity-accounted investees	**(612)**	(972)	**(2,137)**	(972)
Cash flow hedges - other	**-**	(16,377)	**-**	(19,854)
Income taxes on the above	**160**	2,046	**564**	2,481
Total other comprehensive loss for the period	**(854)**	(15,303)	**(1,975)**	(3,300)
Comprehensive income for the period	**$ 26,512**	$ 10,277	**$ 15,690**	$ 17,674

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

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

	Capital stock	Convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss): Currency translation differences	Actuarial gains and losses	Cash flow hedges	Shareholders' equity
Balance as at January 1, 2016	**$ 332,275**	**$ 8,674**	**$ 41,546**	**$ 336,910**	**$ 249**	**$ (328)**	**$ (1,274)**	**$ 718,052**
Profit for the period	-	-	-	17,665	-	-	-	**17,665**
Other comprehensive income (loss):								
Currency translation differences - foreign operations	-	-	-	-	(402)	-	-	**(402)**
Cash flow hedges - equity-accounted investees	-	-	-	-	-	-	(2,137)	**(2,137)**
Taxes with respect to above items included in other comprehensive income	-	-	-	-	-	-	564	**564**
Total other comprehensive income (loss) for the period	**-**	**-**	**-**	**-**	**(402)**	**-**	**(1,573)**	**(1,975)**
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**17,665**	**(402)**	**-**	**(1,573)**	**15,690**
Dividends declared	-	-	-	(19,779)	-	-	-	**(19,779)**
Common shares issued on exercise of options	1,491	-	(390)	-	-	-	-	**1,101**
Other LTIP settlement	-	-	(856)	-	-	-	-	**(856)**
Stock-based compensation	-	-	10,129	-	-	-	-	**10,129**
Shares issued to settle LTIP/Director DSU obligations	7,269	-	(7,269)	-	-	-	-	**-**
Balance as at September 30, 2016	**$ 341,035**	**$ 8,674**	**$ 43,160**	**$ 334,796**	**$ (153)**	**$ (328)**	**$ (2,847)**	**$ 724,337**

	Capital stock	Convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss): Currency translation differences	Actuarial gains and losses	Cash flow hedges	Shareholders' equity
Balance as at January 1, 2015	**$ 324,287**	**$ 8,674**	**$ 5,509**	**$ 290,858**	**$ 27,576**	**$ (954)**	**$ -**	**$ 655,950**
Profit for the period	-	-	-	20,974	-	-	-	**20,974**
Other comprehensive income (loss):								
Currency translation differences - foreign operations	-	-	-	-	(60)	-	-	**(60)**
Currency translation differences - equity-accounted investees	-	-	-	-	15,105	-	-	**15,105**
Cash flow hedges - other	-	-	-	-	-	-	(20,826)	**(20,826)**
Taxes with respect to above items included in other comprehensive income	-	-	-	-	-	-	2,481	**2,481**
Total other comprehensive income (loss) for the period	**-**	**-**	**-**	**-**	**15,045**	**-**	**(18,345)**	**(3,300)**
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**20,974**	**15,045**	**-**	**(18,345)**	**17,674**
Dividends declared	-	-	-	(16,957)	-	-	-	**(16,957)**
Transfers by the Trust to settle long-term incentive plan (LTIP) obligations	2,791	-	-	-	-	-	-	**2,791**
Reclassification of LTIP to an equity settled plan	-	-	32,436	-	-	-	-	**32,436**
Reclassification of Director DSU plan to an equity settled plan	-	-	1,569	-	-	-	-	**1,569**
Share-based compensation	-	-	3,280	-	-	-	-	**3,280**
Shares issued to seattle LTIP/Director DSU obligation	1,202	-	(1,202)	-	-	-	-	**-**
Balance as at September 30, 2015	**$ 328,280**	**$ 8,674**	**$ 41,592**	**$ 294,875**	**$ 42,621**	**$ (954)**	**$ (18,345)**	**$ 696,743**

During the nine months ended September 30, 2016, the Company declared dividends amounting to $0.345 per share (September 30, 2015 - $0.30 per share).

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

(in thousands of Canadian dollars) (unaudited)

	Note	September 30 2016	September 30 2015
CASH PROVIDED BY (USED IN)			
Operating activities			
Profit before income taxes		$ 22,884	$ 34,937
Income taxes paid		(2,065)	(10,006)
Defined benefit pension		422	(676)
Items not affecting cash:			
Depreciation and amortization		47,766	51,010
Income from projects accounted for using the equity method		(4,282)	(19,132)
(Gain) loss on sale of property, plant and equipment		(1,224)	(1,126)
Income from leasehold inducements		(277)	(292)
Gain on disposal of subsidiary		-	(14,140)
Unrealized foreign exchange (gain) loss		53	213
Increase in provisions		3,525	1,398
Notional interest representing accretion		3,366	4,211
Fair value gain on convertible debentures		-	(172)
Stock-based compensation		10,129	3,280
Change in other balances relating to operations	25	(145,914)	(122,658)
		(65,617)	(73,153)
Investing activities			
Increase in restricted cash balances		-	(807)
Purchase of property, plant and equipment		(21,818)	(22,021)
Proceeds on sale of property, plant and equipment		6,252	7,383
Proceeds on sale of subsidiary		-	25,715
Increase in intangible assets		(1,847)	(19,795)
(Increase) decrease in long-term financial assets		(127)	490
Distributions from projects accounted for using the equity method		9,456	3,356
		(8,084)	(5,679)
Financing activities			
Increase in bank indebtedness		40,000	129,465
Issuance of long-term debt		12,718	14,928
Repayments of long-term debt		(42,360)	(56,922)
Increase in other liabilities		1,428	5,328
Issuance of capital stock		1,101	-
LTIP settlements		(856)	-
Dividends paid		(18,873)	(16,379)
		(6,842)	76,420
Decrease in cash and cash equivalents during the period		(80,543)	(2,412)
Effects of foreign exchange on cash balances		89	(145)
Cash and cash equivalents - beginning of period		282,732	138,924
Cash and cash equivalents - end of period	25	$ 202,278	$ 136,367

The accompanying notes are an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

Aecon Group Inc. ("Aecon" or the "Company") is a publicly traded construction and infrastructure development company incorporated in Canada. Aecon and its subsidiaries provide services to private and public sector clients throughout Canada and on a selected basis internationally. Its registered office is located in Toronto, Ontario at 20 Carlson Court, Suite 800, M9W 7K6.

Aecon operates in four principal segments within the construction and infrastructure development industry: Infrastructure, Energy, Mining and Concessions.

2. DATE OF AUTHORIZATION FOR ISSUE

The interim condensed consolidated financial statements of the Company were authorized for issue on November 1, 2016 by the Board of Directors of the Company.

3. BASIS OF PRESENTATION

Basis of presentation
The Company prepares its interim condensed consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". The interim condensed consolidated financial statements do not include all the information and disclosures required in the Company's annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2015.

Seasonality
The construction industry in Canada is seasonal in nature for companies like Aecon who do a significant portion of their work outdoors, particularly road construction and utilities work. 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 revenue 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.

Basis of measurement
The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments and available-for-sale investments.

Principles of consolidation
The interim condensed consolidated financial statements include the accounts of the Company and all of its subsidiaries. In addition, the Company's participation in joint arrangements classified as joint operations is accounted for in the interim condensed consolidated financial statements by reflecting, line by line, the Company's share of the assets held jointly, liabilities incurred jointly, and revenue and expenses arising from the joint operations. The interim condensed consolidated financial statements also include the Company's investment in and share of the earnings of projects accounted for using the equity method.

4. CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying value of the asset or liability affected.

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results were a different estimate or assumption used.

Estimates and underlying assumptions are reviewed on an ongoing basis. These estimates and assumptions are subject to change at any time based on experience and new information. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Except as disclosed, there have been no material changes to critical accounting estimates related to the below mentioned items in the past two fiscal years. Critical accounting estimates are also not specific to any one segment unless otherwise noted below.

The Company's significant accounting policies are described in Note 5, "*Summary of Significant Accounting Policies*" in the Company's annual consolidated financial statements for the year ended December 31, 2015. The following discussion is intended to describe those judgments and key assumptions concerning major sources of estimation uncertainty at the end of the reporting period that have the most significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4.1 MAJOR SOURCES OF ESTIMATION UNCERTAINTY

REVENUE AND GROSS PROFIT RECOGNITION

Revenue and income from fixed price construction contracts, including contracts in which the Company participates through joint operations, are determined on the percentage of completion method, based on the ratio of costs incurred to date over estimated total costs. The Company has a process whereby progress on jobs is reviewed by management on a regular basis and estimated costs to complete are updated. However, due to unforeseen changes in the nature or cost of the work to be completed or performance factors, contract profit can differ significantly from earlier estimates.

The Company's estimates of contract revenue and cost are highly detailed. Management believes, based on its experience, that its current systems of management and accounting controls allow the Company to produce materially reliable estimates of total contract revenue and cost during any accounting period. However, many factors can and do change during a contract performance period, which can result in a change to contract profitability from one financial reporting period to another. Some of the factors that can change the estimate of total contract revenue and cost include differing site conditions (to the extent that contract remedies are unavailable), the availability of skilled contract labour, the performance of major material suppliers to deliver on time, the performance of major subcontractors, unusual weather conditions and the accuracy of the original bid estimate. Fixed price contracts are common across all of the Company's sectors, as are change orders and claims, and therefore these estimates are not unique to one core segment. Because the Company has many contracts in process at any given time, these changes in estimates can offset each other without impacting overall profitability. However, changes in cost estimates, which on larger, more complex construction projects can have a material impact on the Company's consolidated financial statements, are reflected in the results of operations when they become known.

A change order results from a change to the scope of the work to be performed compared to the original contract that was signed. Unpriced change orders are change orders that have been approved as to scope but unapproved as to price. For such change orders, contract revenue is recognized to the extent of costs incurred or, if lower, to the extent to which recovery is probable. Therefore, to the extent that actual costs recovered are different from expected cost recoveries, significant swings in revenue and profitability can occur from one reporting period to another.

Claims are amounts in excess of the agreed contract price, or amounts not included in the original contract price, that Aecon seeks to collect from clients or others for client-caused delays, errors in specifications and designs, contract terminations, change orders in dispute or unapproved as to both scope and price, or other causes of unanticipated additional costs. In accordance with the Company's accounting policy, claims are recognized in revenue only when resolution is probable. Therefore, it is possible for the Company to have substantial contract costs recognized in one accounting period with associated revenue recognized in a later period.

Given the above-noted critical accounting estimates associated with the accounting for construction contracts, including change orders and claims, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year or later could be different from the estimates and assumptions adopted and could require a material adjustment to revenue and/or the carrying amount of the asset or liability affected. The Company is unable to quantify the potential impact to the consolidated financial results from a change in estimate in calculating revenue.

MEASUREMENT OF RETIREMENT BENEFIT OBLIGATIONS

The Company's obligations and expenses related to defined benefit pension plans, including supplementary executive retirement plans, are determined using actuarial valuations and are dependent on many significant assumptions. The defined benefit obligations and benefit cost levels will change as a result of future changes in actuarial methods and assumptions, membership data, plan provisions, legislative rules, and future experience gains or losses, which have not been anticipated at this time. Emerging experience, differing from assumptions, will result in gains or losses that will be disclosed in future accounting valuations. Refer to Note 19, "*Employee Benefit Plans*," in the Company's annual consolidated financial statements for the year ended December 31, 2015, for further details regarding the Company's defined benefit plans as well as the impact to the financial results of a 0.5% change in the discount rate assumption used in the calculations.

INCOME TAXES

The Company is subject to income taxes in both Canada and several foreign jurisdictions. Significant estimates and judgments are required in determining the Company's worldwide provision for income taxes. In the ordinary course of business, there are transactions and calculations where the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Management estimates income taxes for each jurisdiction the Company operates in, taking into consideration different income tax rates, non-deductible expenses, valuation allowances, changes in tax laws, and management's expectations of future results. Management bases its estimates of deferred income taxes on temporary differences between the assets and liabilities reported in the Company's consolidated financial statements, and the assets and liabilities determined by the tax laws in the various countries in which the Company operates. Although the Company believes its tax estimates are reasonable, there can be no assurance that the final determination of any tax audits and litigation will not be materially different from that reflected in the Company's historical income tax provisions and accruals. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Company's income tax expense and current and deferred income tax assets and liabilities in the period in which such determinations are made. Although management believes it has adequately provided for any additional taxes that may be assessed as a result of an audit or litigation, the occurrence of either of these events could have an adverse effect on the Company's current and future results and financial condition.

The Company is unable to quantify the potential future impact to its consolidated financial results from a change in estimate in calculating income tax assets and liabilities.

IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets with finite lives are amortized over their useful lives. Goodwill, which has an indefinite life, is not amortized. Management evaluates intangible assets that are not amortized at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life. Intangible assets with finite lives are tested for impairment whenever events or circumstances indicate the carrying value may not be recoverable. Goodwill and intangible assets with indefinite lives, if any, are tested for impairment by applying a fair value test in the fourth quarter of each year and between annual tests if events occur or circumstances change, which suggest the goodwill or intangible assets should be evaluated.

Impairment assessments inherently involve management judgment as to the assumptions used to project these amounts and the impact of market conditions on those assumptions. The key assumptions used to estimate the fair value of reporting units under the fair value less cost to disposal approach are: weighted average cost of capital used to discount the projected cash flows; cash flows generated from new work awards; and projected operating margins.

The weighted average cost of capital rates used to discount projected cash flows are developed via the capital asset pricing model, which is primarily based on market inputs. Management uses discount rates it believes are an accurate reflection of the risks associated with the forecasted cash flows of the respective reporting units.

To develop the cash flows generated from project awards and projected operating margins, the Company tracks prospective work primarily on a project-by-project basis as well as the estimated timing of when new work will be bid or prequalified, started and completed. Management also gives consideration to its relationships with prospective customers, the competitive landscape, changes in its business strategy, and the Company's history of success in winning new work in each reporting unit. With regard to operating margins, consideration is given to historical operating margins in the end markets where prospective work opportunities are most significant, and changes in the Company's business strategy.

Unanticipated changes in these assumptions or estimates could materially affect the determination of the fair value of a reporting unit and, therefore, could reduce or eliminate the excess of fair value over the carrying value of a reporting unit entirely and could potentially result in an impairment charge in the future.

Refer to Note 12, "*Intangible Assets"*, in the Company's annual consolidated financial statements for the year ended December 31, 2015, for further details regarding goodwill as well as the impact on the financial results of a change in the assumptions used in the impairment assessment calculations.

4.2 JUDGMENTS

The following are critical judgments management has made in the process of applying accounting policies and that have the most significant effect on how certain amounts are reported in the consolidated financial statements.

BASIS FOR CONSOLIDATION AND CLASSIFICATION OF JOINT ARRANGEMENTS

Assessing the Company's ability to control or influence the relevant financial and operating policies of another entity may, depending on the facts and circumstances, require the exercise of significant judgment to determine whether the Company controls, jointly controls, or exercises significant influence over the entity performing the work. This assessment of control impacts how the operations of these entities are reported in the Company's consolidated financial statements (i.e., full consolidation, equity investment or proportional share).

The Company performs the majority of its construction projects through wholly owned subsidiary entities, which are fully consolidated. However, a number of projects, particularly some larger, multi-year, multi-disciplinary projects, are executed through partnering agreements. As such, the classification of these entities as a subsidiary, joint operation, joint venture, associate or financial instrument requires judgment by management to analyze the various indicators that determine whether control exists. In particular, when assessing whether a joint arrangement should be classified as either a joint operation or a joint venture, management considers the contractual rights and obligations, voting shares, share of board members and the legal structure of the joint arrangement. Subject to reviewing and assessing all the facts and circumstances of each joint arrangement, joint arrangements contracted through agreements and general partnerships would generally be classified as joint operations whereas joint arrangements contracted through corporations would be classified as joint ventures. The majority of the current partnering agreements are classified as joint operations.

The application of different judgments when assessing control or the classification of joint arrangements could result in materially different presentations in the consolidated financial statements.

5. NEW ACCOUNTING STANDARDS

The following IFRS standards became effective for the Company on January 1, 2016.

IAS 1 Presentation of Financial Statements
The amendments to IAS 1 include amendments in the following areas: materiality, disaggregation and subtotals, note structures, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments had no impact on the Company's financial position or results of operations.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendments to IAS 16 prohibit entities from using revenue based depreciation methods for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. The amendments had no impact on the Company's financial position or results of operations.

IAS 28 Investments in Associates and Joint Ventures
The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendments had no impact on the Company's financial position or results of operations.

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 "Business Combinations." The amendments had no impact on the Company's financial position or results of operations.

IFRS standards and interpretations issued, but not yet effective as at January 1, 2016, are disclosed below. The Company intends to adopt this standard, as applicable, when it becomes effective.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 will supersede the current lease recognition guidance including IAS 17 "Leases" and the related interpretations when it becomes effective.

Under IFRS 16, the lessee recognizes a right-of-use asset and a lease liability upon lease commencement for leases with a lease term of greater than one year. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Subsequent measurement is determined based on the nature of the underlying asset.

The lease liability is initially measured at the present value of the lease payments payable over the lease term and discounted at the implied lease rate. If the implied lease rate cannot be readily determined, the lessee shall use their incremental borrowing rate. Subsequent re-measurement is allowed under specific circumstances.

The standard is effective for accounting periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of adopting this standard on its financial statements.

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

6. TRADE AND OTHER RECEIVABLES

	September 30 2016	December 31 2015
Trade receivables	$ 416,175	$ 348,655
Allowance for doubtful accounts	(1,619)	(1,840)
	414,556	346,815
Holdbacks receivable	202,442	206,374
Other	37,588	1,513
	240,030	207,887
Total	$ 654,586	$ 554,702
Amounts receivable beyond one year	$ 44,554	$ 69,705

A reconciliation of the beginning and ending carrying amounts of the Company's allowance for doubtful accounts is as follows:

	September 30 2016	December 31 2015
Balance - beginning of period	$ (1,840)	$ (1,854)
Additional amounts provided for during period	(238)	(645)
Amounts recovered	459	659
Balance - end of period	$ (1,619)	$ (1,840)

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

7. UNBILLED REVENUE AND DEFERRED REVENUE

Costs incurred and estimated earnings (i.e. earned revenue), net of billings, on uncompleted contracts is presented in the consolidated balance sheets under the following captions:

	September 30 2016	December 31 2015
Earned revenue on projects to date	$ 7,781,320	$ 5,949,783
Less: Billings on projects to date	7,504,309	5,787,513
Net consolidated balance sheet position	$ 277,011	$ 162,270
Reported as:		
Unbilled revenue	$ 464,372	$ 347,533
Deferred revenue	(187,362)	(185,263)
	$ 277,010	$ 162,270

8. INVENTORIES

	September 30 2016	December 31 2015
Raw materials and supplies	$ 2,667	$ 3,468
Finished goods	25,102	24,613
	$ 27,769	$ 28,081

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

9. PROJECTS ACCOUNTED FOR USING THE EQUITY METHOD

The Company performs some construction and concession related projects through non-consolidated entities. The Company's participation in these entities is conducted through joint ventures and associates and is accounted for using the equity method. The Company's joint ventures and associates are private entities and there is no quoted market price available for their shares.

The summarized financial information below reflects the Company's share of the amounts presented in the financial statements of joint ventures and associates:

	September 30, 2016			December 31, 2015		
	Joint Ventures	Associates	**Total**	Joint Ventures	Associates	Total
Cash and cash equivalents	$ 4,765	$ 3,501	**$ 8,266**	$ 49,262	$ 7,256	$ 56,518
Other current assets	26,405	10,229	**36,634**	26,945	8,803	35,748
Total current assets	31,170	13,730	**44,900**	76,207	16,059	92,266
Non-current assets	256,917	15	**256,932**	162,003	15	162,018
Total assets	288,087	13,745	**301,832**	238,210	16,074	254,284
Trade and other payables and provisions	58,889	11,057	**69,946**	22,796	7,118	29,914
Other current financial liabilities	-	-	**-**	1,842	-	1,842
Total current liabilities	58,889	11,057	**69,946**	24,638	7,118	31,756
Non-current financial liabilities	212,476	-	**212,476**	195,845	-	195,845
Other non-current liabilities	526	-	**526**	505	547	1,052
Total non-current liabilities	213,002	-	**213,002**	196,350	547	196,897
Total liabilities	271,891	11,057	**282,948**	220,988	7,665	228,653
Net assets	$ 16,196	$ 2,688	**$ 18,884**	$ 17,222	$ 8,409	$ 25,631

	For the three months ended					
	September 30, 2016			September 30, 2015		
	Joint Ventures	Associates	**Total**	Joint Ventures	Associates	**Total**
Revenue	$ 42,538	$ 7,084	**$ 49,622**	$ 119,004	$ 8,613	**$** 127,617
Depreciation and amortization	(110)	-	**(110)**	(100)	-	(100)
Other costs	(38,455)	(6,037)	**(44,492)**	(112,758)	(8,495)	(121,253)
Operating profit	3,973	1,047	**5,020**	6,146	118	6,264
Finance costs	(2,193)	-	**(2,193)**	(1,492)	-	(1,492)
Income tax expense	(431)	(281)	**(712)**	(860)	-	(860)
Profit for the period	1,349	766	**2,115**	3,794	118	3,912
Other comprehensive loss	(452)	-	**(452)**	(972)	-	(972)
Total comprehensive income	$ 897	$ 766	**$ 1,663**	$ 2,822	$ 118	**$** 2,940

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

	For the nine months ended					
	September 30, 2016			September 30, 2015		
	Joint Ventures	Associates	**Total**	Joint Ventures	Associates	Total
Revenue	$ 127,718	$ 17,084	**$ 144,802**	$ 176,030	$ 18,273	$ 194,303
Depreciation and amortization	(314)	-	**(314)**	(6,946)	-	(6,946)
Other costs	(118,176)	(14,481)	**(132,657)**	(141,414)	(17,544)	(158,958)
Operating profit	9,228	2,603	**11,831**	27,670	729	28,399
Finance costs	(6,157)	-	**(6,157)**	(7,288)	-	(7,288)
Income tax expense	(692)	(700)	**(1,392)**	(1,021)	-	(1,021)
Non-controlling interest	-	-	**-**	(958)	-	(958)
Profit for the period	2,379	1,903	**4,282**	18,403	729	19,132
Other comprehensive income (loss)	(1,573)	-	**(1,573)**	14,133	-	14,133
Total comprehensive income	$ 806	$ 1,903	**$ 2,709**	$ 32,536	$ 729	$ 33,265

The movement in the investment in projects accounted for using the equity method is as follows:

	For the nine months ended	For the year ended
	September 30 2016	December 31 2015
Projects accounted for using the equity method - beginning of period	**$ 25,631**	$ 245,727
Share of profit for the period	**4,282**	22,276
Share of other comprehensive income (loss) for the period	**(1,573)**	13,831
Investment in joint venture sold	**-**	(243,536)
Distributions from projects accounted for using the equity method	**(9,456)**	(12,667)
Projects accounted for using the equity method - end of period	**$ 18,884**	$ 25,631

The following joint ventures and associates are included in projects accounted for using the equity method:

Name	**Joint Venture or Associate**	**Years included**
Yellowline Asphalt Products Ltd.	Joint Venture	2016, 2015
Lower Mattagami Project	Associate	2015
Waterloo LRT Concessionaire	Joint Venture	2016, 2015
Eglinton Crosstown LRT Concessionaire	Joint Venture	2016, 2015
Quito Airport Concessionaire	Joint Venture	2015
New Post Creek Project	Associate	2016, 2015

Projects accounted for using the equity method include various concession joint ventures as listed above. However, the construction activities related to these concessions are classified as joint operations which are accounted for in the consolidated financial statements by reflecting, line by line, Aecon's share of the assets held jointly, liabilities incurred jointly, and revenue and expenses arising from the joint operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(in thousands of Canadian dollars, except per share amounts) (unaudited)

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and leasehold improvements	Aggregate properties	Machinery and construction equipment	Office equipment, furniture and fixtures, and computer hardware	Vehicles	Heavy equipment	Total
Cost								
Balance as at January 1, 2016	$ 33,583	$ 87,512	$ 53,602	$ 252,029	$ 28,269	$ 66,493	$ 264,481	**$ 785,969**
Additions	-	3,021	-	20,437	2,287	4,805	3,360	**33,910**
Disposals	(105)	-	-	(9,598)	-	(5,190)	(1,903)	**(16,796)**
Balance as at September 30, 2016	$ 33,478	$ 90,533	$ 53,602	$ 262,868	$ 30,556	$ 66,108	$ 265,938	**$ 803,083**
Accumulated depreciation and impairment								
Balance as at January 1, 2016	-	36,315	15,674	130,248	19,975	44,582	73,313	**320,107**
Depreciation	-	4,155	783	17,171	3,004	5,919	11,414	**42,446**
Disposals	-	-	-	(5,925)	-	(4,834)	(1,008)	**(11,767)**
Balance as at September 30, 2016	$ -	$ 40,470	$ 16,457	$ 141,494	$ 22,979	$ 45,667	$ 83,719	**$ 350,786**
Net book value as at September 30, 2016	**$ 33,478**	**$ 50,063**	**$ 37,145**	**$ 121,374**	**$ 7,577**	**$ 20,441**	**$ 182,219**	**$ 452,297**
Net book value as at January 1, 2016	**$ 33,583**	**$ 51,197**	**$ 37,928**	**$ 121,781**	**$ 8,294**	**$ 21,911**	**$ 191,168**	**$ 465,862**
Net book value of assets under finance lease as at September 30, 2016	**$ -**	**$ -**	**$ 75**	**$ 45,868**	**$ 54**	**$ 17,708**	**$ 22,459**	**$ 86,164**

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

11. INTANGIBLE ASSETS

	Goodwill	Licences, software and other rights	Total
Cost			
Balance as at January 1, 2016	$ 49,373	$ 77,307	$ 126,680
Additions			
Acquired separately	-	1,847	1,847
Balance as at September 30, 2016	**49,373**	**79,154**	**128,527**
Accumulated amortization and impairment			
Balance as at January 1, 2016	-	14,684	14,684
Amortization	-	5,320	5,320
Balance as at September 30, 2016	**$ -**	**20,004**	**20,004**
Net book value as at September 30, 2016	**$ 49,373**	**59,150**	**108,523**
Net book value as at January 1, 2016	**$ 49,373**	**$ 62,623**	**$ 111,996**

Amortization of intangible assets is included in the depreciation and amortization expense line item on the consolidated statements of income.

12. BANK INDEBTEDNESS

The Company maintains a committed revolving credit facility of $400,000 (December 31, 2015 - $400,000). Bank indebtedness as at September 30, 2016 of $40,000 (December 31, 2015 - $nil) represents borrowings on the Company's revolving credit facility. Letters of credit amounting to $71,724 were also issued against the credit facility as at September 30, 2016 (December 31, 2015 - $61,467). Cash drawings under the facility bear interest rates between prime and prime plus 1.2% per annum. Letters of credit reduce the amount available-for-use under the facility.

The Company also maintains an additional letter of credit facility of $500,000 (December 31, 2015 - $500,000) provided by Export Development Canada of which $227,532 was utilized as at September 30, 2016 (December 31, 2015 - $216,486).

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

13. TRADE AND OTHER PAYABLES

	September 30 2016	December 31 2015
Trade payables and accrued liabilities	$ 503,207	$ 422,169
Holdbacks payable	76,947	85,677
	$ 580,154	$ 507,846
Amounts payable beyond one year	$ 3,467	$ 15,555

14. PROVISIONS

	Contract related obligations	Asset decommissioning costs	Tax assessments	Other	Total
Balance as at January 1, 2016	$ 4,849	$ 3,469	$ 12,169	$ 3,673	$ 24,160
Additions made	845	1,235	-	1,483	3,563
Amounts used	(807)	(993)	-	(3,849)	(5,649)
Unused amounts reversed	(36)	-	-	-	(36)
Other changes	35	188	-	-	223
Balance as at September 30, 2016	**$ 4,886**	**$ 3,899**	**$ 12,169**	**$ 1,307**	**$ 22,261**
Reported as:					
Current	**$ 3,152**	**$ -**	**$ 12,169**	**$ 1,097**	**$ 16,418**
Non-current	**1,734**	**3,899**	**-**	**210**	**5,843**
	$ 4,886	**$ 3,899**	**$ 12,169**	**$ 1,307**	**$ 22,261**

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

15. LONG-TERM DEBT

	September 30 2016	December 31 2015
Long-term debt:		
Finance leases	$ 62,129	$ 69,323
Equipment and other loans	81,711	92,068
Total long-term debt	$ 143,840	$ 161,391
Reported as:		
Current liabilities:		
Long-term debt	$ 52,450	$ 56,033
Non-current liabilities:		
Long-term debt	91,390	105,358
	$ 143,840	$ 161,391

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

16. CONVERTIBLE DEBENTURES

Convertible subordinated debentures consist of:

	September 30 2016	December 31 2015
Debt component:		
Debenture maturing on December 31, 2018	$ 163,823	$ 160,991
Total convertible debentures	$ 163,823	$ 160,991
Reported as:		
Non-current liabilities:		
Convertible debentures	163,823	160,991
	$ 163,823	$ 160,991

	September 30 2016	December 31 2015
Equity component:		
Debenture maturing on December 31, 2018	$ 8,674	$ 8,674

Interest expense on the debentures is composed of the interest calculated on the face value of the debentures and notional interest representing the accretion of the carrying value of the debentures.

	For the three months ended		For the nine months ended	
	September 30 2016	September 30 2015	September 30 2016	September 30 2015
Interest expense on face value	$ (2,372)	$ (3,809)	$ (7,116)	$ (11,428)
Notional interest representing accretion	(950)	(1,370)	(2,832)	(4,094)
Fair value gain on convertible debentures	-	33	-	172
	$ (3,322)	$ (5,146)	$ (9,948)	$ (15,350)

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

17. INCOME TAXES

	For the nine months ended	
	September 30 2016	September 30 2015
Profit before income taxes	**$ 22,884**	$ 34,937
Statutory income tax rate	**26.75%**	26.09%
Expected income tax expense	**(6,122)**	(9,115)
Effect on income taxes of:		
Projects accounted for using the equity method	**1,145**	4,282
Provincial and foreign rate differences	**286**	229
Non-deductible notional interest	**-**	(173)
Non-deductible stock-based compensation expense	**(2,519)**	(10,413)
Other non-deductible expenses	**(708)**	(254)
Tax-exempt portion of capital gains	**-**	1,481
Reversal of tax provision from prior years	**1,950**	-
Other tax credits	**749**	-
	903	(4,848)
Income tax expense	**$ (5,219)**	$ (13,963)

18. EMPLOYEE BENEFIT PLANS

Employee future benefit expenses for the period are as follows:

	For the three months ended		For the nine months ended	
	September 30 2016	September 30 2015	**September 30 2016**	September 30 2015
Defined benefit pension expense:				
Company sponsored pension plans	**$ 316**	$ 233	**$ 948**	$ 699
Defined contribution pension expense:				
Company sponsored pension plans	**1,683**	1,559	**4,859**	4,562
Multi-employer pension plans	**26,546**	24,265	**81,002**	59,662
Total employee future benefit expenses	**$ 28,545**	$ 26,057	**$ 86,809**	$ 64,923

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

19. CONTINGENCIES

The Company is involved in various disputes and litigation both as plaintiff and defendant. In the opinion of management, the resolution of disputes against the Company, including those provided for (see Note 14, *"Provisions"*), will not result in a material effect on the consolidated financial position of the Company.

As part of regular operations, the Company has the following guarantees and letters of credit outstanding:

Guarantees and letters of credit	Project	September 30 2016	December 31 2015
Guarantees:			
Surety bonds, guaranteed joint and severally, to cover construction and concession related performance obligations, advance payment bond and retention release bond	Quito Airport Project	$ 41,412	$ 43,694
Letters of credit:			
In support of various project contingencies	Quito Airport Project	$ -	$ 4,404
Financial and performance - issued in the normal conduct of business	Various	$ 299,256	$ 273,549

Under the terms of many of the Company's associate and joint arrangement contracts with project owners, each of the partners is jointly and severally liable for performance under the contracts. As at September 30, 2016, the value of uncompleted work for which the Company's associate and joint arrangement partners are responsible, and which the Company could be responsible for assuming, amounted to approximately $5,434,120 (December 31, 2015 - $4,725,882), 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 respective associate or joint arrangement contract.

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

20. CAPITAL STOCK

	For the nine months ended September 30, 2016		For the year ended December 31, 2015	
	Number	**Amount**	**Number**	**Amount**
Number of common shares outstanding - beginning of period	**56,817,357**	**$ 332,275**	56,132,175	$ 324,287
Common shares issued on exercise of share options	100,000	1,491	80,000	1,105
Transfers by the Trust to settle LTIP obligations	-	-	315,536	2,956
Common shares issued on conversion of debentures	-	-	578	11
Shares issued to settle LTIP/Director DSU obligations	534,388	7,269	289,068	3,916
Number of common shares outstanding - end of period	**57,451,745**	**$ 341,035**	56,817,357	$ 332,275

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

STOCK−BASED COMPENSATION

Long-Term Incentive Plan

In 2005 and 2014, the Company adopted Long-Term Incentive Plans (collectively “LTIP” or individually “2005 LTIP” or “2014 LTIP”) to provide a financial incentive for its senior executives to devote their efforts to the long-term success of the Company’s business. Awards to participants are based on the financial results of the Company and are made in the form of Deferred Share Units (“DSUs”) or in the form of Restricted Share Units (“RSUs”). Awards made in the form of DSUs will vest only on the retirement or termination of the participant. Awards made in the form of RSUs will vest annually over three years. Compensation charges related to the LTIP are expensed over the estimated vesting period of the awards in marketing, general and administrative expenses. Awards made to individuals who are eligible to retire under the plan are assumed, for accounting purposes, to vest immediately.

For three and nine months ended September 30, 2016, the Company recorded LTIP compensation charges of $3,181 (2015 – $2,687) and $9,488 (2015 - $9,565), respectively, and other loss of $nil (2015 - $47) and $nil (2015 - $6,055) representing changes in fair value of the liability.

Other derivatives

For the three and nine months ending September 30, 2016, the Company recognized a gain of $nil (2015 – loss $2,124), and $nil (2015 - gain $2,691), respectively in other income (loss) related to the revaluation of total return swap contracts.

Stock option plans

The aggregate number of common shares that can be issued under the 2005 Stock Option Plan shall not exceed 5,000,000. Each share option issuance under the 2005 Stock Option Plan specifies the period during which the share option thereunder is exercisable (which in no event shall exceed ten years from the date of grant) and the date the share option will expire. The Company’s Board of Directors determines the vesting period on the dates of share option grants. The exercise price of share option grants equals the market price of the common shares on the grant date. The Company issues common shares on exercise of the options.

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

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

	For the nine months ended September 30, 2016		For the year ended December 31, 2015	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
Balance outstanding - beginning of period	**420,000**	**$ 11.81**	500,000	$ 11.47
Forfeited/expired	**(50,000)**	**10.41**	-	-
Exercised	**(100,000)**	**11.00**	(80,000)	9.66
Balance outstanding - end of period	**270,000**	**12.38**	420,000	11.81
Options exercisable - end of period	**270,000**	**$ 12.38**	420,000	$ 11.81

Share options outstanding as at September 30, 2016 had the following exercise prices and expiry dates:

Share options granted in	**Number of shares**	**Exercise price**	**Expiry date**
2012	120,000	12.95	March 7, 2017
2013	150,000	11.92	March 14, 2018
	270,000	$ 12.38	

Unless subsequently modified, all option grants have a term of five years from the date of grant and vest immediately or over a three-year period.

Other Stock-based Compensation – Director DSU Awards

In May 2014, the Board of Directors modified the director compensation program by replacing stock option grants to non-management directors with a director deferred share unit plan (the “Director DSU Plan”). A DSU is a right to receive an amount from the Company equal to the value of one common share. Commencing in 2014, directors have the option of receiving up to 50% of their annual retainer fee, that is otherwise payable in cash, in the form of DSUs pursuant to the Director DSU Plan. The number of DSUs awarded to a director is equal to the value of the compensation that a director elects to receive in DSUs or the value awarded by the Company on an annual basis divided by the volume weighted average trading price of a common share on the TSX for the five trading days prior to the date of the award. DSUs are redeemable on the first business day following the date the director ceases to serve on the Board.

As equity settled awards, Director DSUs are expensed in full on the date of grant and recognized in marketing, general and administrative expenses in the consolidated statements of income. Director DSUs have accompanying dividend equivalent rights, which are also expensed as earned in marketing, general and administrative expenses.

For the three and nine months ended September 30, 2016, the Company recorded Director DSU compensation charges of $14 (2015 - $13) and $641 (2015 - $732), respectively.

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

Details of the changes in the balance of LTIP awards and Director DSUs outstanding are detailed below:

	For the nine months ended September 30, 2016		For the nine months ended September 30, 2016	
	LTIP Share Units	Weighted Average Grant Date Fair Value Per Unit	Director DSU	Weighted Average Grant Date Fair Value Per Unit
Balance outstanding - beginning of period	3,398,561	$ 11.35	123,906	$ 13.47
Granted	942,439	14.40	48,861	14.58
Dividend equivalent rights	75,291	11.98	3,135	13.73
Settled	(564,755)	12.13	(19,970)	13.45
Forfeited	(7,152)	13.95	(130)	13.45
Balance outstanding - end of period	3,844,384	$ 12.22	155,802	$ 13.83

Amounts included in contributed surplus in the consolidated balance sheet as at September 30, 2016 in respect of LTIP and Director DSUs were $36,220 (December 31, 2015 - $34,700) and $2,154 (December 31, 2015 - $1,669), respectively.

21. EXPENSES

	For the three months ended		For the nine months ended	
	September 30 2016	September 30 2015	**September 30 2016**	September 30 2015
Personnel	**$ 282,623**	$ 298,837	**$ 984,244**	$ 772,182
Subcontractors	**282,625**	239,998	**740,301**	575,733
Materials	**161,110**	180,746	**418,142**	422,727
Equipment costs	**54,254**	79,089	**130,299**	183,981
Depreciation of property, plant and equipment and amortization of intangible assets	**14,308**	17,351	**47,766**	51,010
Other expenses	**3,878**	5,998	**16,272**	11,347
Total expenses	**$ 798,798**	$ 822,019	**$ 2,337,024**	$ 2,016,980

Reported as:

	For the three months ended		For the nine months ended	
	September 30 2016	September 30 2015	**September 30 2016**	September 30 2015
Direct costs and expenses	**$ 742,039**	$ 766,864	**$ 2,157,185**	$ 1,840,877
Marketing, general and administrative expenses	**42,451**	37,804	**132,073**	125,093
Depreciation and amortization	**14,308**	17,351	**47,766**	51,010
Total expenses	**$ 798,798**	$ 822,019	**$ 2,337,024**	$ 2,016,980

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

22. OTHER INCOME (LOSS)

	For the three months ended		For the nine months ended	
	September 30 2016	September 30 2015	**September 30 2016**	September 30 2015
Loss on mark-to-market of LTIP program	**$ -**	$ (2,171)	**$ -**	$ (3,363)
Foreign exchange gain (loss)	**1,298**	(646)	**2,618**	(765)
Gain on sale of property, plant and equipment	**457**	1,400	**1,223**	1,126
Gain on sale of subsidiary	**-**	-	**-**	14,140
Total other income (loss)	**$ 1,755**	$ (1,417)	**$ 3,841**	$ 11,138

On April 10, 2015, the Company sold its wholly owned subsidiary, Innovative Steam Technologies Inc. (“IST”). Gross cash proceeds of the sale were $35,000, with potential additional proceeds over the following two years contingent on IST achieving certain earn-out conditions based on performance. For the nine months ended September 30, 2015, a gain of $14,140 was included in other income (loss) in the consolidated statements of income.

23. FINANCE COSTS

	For the three months ended		For the nine months ended	
	September 30 2016	September 30 2015	**September 30 2016**	September 30 2015
Interest on long-term debt and debentures	**$ 4,007**	$ 6,117	**$ 11,758**	$ 17,709
Interest on finance leases	**849**	717	**2,760**	2,795
Interest on short-term debt	**697**	962	**1,837**	2,265
Notional interest on provisions	**62**	128	**135**	313
Total finance costs	**$ 5,615**	$ 7,924	**$ 16,490**	$ 23,082

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

24. EARNINGS PER SHARE

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

	For the three months ended		For the nine months ended	
	September 30 2016	September 30 2015	**September 30 2016**	September 30 2015
Profit attributable to shareholders	**$ 27,366**	$ 25,580	**$ 17,665**	$ 20,974
Interest on convertible debentures, net of tax(1)	**2,441**	3,865	**7,312**	11,582
Fair value gain on convertible debentures, net of tax(1)	**-**	(24)	**-**	(128)
Diluted net earnings	**$ 29,807**	$ 29,421	**$ 24,977**	$ 32,428
Average number of common shares outstanding	**57,431,995**	56,408,328	**57,254,576**	56,289,145
Effect of dilutive securities:(1)				
Options	**87,764**	32,956	**68,367**	25,171
Convertible debentures(1)	**9,901,326**	22,677,382	**10,955,194**	23,314,618
Long-term incentive plan	**4,000,186**	3,854,956	**4,000,186**	3,854,956
Weighted average number of diluted common shares outstanding	**71,421,271**	82,973,622	**72,278,323**	83,483,890
Basic earnings per share	**$ 0.48**	$ 0.45	**$ 0.31**	$ 0.37
Diluted earnings per share(1)	**$ 0.42**	$ 0.35	**$ 0.29**	$ 0.35

(1) When the impact of dilutive securities increases the earnings per share or decreases the loss per share, they are excluded for purposes of the calculation of diluted earnings (loss) per share.

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

25. SUPPLEMENTARY CASH FLOW INFORMATION

Change in other balances relating to operations

	For the nine months ended	
	September 30 2016	September 30 2015
Decrease (increase) in:		
Trade and other receivables	**$ (99,970)**	$ (173,859)
Unbilled revenue	**(116,839)**	(99,022)
Inventories	**312**	(2,260)
Prepaid expenses	**3,140**	(2,189)
Increase (decrease) in:		
Trade and other payables	**70,993**	88,778
Provisions	**(5,649)**	(3,349)
Deferred revenue	**2,099**	69,243
	$ (145,914)	$ (122,658)

Cash flows from interest

	For the nine months ended	
	September 30 2016	September 30 2015
Operating activities		
Cash interest paid	**$ (10,889)**	$ (14,639)
Cash interest received	**193**	250

	For the nine months ended	
	September 30 2016	September 30 2015
Non-cash transactions		
Property, plant and equipment acquired and financed by finance leases	**$ 12,092**	$ 14,105

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

26. FINANCIAL INSTRUMENTS

Fair value
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. As at September 30, 2016, the Company had outstanding contracts to buy EUR€267, sell US$10,200 and buy US$8,003 (December 31, 2015 - sell US$17,100 and buy US$900) on which there was a net unrealized exchange loss of $402 (December 31, 2015 - loss of $1,972). The net unrealized exchange gain or loss represents the estimated amount the Company would have received/paid if it terminated the contracts at the end of the respective periods, and is included in other income (loss) in the consolidated statements of income.

IFRS 13 *"Fair Value Measurement"* enhances disclosures about fair value measurements. Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. 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.

- 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.

	As at September 30, 2016			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets (liabilities) measured at fair value:				
Cash flow hedge	$ (2,847)	$ -	$ (2,847)	$ -
Financial assets (liabilities) disclosed at fair value:				
Current portion of long-term debt	(55,871)	-	(55,871)	-
Long-term debt	(94,089)	-	(94,089)	-
Convertible debentures	(186,766)	(186,766)	-	-

During the nine-month period ended September 30, 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Risk management
The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from exposures that occur in the normal course of business and are managed on a consolidated Company basis.

Credit risk
Concentration of credit risk associated with accounts receivable, holdbacks receivable and unbilled revenue is limited by the Company's diversified customer base and its dispersion across different business and geographic areas.

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

As at September 30, 2016, the Company had $120,255 in trade receivables that were past due. Of this amount, $76,874 was over 60 days past due, against which the Company has recorded an allowance for doubtful accounts of $1,619.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or another financial asset.

Contractual maturities for financial liabilities as at September 30, 2016 are as follows:

	Due within one year	Due between one and five years	Due after five years	Total undiscounted cash flows	Effect of interest	Carrying value
Bank indebtedness	$ -	$ 40,000	$ -	$ 40,000	$ -	$ 40,000
Trade and other payables	$ 576,687	$ 3,467	$ -	$ 580,154	$ -	$ 580,154
Finance leases	$ 29,526	$ 35,231	$ 176	$ 64,933	$ (2,804)	$ 62,129
Equipment and other loans	26,556	55,620	5,071	87,247	(5,536)	81,711
	56,082	90,851	5,247	152,180	(8,340)	143,840
Convertible debentures	-	172,500	-	172,500	(8,677)	163,823
Long-term financial liabilities	$ 56,082	$ 263,351	$ 5,247	$ 324,680	$ (17,017)	$ 307,663

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.

For the nine months ended September 30, 2016, a 1% increase or a 1% decrease in interest rates applied to the Company's variable rate long-term debt would not have a significant impact on net earnings or comprehensive income.

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.

The Company's sensitivity to a 10% change in the US dollar against the Canadian dollar as at September 30, 2016 to profit or loss for currency exposures would be $1,069. The sensitivity analysis includes foreign currency denominated monetary items but excludes all investments in joint ventures and hedges and adjusts their translation at year-end for the above 10% change in foreign currency rates.

27. CAPITAL DISCLOSURES

For capital management purposes, the Company defines capital as the aggregate of its shareholders' equity and debt. Debt includes 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.

Although the Company monitors capital on a number of bases, including liquidity and working capital, total debt (excluding non-recourse debt and drawings on the Company's credit facility presented as bank indebtedness) as a percentage of total capitalization (debt to capitalization percentage) is considered to be the most important metric in measuring the strength and flexibility of its consolidated balance sheets. As at September 30, 2016, the debt to capitalization percentage including convertible debentures as debt was 30% (December 31, 2015 - 31%). 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 capitalization percentage would be 14% as at September 30, 2016 (December 31, 2015 - 16%). While the Company believes this debt to capitalization percentage is acceptable, because of the cyclical nature of its business, the Company will continue its current efforts to maintain a conservative capital position.

As at September 30, 2016, the Company complied with all of its financial debt covenants.

28. OPERATING SEGMENTS

Segment reporting is based on the Company's divisional operations. The breakdown by division mirrors the Company's internal reporting systems.

The Company operates in four principal segments within the construction and infrastructure development industry: Infrastructure, Energy, Mining and Concessions. The other costs and eliminations category in the summary below includes corporate costs and other activities not directly allocable to segments and also includes inter-segment eliminations.

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

For the three months ended September 30, 2016

	Infrastructure	Energy	Mining	Concessions	Other and eliminations	Total
Statement of income						
External customer revenue	$ 316,151	$ 314,550	$ 206,569	$ 799	$ -	**$ 838,069**
Inter-segment revenue	6,232	9,928	2,439	-	(18,599)	**-**
Total revenue	322,383	324,478	209,008	799	(18,599)	**838,069**
Which includes:						
Construction revenue	322,383	324,478	209,008	-	(18,599)	**837,270**
Concession revenue	-	-	-	799	-	**799**
Expenses	$ (303,133)	$ (312,527)	$ (192,351)	$ (1,311)	$ 10,524	**$ (798,798)**
Which include:						
Depreciation and amortization	(4,917)	(5,145)	(3,978)	(37)	(231)	**(14,308)**
Other income (loss):						
Foreign exchange gain (loss)	$ (155)	$ 728	$ 580	$ (15)	$ 160	**$ 1,298**
Gain (loss) on sale of property, plant and equipment	77	106	274	-	-	**457**
Income from projects accounted for using the equity method	$ 1,674	$ -	$ -	$ 441	$ -	**$ 2,115**
Operating profit (loss)	$ 20,846	$ 12,785	$ 17,511	$ (86)	$ (7,915)	**$ 43,141**
Finance income (cost):						
Finance income						**$ 119**
Finance cost						**(5,615)**
Profit before income taxes						**$ 37,645**
Income tax expense						**(10,279)**
Profit for the period						**$ 27,366**

	Infrastructure	Energy	Mining	Concessions	Other and eliminations	Total
Balance sheet						
Segment assets	$ 731,424	$ 648,159	$ 429,887	$ 93,272	$ 76,441	**$ 1,979,183**
Which include:						
Projects accounted for using the equity method	18,245	47	1,458	(866)	-	**18,884**
Segment liabilities	$ 507,039	$ 254,636	$ 201,119	$ 10,136	$ 281,916	**$ 1,254,846**
Additions to non-current assets:						
Property, plant and equipment	$ 2,456	$ 3,900	$ 35	$ -	$ 2,238	**$ 8,629**
Intangible assets	$ -	$ -	$ -	$ -	$ 760	**$ 760**

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

For the nine months ended September 30, 2016

	Infrastructure	Energy	Mining	Concessions	Other and eliminations	Total
Consolidated Statements of Income						
External customer revenue	$ 737,980	$ 972,602	$ 661,586	$ 2,556	$ (6,642)	**$ 2,368,082**
Inter-segment revenue	8,015	10,682	3,664	-	(22,361)	**-**
Total revenue	745,995	983,284	665,250	2,556	(29,003)	**2,368,082**
Which includes:						
Construction revenue	745,995	983,284	665,250	-	(29,003)	**2,365,526**
Concession revenue	-	-	-	2,556	-	**2,556**
Expenses	$ (745,534)	$ (964,397)	$ (618,360)	$ (5,062)	$ (3,671)	**$ (2,337,024)**
Which include:						
Depreciation and amortization	(14,783)	(15,997)	(17,492)	(125)	631	**(47,766)**
Other income (loss):						
Foreign exchange gain (loss)	$ 256	$ 2,394	$ (145)	$ (65)	$ 178	**$ 2,618**
Gain (loss) on sale of property, plant and equipment	1,380	630	(787)	-	-	**1,223**
Income from projects accounted for using the equity method	$ 3,244	$ -	$ -	$ 1,038	$ -	**$ 4,282**
Operating profit (loss)	$ 5,341	$ 21,911	$ 45,958	$ (1,533)	$ (32,496)	**$ 39,181**
Finance income (cost):						
Finance income						**$ 193**
Finance costs						**(16,490)**
Profit before income taxes						**$ 22,884**
Income tax expense						**(5,219)**
Profit for the period						**$ 17,665**

	Infrastructure	Energy	Mining	Concessions	Other and eliminations	Total
Consolidated Balance Sheets						
Additions to non-current assets:						
Property, plant and equipment	$ 12,423	$ 10,127	$ 7,383	$ -	$ 3,977	**$ 33,910**
Intangible assets	$ -	$ -	$	$ -	$ 1,847	**$ 1,847**

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

For the three months ended September 30, 2015

	Infrastructure	Energy	Mining	Concessions	Other and eliminations	Total
Statement of income						
External customer revenue	$ 322,934	$ 339,538	$ 211,254	$ 1,217	$ -	**$ 874,943**
Inter-segment revenue	1,621	835	2,388	-	(4,844)	**-**
Total revenue	324,555	340,373	213,642	1,217	(4,844)	**874,943**
Which includes:						
Construction revenue	324,555	340,373	213,642	-	(4,844)	**873,726**
Concession revenue	-	-	-	1,217	-	**1,217**
Expenses	$ (300,679)	$ (321,951)	$ (195,345)	$ (1,350)	$ (2,694)	**$ (822,019)**
Which include:						
Depreciation and amortization	(4,321)	(3,768)	(6,505)	(20)	(2,737)	**(17,351)**
Other income (loss):						
Foreign exchange gain (loss)	$ (4)	$ (863)	$ 581	$ 183	$ (543)	**$ (646)**
Gain (loss) on sale of property, plant and equipment	2,039	114	(721)	-	(32)	**1,400**
Loss on mark-to-market of LTIP Program	-	-	-	-	(2,171)	**(2,171)**
Income from projects accounted for using the equity method	$ 3,061	$ 22	$ -	$ 829	$ -	**$ 3,912**
Operating profit (loss)	$ 28,972	$ 17,695	$ 18,157	$ 879	$ (10,284)	**$ 55,419**
Finance income (cost):						
Finance income						**$ 306**
Finance cost						**(7,924)**
Fair value gain on convertible debentures						**33**
Profit before income taxes						**$ 47,834**
Income tax expense						**(22,254)**
Profit for the period						**$ 25,580**

	Infrastructure	Energy	Mining	Concessions	Other and eliminations	Total
Balance sheet						
Segment assets	$ 861,458	$ 478,216	445,867	$ 264,406	$ 56,765	**$ 2,106,712**
Which include:						
Projects accounted for using the equity method	25,110	1,048	5,864	77	-	**32,099**
Investment in Joint Venture classified as held for sale	-	-	-	243,537	-	**243,537**
Segment liabilities	$ 648,033	$ 83,917	280,764	$ 189,856	$ 207,399	**$ 1,409,969**
Additions to non-current assets:						
Property, plant and equipment	$ 5,372	$ 6,154	6,713	$ -	$ 1,088	**$ 19,327**
Intangible assets	$ -	$ -	-	$ -	$ 5,647	**$ 5,647**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(in thousands of Canadian dollars, except per share amounts) (unaudited)

For the nine months ended September 30, 2015	Infrastructure	Energy	Mining	Concessions	Other and eliminations	Total
Consolidated Statements of Income						
External customer revenue	$ 662,990	$ 884,850	$ 493,424	$ 2,511	$ -	**$ 2,043,775**
Inter-segment revenue	2,408	5,158	5,506	-	(13,072)	**-**
Total revenue	665,398	890,008	498,930	2,511	(13,072)	**2,043,775**
Which includes:						
Construction revenue	665,398	890,008	498,930	-	(13,072)	**2,041,264**
Concession revenue	-	-		2,511	-	**2,511**
Expenses	$ (660,517)	$ (874,840)	$ (463,013)	$ (6,636)	$ (11,974)	**$ (2,016,980)**
Which include:						
Depreciation and amortization	(12,507)	(11,510)	(20,126)	(61)	(6,806)	**(51,010)**
Other income (loss):						
Foreign exchange gain (loss)	$ (45)	$ (1,229)	$ 785	$ 507	$ (783)	**$ (765)**
Gain on sale of a subsidiary	-	14,140	-	-	-	**14,140**
Gain (loss) on sale of property, plant and equipment	2,807	489	(2,102)	-	(68)	**1,126**
(Loss) on mark-to-market of LTIP program	-	-	-	-	(3,363)	**(3,363)**
Income from projects accounted for using the equity method	$ 4,023	$ 78	$ 298	$ 14,733	$ -	**$ 19,132**
Operating profit (loss)	$ 11,666	$ 28,646	$ 34,898	$ 11,115	$ (29,260)	**$ 57,065**
Finance income (cost):						
Finance income						**$ 782**
Finance costs						**(23,082)**
Fair value gain on convertible debentures						**172**
Profit before income taxes						**$ 34,937**
Income tax expense						**(13,963)**
Profit for the period						**$ 20,974**

	Infrastructure	Energy	Mining	Concessions	Other and eliminations	Total
Balance Sheet						
Additions to non-current assets:						
Property, plant and equipment	$ 10,056	$ 11,374	12,396	$ -	$ 2,334	**$ 36,160**
Intangible assets	$ -	$ 200	-	$ -	$ 19,596	**$ 19,796**

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