PRESS RELEASE

For Immediate Release **August 13, 2007**

The Churchill Corporation Reports Second Quarter Results
Record Revenue and Earnings

Edmonton, Canada - The Churchill Corporation (TSX: CUQ) today reported record revenues and record net earnings for Q2, 2007.

Consolidated Financial Highlights

	Three months ended June 30				Six months ended June 30			
($ millions, except per share amounts)	2007	2006	$ Change	% Change	2007	2006	$ Change	% Change
Contract Revenue	$186.9	$121.6	$65.3	54%	$340.8	$233.4	$107.4	46%
Contract Income	16.9	11.4	5.5	48%	29.3	21.1	8.2	39%
EBITDA[1]	8.3	2.4	5.9	246%	12.6	4.2	8.4	200%
Earnings before Tax	7.4	1.4	6.0	429%	10.7	2.3	8.4	365%
Net Earnings	5.0	0.8	4.2	525%	7.4	1.4	6.0	429%
Per Share - Basic	$0.28	$0.05	$0.23	460%	$0.42	$0.08	$0.34	425%
Work-in-hand	757.4	353.7	403.7	114%	757.4	353.7	403.7	114%

(1) Refer to the "Terminology" section for further details.

Record construction volume of $186.9 million propelled Churchill to its most profitable quarter in company history. The Corporation reported net earnings of $5.0 million ($0.28 per share), a 525% increase over the net earnings in 2006 of $0.8 million ($0.05 per share). High activity levels in the building construction and industrial electrical contracting segments supported this growth in volume. The quarter was highlighted by the achievement of profit in all of our operating companies and growth of our work-in-hand to a record $757.4 million.

"We are pleased to report the best quarter of revenue and profits in company history," said Churchill Chairman and Interim Chief Executive Officer, Peter Adams. "Contract income margins continue to strengthen, particularly at Triton as better margins are achieved on recently executed contracts. Additionally, our backlog of work-in-hand continues to grow, primarily at Stuart Olson. Looking ahead to the balance of 2007, we expect our industrial operations to maintain their combined volume and Stuart Olson to continue growing."

RESULTS OF OPERATIONS

Buildings

Stuart Olson had work-in-hand of $501.5 million at March 31, 2007. For the three months ended June 30, 2007, the company secured a further $291.5 million of contracts, $160.0 million more than it secured in the same quarter of 2006. The backlog grew significantly in the Alberta region as compared to British Columbia during the quarter. New contracts were added to the backlog from clients such as the City of Red Deer, the Regional Municipality of Wood Buffalo and the Edmonton Airport Authority. During the quarter, the company executed and took into revenue $130.2 million. The company ended the quarter with $662.8 million of work-in-hand, of which $363.9 million is expected to carryover into 2008.

For the three months ended June 30, 2007, Stuart Olson's revenues increased by $61.5 million to $130.2 million, compared to $68.7 million in the prior year. This increase in revenue was due to the greater backlog and higher levels of activity, particularly in the Alberta offices. Year to date, Stuart Olson has been active on projects for the Calgary Regional Health Authority, Capital Health (Edmonton), the Regional Municipality of Wood Buffalo and various private sector clients such as Sysco Food Services.

Contract income in the second quarter increased to $8.3 million from $4.0 million in 2006, an increase of $4.3 million. The contract income margin percentage was higher at 6.4% in 2007 compared to 5.8% in 2006 as a result of strong project execution. Earnings before tax increased to $4.5 million in the second quarter of 2007, compared to $1.1 million in 2006. Earnings before tax improved as a result of stronger margins and controlled spending on indirect and administrative expenses.

For the six months ended June 30, 2007, Stuart Olson reported revenues of $229.3 million compared to revenues of $126.9 million last year. This $102.4 million growth in revenue on a year-over-year basis was generated by increased activity in the Alberta branches, while the British Columbia branch declined slightly.

Contract income for the first six months of 2007 was $14.5 million compared to $7.7 million in 2006. Contract income margin percentage was 6.3% compared to 6.1%, respectively. Earnings before tax increased to $7.2 million compared to $2.0 million. A strong market combined with solid project execution has allowed Stuart Olson to be more profitable.

Industrial General Contracting

Triton had work-in-hand of $28.6 million at March 31, 2007. For the quarter ending June 30, 2007, the company secured a further $2.7 million of contracts, compared to $15.1 million of new work secured in

Q2, 2006. The company executed $10.6 million of contractual work during the quarter and as a result had $20.7 million of work-in-hand to complete in the current year. The level of new work secured this quarter was reduced due to delays in the awarding of some contracts and other awarded packages going to competitors. Triton's management expects to secure additional contracts as the year progresses, which are expected to increase the backlog and revenue.

Revenues at Triton of $10.6 million were $1.7 million lower than in the second quarter of 2006. While Triton's second quarter revenue was lower than in the previous year, this was a $1.3 million improvement on the amount reported in the first quarter of 2007. Triton supplied fabrication, maintenance and construction services during the second quarter to clients including Metacor, Terasen, Encana and CNRL.

Contract income margin percentage was 18.9% in Q2, 2007 an increase from 6.0% in the second quarter of 2006. Triton is beginning to demonstrate the improvements in efficiency that Churchill management has been seeking. Triton delivered earnings before tax of $0.5 million for the current quarter, compared to a loss before tax of $1.0 million in 2006.

For the six months ended June 30, 2007, Triton reported revenues of $19.9 million compared to revenues of $29.6 million last year. The majority of this revenue differential can be attributed to the construction segment at Triton where it has proven more difficult to regain market share. This $9.7 million year-over-year decrease in revenue during the first six months of 2007 is a result of Triton beginning 2007 with a backlog $10.5 million smaller than in 2006 and securing $2.1 million less of new work, year to date.

Contract income for the first six months of 2007 was $2.9 million compared to $3.9 million in 2006. Contract income margin percentage in 2007 was 14.6% compared to 13.2%, in 2006. Contract income in the first half of 2006 included $2.2 million of recoveries on loss provisions recorded in previous year; otherwise the 2006 contract income margin percentage would have been 7.0%. Triton's year to date loss before tax was $0.2 million, compared to earnings before tax of $0.1 million in 2006.

Industrial Insulation Contracting

Industrial Insulation Contracting (also referred to as Insulation Holdings Inc.) operates under three business units – Fuller Austin, Northern Industrial Insulation and Lakehead Insulation – all providing insulation related contracting services for capital projects and maintenance work.

Industrial Insulation Contracting had combined work-in-hand of $21.8 million at March 31, 2007. For the three months ended June 30, 2007, they secured a further $16.3 million of contracts, which was $3.9 million greater than in the same period of 2006. Awards were received in the current quarter from Agrium, Suncor, Sherritt and AMEC. The insulation companies executed $10.9 million of work during the second quarter, resulting in a backlog of $27.2 million of work-in-hand, $3.3 million of which is expected to carry forward into 2008.

Revenue for three months ended June 30, 2007, was $10.9 million, compared to $16.1 million for the period ending June 30, 2006. During the quarter, the insulation companies were engaged to complete projects for clients including Suncor, Syncrude and Nexen. Activity levels in the second quarter of 2006 were supported by the continuation of work on a major oil sands project.

Despite the reduced volume of work in the quarter, contract income was $2.5 million, almost unchanged from the $2.6 million achieved in the comparable period of 2006. The similar contract income was as a result of strong project execution by the insulation companies. The contract income margin percentage was 22.9% in Q2, 2007 compared to 16.1% in Q2, 2006.

Earnings before tax in the Industrial Insulation Contracting segment was $1.3 million for the quarter, unchanged from the second quarter of 2006. The primary reason for the consistent earnings was the higher contract income margin percentage.

For the six months ended June 30, 2007, the Industrial Insulation segment reported revenues of $22.8 million compared to revenues of $38.5 million last year. The majority of the $15.7 million revenue differential is associated with work completed in 2006 by Fuller Austin on a major oil sands project.

Contract income for the first six months of 2007 was $4.2 million compared to $4.3 million in the comparable period of 2006. Contract income margin percentage was 18.4% compared to 11.2%, respectively. This increase in contract income margin percentage was due to solid project execution in 2007 and the inclusion in 2006 of a major oil sands contract which was bid at a lower margin. Earnings before tax year to date increased to $1.9 million compared to $1.8 million in 2006.

Industrial Electrical Contracting

Laird reported work-in-hand of $44.8 million at the end of March 2007. In the second quarter of 2007, new contract awards of $37.1 million were secured compared to $3.2 million in 2006. New contract awards were received from customers such as Nexen, TransAlta and Suncor. During the period, $35.3 million of work was executed, leaving a backlog of $46.6 million remaining to be completed as at June 30, 2007.

For the three months ended June 30, 2007, Laird's revenue increased by $10.8 million to $35.3 million, compared to $24.5 million reported for the same period of 2006. This significant revenue increase was generated from site work for Suncor, Nexen, Albian and TransAlta.

Contract income improved from $3.8 million in Q2, 2006 to $4.1 million in Q2, 2007 due to the higher volume of activity. Laird achieved earnings before tax of $2.6 million in the second quarter of 2007 compared to earnings before tax of $1.6 million in 2006. The improvement in earnings before tax was a result of unchanged indirect and administrative expenses notwithstanding a significant increase in the volume of work executed.

For the six months ended June 30, 2007, Laird reported revenues of $68.9 million compared to revenues of $38.3 million last year. A significant portion of this $30.6 million increase has been from maintenance related activities for a major oil sands client.

Contract income for the first six months of 2007 was $7.4 million compared to $4.7 million in 2006. Contract income margin percentage was 10.7% compared to 12.3%, respectively. Earnings before tax year to date increased to $4.3 million compared to $1.4 million in 2006. Record volumes and solid expense management has allowed Laird to generate greater earnings.

Corporate and Other

In the second quarter of 2007, the Corporate and Other segment incurred $1.6 million of indirect and administrative expenses unchanged from $1.6 million of indirect and administrative expenses in the second quarter of 2006. For the six months ended June 30, 2007, the Corporate and Other segment incurred indirect and administrative expenses of $2.5 million compared to $3.1 million for the same period in 2006. Expenses attributed to Churchill were reduced due to a change in the allocation of information technology expenses as well as a temporary reduction in headcount at the corporate office.

CASH FLOW, FINANCING, CAPITAL REQUIREMENTS, LIQUIDITY

Cash and cash equivalents at June 30, 2007, totaled $67.4 million, which compares with $50.4 million at the end of 2006. Of the $67.4 million of cash and cash equivalents, $12.9 million was subject to deemed trust conditions under the British Columbia Lien Act, compared to $10.7 million at December 31, 2006. As such, this cash is restricted to the payment of direct costs related to specific construction projects.

Cash provided from operating activities amounted to $11.4 million in the quarter, which compares to $6.1 million of cash provided from operations during the second quarter of 2006. This favourable change of $5.3 million is a result of greater net earnings in 2007 and cash positive changes in the working capital accounts.

Investing activities resulted in a use of cash of $1.7 million during the second quarter of 2007, which compares with cash used of $0.5 million in Q2, 2006. This increased use of cash year-over-year, resulted from greater investment in property and construction equipment.

Cash used in financing activities amounted to $0.3 million in the quarter ended June 30, 2007, compared to $1.0 million of cash provided from financing activities in Q2, 2006. At June 30, 2007, the Corporation had drawn on $15.5 million of its $21.0 million operating line of credit. Proceeds and repayments applied to the line of credit during the second quarter were nil compared to $1.2 million of proceeds received from the line of credit in the second quarter of 2006. The Corporation increased long-term debt by use of finance contracts in the amount of $0.2 million to acquire vehicles in the second quarter of 2007 and 2006. During the second quarter, the Corporation repaid $0.4 million of long-term debt (2006 - $0.2 million) and $0.1 million of the demand term loan (2006 - $0.2 million).

Cash provided from operating activities of $16.7 million in the first six months of 2007 was $18.2 million greater than in the same period last year. This year-over-year improvement can be attributed to increased earnings and lower working capital investment.

For the six months ended June 30, 2007, investing activities resulted in a use of cash of $3.0 million compared to $5.5 million of cash used in the prior year. The Corporation has primarily used cash for additions to property and equipment in 2007, while in 2006 $4.0 million of cash was classified as a long-term asset.

For the six months ended June 30, 2007, cash generated from financing activities amounted to $3.2 million compared to $5.3 million in 2006. Proceeds and repayments applied to the line of credit year to date equaled $3.5 million of cash received, compared to $5.6 million of cash utilized in 2006. Issuances and repayments of long-term debt were similar in 2007 and 2006. Also repayments associated with the demand term loan in 2007 and 2006 were equal. At June 30, 2007, long-term debt, including the current portion amounted to $4.8 million, compared to $4.3 million at the end of 2006. As at June 30, 2007, the Corporation was in compliance with the repayment terms associated with its long term obligations.

At June 30, 2007, Churchill had working capital of $33.1 million which was greater than the 2006 year-end working capital position of $27.4 million.

Shareholders' equity was $55.1 million at June 30, 2007, as compared to $47.7 million at December 31, 2006. Year to date contributed surplus has increased $37 thousand as a result of the recognition of stock-based compensation. Retained earnings increased from $26.4 million at December 31, 2006, to $33.8 million, reflecting the year to date net earnings of $7.4 million.

At June 30, 2007, there were 17,667,491 Common Shares and 455,000 options outstanding (December 31, 2006 - 17,667,491 Common Shares and 571,667 options). During the period from July 1, 2007, to August 9, 2007, no new share options were issued; and 50,000 share options were exercised.

The Corporation has an Employee Share Purchase Plan available to all full-time employees. As at July 3, 2007, the Plan held 1,323,080 Churchill Common Shares for the employees. Under the Plan, shares are acquired in the open market.

CONSOLIDATED BALANCE SHEETS

($ thousands)

	June 30, 2007 (Unaudited)	December 31, 2006*
ASSETS		
Current assets		
Cash and cash equivalents	$ **67,390**	$ 50,387
Accounts receivable	**140,353**	83,369
Inventories and prepaid expenses	**2,118**	1,174
Costs in excess of billings	**-**	620
	209,861	135,550
Long-term cash and equivalents	**4,000**	4,000
Future income tax assets	**634**	631
Property and equipment	**19,611**	17,816
Intellectual property	**147**	189
Goodwill	**7,315**	7,315
	$ **241,568**	$ 165,501
LIABILITIES		
Current liabilities		
Operating line of credit	$ **15,500**	$ 12,000
Accounts payable and accrued liabilities	**120,492**	86,191
Contract advances and unearned income	**34,002**	-
Income taxes payable	**433**	4,327
Future income tax liabilities	**4,519**	3,902
Demand term loan	**6,435**	6,825
Current portion of long-term debt	**1,113**	917
	182,494	114,162
Long-term debt	**3,642**	3,419
Future income tax liabilities	**353**	231
	186,489	117,812
SHAREHOLDERS' EQUITY		
Share capital	**15,508**	15,508
Contributed surplus	**5,816**	5,779
Retained earnings	**33,755**	26,402
Accumulated other comprehensive income	**-**	-
	55,079	47,689
	$ **241,568**	$ 165,501

** Figures excerpted from the 2006 audited consolidated financial statements.*

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

($ thousands, except share data)	Three months ended June 30 (Unaudited)		Six months ended June 30 (Unaudited)	
	2007	2006	**2007**	2006
Contract revenue	**$ 186,937**	$ 121,592	**$ 340,841**	$ 233,428
Contract costs	**170,063**	110,204	**311,533**	212,370
Contract income	**16,874**	11,388	**29,308**	21,058
Interest income	**516**	186	**929**	312
Sundry income	**292**	190	**296**	369
Indirect and administrative expenses	**(9,370)**	(9,415)	**(17,950)**	(17,643)
Depreciation and amortization	**(770)**	(652)	**(1,510)**	(1,250)
Interest expense	**(179)**	(306)	**(373)**	(575)
Earnings before income taxes	**7,363**	1,391	**10,700**	2,271
Income tax expense				
Current income tax	**(2,241)**	(100)	**(2,611)**	(120)
Future income tax	**(88)**	(479)	**(736)**	(775)
	(2,329)	(579)	**(3,347)**	(895)
Net earnings	**5,034**	812	**7,353**	1,376
Retained earnings, beginning of period	**28,721**	19,557	**26,402**	18,993
Return on Laird escrowed shares	**-**	(731)	**-**	(731)
Retained earnings, end of period	**$ 33,755**	$ 19,638	**$ 33,755**	$ 19,638
Net earnings per common share				
Basic	**$ 0.28**	$ 0.05	**$ 0.42**	$ 0.08
Fully diluted	**$ 0.28**	$ 0.04	**$ 0.41**	$ 0.08
Weighted average common shares:				
Basic	**17,667,491**	17,881,992	**17,667,491**	17,887,080
Diluted	**17,949,780**	18,129,943	**17,932,268**	18,123,415

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS AND ACCUMULATED COMPREHENSIVE EARNINGS

($ thousands)	Three months ended June 30 (Unaudited)		Six months ended June 30 (Unaudited)	
	2007	2006	**2007**	2006
Net earnings	**$ 5,034**	$ 812	**$ 7,353**	$ 1,376
Other comprehensive earnings, net	**-**	-	**-**	-
Comprehensive earnings	**$ 5,034**	$ 812	**$ 7,353**	$ 1,376
Accumulated comprehensive earnings, beginning of period	**$ -**	$ -	**$ -**	$ -
Other comprehensive earnings for the period	**-**	-	**-**	-
Accumulated comprehensive earnings, end of period	**$ -**	$ -	**$ -**	$ -

CONSOLIDATED STATEMENTS OF CASH FLOW

($ thousands)	Three months ended June 30 (Unaudited)		Six months ended June 30 (Unaudited)	
	2007	2006	**2007**	2006
OPERATING ACTIVITIES				
Net earnings	**$ 5,034**	$ 812	**$ 7,353**	$ 1,376
Non-cash items				
Depreciation and amortization	**770**	652	**1,510**	1,250
Gain on disposal of equipment	**(14)**	(3)	**(16)**	(10)
Future income taxes	**88**	479	**736**	775
Stock-based compensation	**30**	68	**37**	79
	5,908	2,008	**9,620**	3,470
Net change in accounts receivable, inventories and prepaid expenses	**(17,254)**	(10,182)	**(57,928)**	(16,098)
Net change in accounts payable	**19,396**	5,583	**34,301**	(14,509)
Net change in contract advances and unearned income and costs in excess of billings	**3,284**	5,760	**34,622**	22,708
Net change in income taxes payable	**66**	2,900	**(3,894)**	2,900
	11,400	6,069	**16,721**	(1,529)
INVESTING ACTIVITIES				
Long-term cash and equivalents	**-**	-	**-**	(4,000)
Proceeds on disposal of equipment	**148**	177	**150**	197
Additions to intellectual property	**-**	-	**-**	(253)
Additions to property and equipment	**(1,805)**	(638)	**(3,109)**	(1,475)
	(1,657)	(461)	**(2,959)**	(5,531)
FINANCING ACTIVITIES				
Proceeds under line of credit	**-**	3,050	**5,000**	7,470
Repayments under line of credit	**-**	(1,900)	**(1,500)**	(1,900)
Issuance of long-term debt	**202**	190	**766**	473
Repayment of long-term debt	**(373)**	(172)	**(635)**	(327)
Repayment of demand term loan	**(130)**	(195)	**(390)**	(390)
	(301)	973	**3,241**	5,326
Increase (decrease) in cash	**9,442**	6,581	**17,003**	(1,734)
Cash, beginning of period	**57,948**	20,862	**50,387**	29,177
Cash, end of period	**$ 67,390**	$ 27,433	**$ 67,390**	$ 27,433

SUPPLEMENTAL CASH FLOW INFORMATION				
Cash paid (received) during the year for:				
Interest	**$ 198**	$ 187	**$ 362**	$ 380
Income taxes	**$ 2,175**	$ (2,800)	**$ 6,505**	$ (2,780)

The Churchill Corporation provides building construction, industrial construction and maintenance services throughout western Canada. Churchill common shares are listed on The Toronto Stock Exchange under the symbol “CUQ”.

TERMINOLOGY

Throughout this Press Release, and other documents referred to, management refers to certain terms when explaining its financial results that do not have any standardized meaning under Canadian GAAP as set out in the CICA Handbook. Specifically, the terms “contract income margin percentage”, “work-in-hand”, “working capital” “EBITDA” and “book value per share” have been defined as:

Contract income margin percentage is the percentage derived by dividing contract income by contract revenue. Contract income is calculated by deducting all associated direct and indirect costs from contract revenue in the period.

Work-in-hand is the unexecuted portion of work that has been contractually awarded for construction to the Corporation. It includes an estimate of the revenue to be generated from maintenance contracts during the shorter of (a) twelve months, or (b) the remaining life of the contract.

Working capital is current assets less current liabilities excluding that portion relating to any demand term loan which is scheduled to be repaid beyond one year.

EBITDA is equal to earnings before interest expense, taxes, depreciation and amortization. This measure as reported by the Corporation may not be comparable to similar measures presented by other reporting issuers.

Book value per share is the value of shareholders’ equity less value of preferred stock divided by basic shares outstanding at the end of the period.

FORWARD LOOKING STATEMENTS

Certain statements in this Second Quarter Press Release may constitute “forward-looking statements”. Although management of Churchill believes its expectations regarding future performance of the Corporation are based on reasonable assumptions and currently available competitive, financial and economic data, market conditions and operating plans, it can give no assurance its expectations will be achieved. Such forward-looking statements involve risk, uncertainties and other factors that might cause the actual results, performance or achievements of the Corporation to vary significantly from any future results, performance or achievements expressed or implied in any forward-looking statements.

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