



## PRESS RELEASE

For Immediate Release

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### The Churchill Corporation Delivers Record Quarterly Profit

Edmonton, Canada - The Churchill Corporation (TSX: CUQ) today announced record financial results for its second quarter ended June 30, 2008.

#### CONSOLIDATED FINANCIAL HIGHLIGHTS

(\$ millions, except per share amounts)	Three months ended June 30				Six months ended June 30			
	2008	2007	\$	%	2008	2007	\$	%
			Change	Change			Change	Change
Contract Revenue	\$229.5	\$186.9	\$42.6	23%	\$413.5	\$340.8	\$72.7	21%
Contract Income	25.2	16.9	8.3	49%	43.1	29.3	13.8	47%
EBITDA <sup>(1)</sup>	14.9	8.3	6.6	80%	23.1	12.6	10.5	83%
Earnings before Tax	13.7	7.4	6.3	85%	20.5	10.7	9.8	92%
Net Earnings	9.5	5.0	4.5	90%	14.1	7.4	6.7	91%
Per Share - Basic	\$0.53	\$0.28	\$0.25	89%	\$0.79	\$0.42	\$0.37	88%
Work-in-hand <sup>(2)</sup>	585.5	757.4	-171.9	-23%	585.5	757.4	-171.9	-23%
Backlog <sup>(3)</sup>	\$1,265.2	\$1,223.8	\$41.4	3%	\$1,265.2	\$1,223.8	\$41.4	3%

<sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup> Refer to the “Terminology” section for further details.

The Corporation posted second quarter contract revenue of \$229.5 million and net earnings of \$9.5 million, or \$0.53 per basic common share. These results compare to contract revenue of \$186.9 million and net earnings of \$5.0 million, or \$0.28 per basic common share, in Q2 2007.

“Our results in Q2 2008 were our best ever; exceeding those of Q4 2007,” said Chairman and Interim Chief Executive Officer, Peter Adams. “These results were made possible by a 23% increase in year-over-year construction activity on a consolidated basis. The largest percentage gain was made at Triton where strong field construction activity contributed to a 161% increase in contract revenue. Insulation Holdings benefited from stronger markets in Alberta and Saskatchewan growing sales by 83% and Stuart Olson was able to grow general contracting revenue by 14%, to \$148.9 million from \$130.2 million in the prior year. Strong operational execution particularly at Stuart Olson and Laird Electric resulted in significant margin improvement and a record quarterly profit of \$0.53 per share. Our backlog remains at near-record levels, and our focus is on converting our work-in-hand volume into near-term shareholder profits. Our markets remain very strong, with numerous project opportunities available for our companies.”

## **SECOND QUARTER RESULTS**

For the second quarter of 2008, consolidated contract revenue was \$229.5 million, which was \$42.6 million or 23% greater than the same period in 2007. This higher level of revenue on a year-over-year basis was a result of continued strength in our building construction segment, significant growth in our industrial general contracting segment and a greater volume of work completed in our industrial insulation segment.

Contract income increased from \$16.9 million in the second quarter of 2007 to \$25.2 million in the current period as stronger margins in the buildings and electrical segments improved overall results.

Indirect and administrative expenses amounted to \$10.9 million in the quarter, compared to \$9.4 million in the comparable period of 2007, reflecting increased expenses associated with higher revenue.

Earnings before interest, taxes, depreciation and amortization in the quarter were \$14.9 million, compared to \$8.3 million in the second quarter of 2007. Earnings before tax in Q2 2008 increased 85% to \$13.7 million, compared to \$7.4 million reported in Q2 2007. All of the operating companies were profitable in the second quarter of 2008. The Corporation's consolidated net earnings for the three months ended June 30, 2008 were \$9.5 million compared to net earnings of \$5.0 million in 2007.

Work-in-hand at June 30, 2008 was \$585.5 million, a decrease of 23% compared to \$757.4 million in the second quarter of 2007. The Corporation's backlog at the conclusion of the quarter was \$1.3 billion dollars, an increase of 3% relative to the comparable period of 2007. New contract awards of \$175.3 million were booked in the current quarter, which compares with \$347.7 million in Q2 2007. The majority of the variance in new work secured was from the buildings segment. Stuart Olson is targeting certain large projects within Alberta and British Columbia with a view to securing new projects for late 2008 and early 2009 construction.

## **RESULTS OF OPERATIONS**

### **Buildings**

For the three months ended June 30, 2008, Stuart Olson's revenue increased by \$18.7 million to \$148.9 million, compared to \$130.2 million in the prior year. The company continues to experience higher levels of activity in all of its branches; however growth was particularly strong in the Northern Alberta and British Columbia branches. Stuart Olson was active during the period on projects ranging from educational and healthcare facilities, to civic infrastructure and commercial buildings.

Contract income margin in the second quarter increased 67% to \$13.9 million from \$8.3 million for the same period in 2007. Contract income margin percentage increased to

9.3% in 2008 as compared to 6.4% in 2007. Stuart Olson's operational strength is allowing it to grow margins through solid project execution.

Earnings before tax from the buildings segment were \$9.0 million in Q2 2008, compared to \$4.5 million in Q2 2007. This 100% improvement in earnings was a result of the increase in overall contract volume and strong project execution.

For the six months ended June 30, 2008, Stuart Olson reported revenues of \$276.3 million compared to revenues of \$229.3 million last year. This \$47.0 million growth in revenue on a year-over-year basis was generated by increased activity in all regions.

Contract income margin for the first six months of 2008 was \$24.7 million compared to \$14.5 million in 2007. Contract income margin percentage was 8.9% compared to 6.3%, respectively. Earnings before tax increased to \$14.9 million compared to \$7.2 million. A strong market combined with solid project execution has allowed Stuart Olson to be more profitable.

Stuart Olson had work-in-hand of \$508.6 million and a backlog of \$1.3 billion as at March 31, 2008. In the three months ended June 30, 2008, the company secured a further \$121.1 million of contracts, and executed \$148.9 million of contract revenue. The company completed the quarter with \$480.8 million of work-in-hand, of which \$177.2 million is expected to carryover into 2009. The company continues to focus its efforts on securing larger projects with construction starts scheduled for the second half of 2008 and into 2009. At June 30, 2008, Stuart Olson's backlog amounted to \$1.14 billion, compared to \$1.12 billion in Q2 2007, an increase of 2%.

### **Industrial General Contracting**

Triton's contract revenue for the period ending June 30, 2008, was \$27.7 million; an increase of 161% from the \$10.6 million generated in the comparable quarter of 2007. Revenues from all divisions were higher during the second quarter of 2008, but most significantly in the construction division.

Contract income margin increased 5% to \$2.1 million in Q2 2008 from \$2.0 million in Q2 2007. The company's contract income margin percentage was lower at 7.6%, down from 18.9% in the second quarter of 2007. The mix of contract revenue, lower realized contract income margins in the construction and fabrication divisions and recording a loss provision on a previously completed contract were responsible for this decrease.

Earnings before tax increased to \$0.8 million in the second quarter of 2008, as compared to earnings before tax of \$0.5 million in Q2 2007. The increase in pre-tax earnings was a result of greater activity levels and profits in all three divisions.

For the six months ended June 30, 2008, Triton reported revenues of \$53.9 million compared to revenues of \$19.9 million last year. While all three divisions have been

busier than in 2007, the majority of this revenue differential can be attributed to a significant year-over-year increase in activity levels within the construction division.

Contract income for the first six months of 2008 was \$4.8 million compared to \$2.9 million in 2007. Contract income margin percentage in 2008 was 8.9% compared to 14.6%, in 2007. Triton's year to date earnings before tax was \$2.1 million, compared to a loss before tax of \$0.2 million in 2007.

Triton had work-in-hand of \$40.9 million and a backlog of \$42.7 million at March 31, 2008. For the quarter ending June 30, 2008, the company secured a further \$11.9 million of contracts, and executed \$27.7 million of contractual work. Triton was awarded contracts from BA Energy, Encana, IMV Projects, TCPL and others during the quarter. The company ended the quarter with \$25.1 million of work-in-hand, which it expects to execute during the balance of 2008. At June 30, 2008, the company's backlog was \$29.4 million versus a Q2 2007 backlog of \$28.1 million.

### **Industrial Insulation Contracting**

Insulation Holdings Inc. operates three business units – Fuller Austin, Northern Industrial Insulation and Lakehead Insulation – all providing insulation related contracting services for capital projects and maintenance work. Lakehead is a wholly-owned subsidiary of Fuller Austin.

Revenue for the three months ended June 30, 2008, increased to \$20.0 million, compared to \$10.9 million for the comparable period in 2007. The increase in revenue was a result of greater activity in Fuller Austin Saskatchewan and Northern Industrial divisions.

Contract income margin increased to \$4.0 million in Q2 2008 from \$2.5 million for the comparable period of 2007. The increase in margin was a result of continued strong project execution and the greater volume of work executed. The contract income margin percentage was 20.0% in this quarter as compared to 22.9% in the prior year.

The company's earnings before tax increased 100% to \$2.6 million during the period, compared to earnings before tax of \$1.3 million in the second quarter of 2007.

For the six months ended June 30, 2008, Insulation Holdings reported revenues of \$33.6 million compared to revenues of \$22.8 million last year. The majority of the \$10.8 million revenue differential is associated with work completed in the Saskatchewan market.

Contract income for the first six months of 2008 was \$6.1 million compared to \$4.2 million in the comparable period of 2007. Contract income margin percentage was 18.2% compared to 18.4%, respectively. This high contract income margin percentage was due to solid project execution. Earnings before tax year to date increased to \$3.5 million from \$1.9 million in 2007.

Insulation Holdings had work-in-hand of \$44.4 million and backlog of \$52.6 million at March 31, 2008. During Q2 2008, they secured a further \$15.5 million of contracts and executed \$20.0 million of contracts. New contracts were secured from clients such as Agrium, Comstock, Flint, TransAlta and Suncor. The insulation segment ended the quarter with \$39.9 million of work-in-hand, of which \$7.0 million is expected to be completed in 2009. At June 30, 2008, the company had a backlog of \$51.8 million, as compared to \$27.2 million in the prior year.

### **Industrial Electrical Contracting**

For the three months ended June 30, 2008, Laird's contract revenue was \$32.9 million compared to the \$35.3 million reported in Q2 2007. Q2 2007 revenue was a record quarter for Laird, with significant manpower employed on several major oil sands projects.

Contract income increased from \$4.1 million in 2007 to \$4.9 million in Q2 2008, due to improved project execution. The contract income margin percentage was higher during the second quarter at 14.9% as compared to 11.6% in Q2 2007. This was a result of the revenue mix from contracts under construction, strong project execution and ongoing systems and process improvements.

Laird achieved earnings before tax of \$3.0 million for the period, compared to earnings before tax of \$2.6 million in Q2 2007. The increase in earnings was a result of the higher contract income margin in Q2 2008 as compared to the prior year.

For the six months ended June 30, 2008, Laird reported revenues of \$49.7 million compared to revenues of \$68.9 million last year, a decrease of \$19.2 million. In the first six months of 2007, Laird undertook a significant amount of maintenance related activities for a major oil sands client, which contributed to the greater prior year volume.

Contract income for the first six months of 2008 was \$7.2 million compared to \$7.4 million in 2007. This consistent contract income, notwithstanding the year-over-year revenue decrease of \$19.2 million, is mainly due to systems and process improvements. Contract income margin percentage was 14.5% compared to 10.7%, respectively. Earnings before tax year to date decreased to \$3.4 million compared to \$4.3 million in 2007. The \$0.9 million decrease in earnings before tax is attributable to the reduction in contract revenue of \$19.2 million.

Laird reported work-in-hand and backlog amounting to \$45.8 million at March 31, 2008. New contract awards of \$26.8 million were secured in the second quarter and \$32.9 million of contracts were executed. Projects were secured from clients including Albion, Nexen, TransAlta and Suncor. Laird ended the second quarter with \$39.7 million of work-in-hand and backlog, all of which is expected to be completed in 2008. Laird's backlog at the end of Q2 2007 was \$46.6 million.

## **Corporate and Other**

In the second quarter of 2008, the Corporate and Other segment incurred a loss before tax of \$1.7 million compared to a loss before tax of \$1.6 million in 2007. For the six months ended June 30, 2008, the Corporate and Other segment generated a loss before tax of \$3.3 million compared to a loss before tax of \$2.5 million for the same period in 2007. Corporate expenses were higher due to recognition of stock based compensation expenses, consulting fees and a larger work force.

## **CASH FLOW, FINANCING, CAPITAL REQUIREMENTS, LIQUIDITY**

Cash and cash equivalents at June 30, 2008, totaled \$75.9 million, which compares with \$108.1 million at the end of 2007. Of the \$75.9 million of cash and cash equivalents, \$18.1 million was subject to deemed trust conditions under the British Columbia Lien Act, compared to \$25.3 million at December 31, 2007. As such, this cash is restricted to the payment of direct costs related to specific construction projects.

Operating activities used \$7.1 million of cash during the quarter as compared to providing \$11.4 million of cash during the second quarter of 2007. This change was primarily due to an increase in accounts receivable during the second quarter of 2008 resulting from increased activity.

Investing activities resulted in the use of \$1.7 million of cash during the second quarter of 2008, which compares with cash used of \$1.5 million in Q2 2007. The investments were made in construction equipment to support operations.

During the second quarter of 2008 net cash used in financing activities amounted to \$0.3 million, compared to cash used in financing activities of \$0.5 million in the second quarter of 2007. The Corporation repaid \$0.5 million of long-term debt during Q2 2008, and received proceeds of \$0.2 million from the exercise of stock options.

Cash used in operations of \$28.2 million in the first six months of 2008 was in contrast to cash generated from operations of \$16.7 million in the same period last year. This change can be attributed to additional income taxes paid and greater working capital investment to support revenue growth on a year-over-year basis.

For the six months ended June 30, 2008, investing activities resulted in a use of cash of \$3.2 million compared to \$2.2 million of cash used in the prior year. The Corporation has primarily used this cash to acquire construction equipment in both periods.

For the six months ended June 30, 2008, cash used in financing activities amounted to \$0.8 million compared to proceeds of \$2.5 million received in 2007. Proceeds and repayments applied to the operating line of credit during the year to date offset each other compared to \$3.5 million of net cash received in 2007. Repayment of long-term debt in the first six months of 2008 was \$1.1 million and \$0.6 million in 2007. Repayment of the

demand term loan in 2007 was \$0.4 million; subsequent to the second quarter of 2007 this demand term loan was converted to a committed debt facility. As at June 30, 2008, the Corporation was in compliance with the repayment terms associated with its contractual obligations. The Corporation received proceeds of \$0.2 million from the exercise of stock options in the first six months of 2008, and proceeds of \$nil in the corresponding period of 2007.

As at June 30, 2008, Churchill had working capital of \$60.1 million, which compares favourably to the working capital position of \$47.9 million at the end of 2007.

The Corporation remains a partner in two joint ventures. In each instance the Corporation has provided joint and several guarantees, increasing the maximum potential exposure to the full value of the work remaining under the contract.

Shareholders' equity was \$84.4 million at June 30, 2008, as compared to \$69.7 million at December 31, 2007. Share capital has increased by \$328 thousand during the first six months of 2008 to recognize options exercised. Year-to-date, contributed surplus increased \$278 thousand as a result of the recognition of stock-based compensation. Retained earnings increased from \$47.5 million at December 31, 2007 to \$61.6 million at June 30, 2008, reflecting the year-to-date addition of \$14.1 million of net earnings.

### ***Share Data***

As at June 30, 2008, the Corporation had 17,961,991 common shares issued and outstanding and 350,026 options convertible into common shares upon exercise (June 30, 2007 - 17,667,491 common shares and 455,000 options). During the period from July 1, 2008, to July 31, 2008, no new share options were granted, exercised or cancelled.

The Corporation has an Employee Share Purchase Plan available to all full-time employees. At June 30, 2008, the plan held 827,585 Churchill common shares for employees (Q2 2007 – 1,323,080 common shares). Under the plan, shares are acquired in the open market.

## **OUTLOOK**

The total value of major construction projects expected to be built in Alberta grew to more than \$273 billion by the end of June 2008, an increase of more than \$90 billion from June 2007. The total number of major construction projects stands at 1,177 up from 955 a year ago. The oil sands sector continues to make up the biggest piece of this inventory with 53 projects valued at more than \$170 billion. Last year, the oil sands sector was listed with 52 projects valued at \$110.7 billion. The institutional sector with 220 projects was valued at \$13.9 billion in June 2008 compared to 181 institutional projects valued at \$10.8 billion in June 2007.

Clearly infrastructure spending continues to remain strong in Western Canada and particularly Alberta. Stuart Olson is successfully converting its \$1.1 billion of backlog into revenue, executing extremely well on the projects in its possession and delivering record earnings year-over-year. Stuart Olson remains a sought-after general contractor with numerous project opportunities in the pipeline.

Triton is off to a great start in 2008, with activity levels higher within all business units. The accelerated pace of construction activity in the first half of 2008 has resulted in Triton working through its backlog faster than planned. Activity levels are forecast to soften in the third and fourth quarters and have a corresponding impact on profitability. However, the strength of the market and the repositioning of the company with customers have us optimistic that Triton will be able to secure significant construction projects for 2009.

Insulation Holdings is executing well and market conditions in all regions are strong enough to enable them to return to the revenue levels and associated profitability experienced in 2005 and 2006. The backlog remains at near record levels and provides substantial near-term visibility.

Laird is making the operational and systems improvements necessary to position itself for long-term success in the oil sands construction and maintenance market. Laird's maintenance role on a major oil sands site has been extended by the general contractor through the balance of fiscal 2008 and the backlog of work remains high.

Churchill is well on its way to delivering improved operational and financial results once again in 2008. We have initiated projects at various levels within the company to increase efficiencies and generate higher margins.

## CONSOLIDATED STATEMENTS OF EARNINGS, COMPREHENSIVE INCOME AND RETAINED EARNINGS

(\$ thousands, except per share amounts)	Three months ended		Six months ended	
	June 30 (unaudited)		June 30 (unaudited)	
	2008	2007	2008	2007
Contract revenue	\$ 229,544	\$ 186,937	\$ 413,528	\$ 340,841
Contract costs	204,348	170,063	370,457	311,533
Contract income	25,196	16,874	43,071	29,308
Interest income	598	516	1,554	929
Sundry income	122	292	218	296
Indirect and administrative expenses	(10,937)	(9,370)	(21,776)	(17,950)
Depreciation and amortization	(1,169)	(770)	(2,239)	(1,510)
Interest expense	(147)	(179)	(307)	(373)
Earnings before income taxes	13,663	7,363	20,521	10,700
Income tax (expense) recovery				
Current income tax	(5,743)	(2,241)	(8,834)	(2,611)
Future income tax	1,624	(88)	2,383	(736)
	(4,119)	(2,329)	(6,451)	(3,347)
Net earnings	9,544	5,034	14,070	7,353
Comprehensive income	-	-	-	-
Net earnings and comprehensive income	9,544	5,034	14,070	7,353
Retained earnings, beginning of period	52,054	28,721	47,528	26,402
Retained earnings, end of period	\$ 61,598	\$ 33,755	\$ 61,598	\$ 33,755
Accumulated comprehensive income, beginning of period	\$ -	\$ -	\$ -	\$ -
Comprehensive income for the period	-	-	-	-
Accumulated comprehensive income, end of period	\$ -	\$ -	\$ -	\$ -
Net earnings per common share:				
Basic	\$ 0.53	\$ 0.28	\$ 0.79	\$ 0.42
Fully diluted	\$ 0.53	\$ 0.28	\$ 0.78	\$ 0.41
Weighted average common shares:				
Basic	17,922,156	17,667,491	17,904,573	17,667,491
Diluted	18,131,675	17,949,780	18,115,697	17,932,268

## CONSOLIDATED BALANCE SHEETS

(\$ thousands)

	June 30, 2008 (unaudited)	December 31, 2007
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 75,909	\$ 108,105
Accounts receivable	190,526	123,906
Inventories and prepaid expenses	1,903	859
Income taxes recoverable	3,844	-
Future income tax assets	2,756	759
	<b>274,938</b>	233,629
Future income tax assets	1,481	788
Property and equipment	23,968	22,832
Goodwill and intangible assets	7,378	7,420
	<b>\$ 307,765</b>	<b>\$ 264,669</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 165,251	\$ 149,057
Contract advances and unearned income	47,606	24,611
Income taxes payable	-	10,148
Current portion of long-term debt	1,971	1,963
	<b>214,828</b>	185,779
Long-term debt	7,817	8,755
Future income tax liabilities	766	457
	<b>223,411</b>	194,991
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	16,742	16,414
Contributed surplus	6,014	5,736
Retained earnings	61,598	47,528
Accumulated other comprehensive income	-	-
	<b>84,354</b>	69,678
	<b>\$ 307,765</b>	<b>\$ 264,669</b>

## CONSOLIDATED STATEMENTS OF CASH FLOW

(\$ thousands)	Three months ended		Six months ended	
	June 30 (unaudited)		June 30 (unaudited)	
	2008	2007	2008	2007
<b>OPERATING ACTIVITIES</b>				
Net earnings	\$ 9,544	\$ 5,034	\$ 14,070	\$ 7,353
Depreciation and amortization	1,169	770	2,239	1,510
(Gain) loss on disposal of equipment	3	(14)	(20)	(16)
Share-based compensation	303	30	370	37
Future income taxes	(1,624)	88	(2,383)	736
	9,395	5,908	14,276	9,620
Net change in accounts receivable, inventories and prepaid expenses	(25,307)	(17,254)	(67,663)	(57,928)
Net change in accounts payable and accrued liabilities	18,642	19,396	16,195	34,301
Net change in contract advances and unearned income and costs in excess of billings	(10,321)	3,284	22,995	34,622
Net change in income taxes payable	494	66	(13,992)	(3,894)
	(7,097)	11,400	(28,189)	16,721
<b>INVESTING ACTIVITIES</b>				
Proceeds on disposal of equipment	158	148	182	150
Additions to property and equipment	(1,825)	(1,603)	(3,371)	(2,343)
	(1,667)	(1,455)	(3,189)	(2,193)
<b>FINANCING ACTIVITIES</b>				
Proceeds under operating line of credit	4,000	-	9,000	5,000
Repayments under operating line of credit	(4,000)	-	(9,000)	(1,500)
Repayment of long-term debt	(543)	(373)	(1,054)	(635)
Repayment of demand term loan	-	(130)	-	(390)
Issuance of common shares	236	-	236	-
	(307)	(503)	(818)	2,475
(Decrease) increase in cash	(9,071)	9,442	(32,196)	17,003
Cash, beginning of period	84,980	57,948	108,105	50,387
Cash, end of period	\$ 75,909	\$ 67,390	\$ 75,909	\$ 67,390
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>				
Cash received (paid) during the year for:				
Interest	\$ 457	\$ 338	\$ 1,255	\$ 579
Income taxes	\$ (5,106)	\$ (2,175)	\$ (22,683)	\$ (6,505)

## SELECTED FINANCIAL STATEMENT DISCLOSURE

Three months ended June 30, 2008	Buildings	Industrial General	Industrial Insulation	Industrial Electric	Corporate and Other	Total
Revenues	\$ 148,932	\$ 27,719	\$ 20,001	\$ 32,892	\$ -	\$ 229,544
EBITDA <sup>(1)</sup>	9,469	899	2,661	3,317	(1,367)	14,979
Depreciation and amortization	489	99	53	250	278	1,169
Interest expense	14	19	-	22	92	147
Earnings (loss) before tax	\$ 8,966	\$ 781	\$ 2,608	\$ 3,045	\$ (1,737)	\$ 13,663
Income taxes						(4,119)
Net earnings						\$ 9,544
Goodwill and intangible assets	\$ -	\$ -	\$ -	\$ 7,315	\$ 63	\$ 7,378
Total Assets	\$ 216,213	\$ 27,379	\$ 20,166	\$ 32,813	\$ 11,194	\$ 307,765
Capital Expenditures	\$ 930	\$ 7	\$ 31	\$ 572	\$ 409	\$ 1,949

Three months ended June 30, 2007	Buildings	Industrial General	Industrial Insulation	Industrial Electric	Corporate and Other	Total
Revenues	\$ 130,169	\$ 10,599	\$ 10,895	\$ 35,274	\$ -	\$ 186,937
EBITDA <sup>(1)</sup>	4,781	634	1,376	2,823	(1,302)	8,312
Depreciation and amortization	278	103	60	206	123	770
Interest expense	7	16	-	4	152	179
Earnings (loss) before tax	\$ 4,496	\$ 515	\$ 1,316	\$ 2,613	\$ (1,577)	\$ 7,363
Income taxes						(2,329)
Net earnings						\$ 5,034
Goodwill and intangible assets	\$ -	\$ -	\$ -	\$ 7,315	\$ 147	\$ 7,462
Total Assets	\$ 161,659	\$ 15,409	\$ 15,755	\$ 37,328	\$ 11,417	\$ 241,568
Capital Expenditures	\$ 1,434	\$ 7	\$ 67	\$ 479	\$ 34	\$ 2,021

Six months ended June 30, 2008	Buildings	Industrial General	Industrial Insulation	Industrial Electric	Corporate and Other	Total
Revenues	\$ 276,330	\$ 53,923	\$ 33,604	\$ 49,671	\$ -	\$ 413,528
EBITDA <sup>(1)</sup>	15,862	2,310	3,571	3,887	(2,563)	23,067
Depreciation and amortization	949	195	108	487	500	2,239
Interest expense	29	39	-	40	199	307
Earnings (loss) before tax	\$ 14,884	\$ 2,076	\$ 3,463	\$ 3,360	\$ (3,262)	\$ 20,521
Income taxes						(6,451)
Net earnings						\$ 14,070
Goodwill and intangible assets	\$ -	\$ -	\$ -	\$ 7,315	\$ 63	\$ 7,378
Total Assets	\$ 216,213	\$ 27,379	\$ 20,166	\$ 32,813	\$ 11,194	\$ 307,765
Capital Expenditures	\$ 1,660	\$ 162	\$ 62	\$ 626	\$ 985	\$ 3,495

Six months ended June 30, 2007	Buildings	Industrial General	Industrial Insulation	Industrial Electric	Corporate and Other	Total
Revenues	\$ 229,331	\$ 19,868	\$ 22,782	\$ 68,860	\$ -	\$ 340,841
EBITDA <sup>(1)</sup>	7,783	121	2,018	4,664	(2,003)	12,583
Depreciation and amortization	519	235	124	390	242	1,510
Interest expense	34	41	1	20	277	373
Earnings (loss) before tax	\$ 7,230	\$ (155)	\$ 1,893	\$ 4,254	\$ (2,522)	\$ 10,700
Income taxes						(3,347)
Net earnings						\$ 7,353
Goodwill and intangible assets	\$ -	\$ -	\$ -	\$ 7,315	\$ 147	\$ 7,462
Total Assets	\$ 161,659	\$ 15,409	\$ 15,755	\$ 37,328	\$ 11,417	\$ 241,568
Capital Expenditures	\$ 2,128	\$ 11	\$ 126	\$ 1,085	\$ 47	\$ 3,397

The Churchill Corporation provides building construction, industrial construction and maintenance services throughout Western Canada.

## 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”, “backlog”, “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 contracts during the shorter of (a) twelve months, or (b) the remaining life of the contract.

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

*Working capital* is current assets less current liabilities. Our calculation of working capital is provided in the table below:

As at (\$ millions)	June 30, 2008	December 31, 2007
Current assets	\$274.9	\$233.6
Less:		
Current liabilities	214.8	185.7
<b>Working Capital</b>	<b>\$60.1</b>	<b>\$47.9</b>

*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.

(\$ millions)	Three months ended		Six months ended	
	2008	June 30, 2007	2008	June 30, 2007
Net Earnings	\$9.5	\$5.0	\$14.1	\$7.4
Add:				
Income Taxes	4.1	2.3	6.5	3.3
Depreciation & Amortization	1.2	0.8	2.2	1.5
Interest expense	0.1	0.2	0.3	0.4
<b>EBITDA</b>	<b>\$14.9</b>	<b>\$8.3</b>	<b>\$23.1</b>	<b>\$12.6</b>

*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". Forward-looking statements include, without limitation, statements regarding the future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes, plans and objectives of the Corporation. Many of these statements can be identified by looking for words such as "believes," "expects," "may," "will," "intends," "anticipates," "estimates," "continues," or the negative thereof, or other variations thereon. 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. The Corporation cautions that, by their nature, forward-looking statements, involve risks, and uncertainties and that its actual actions, and/or results could differ materially from those expressed or implied in such forward-looking statements, and that the aforementioned risks, uncertainties and actions could affect the extent to which a particular projection materializes. The Corporation assumes no obligation to update the forward-looking statements should circumstances or the Corporation's management's estimates or opinions change.

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