



PRESS RELEASE

For Immediate Release

August 13, 2009

The Churchill Corporation Reports Second Quarter Financials

(TSX: CUQ)

Second Quarter 2009 & YTD Financial Results

- Contract income margin increased to 15.8% compared to 11.4% in Q2 2008.
- \$12.3 million of EBITDA from continuing operations in Q2 2009 compared to \$13.8 million in Q2 2008.
- \$8.0 million of net earnings from continuing operations in Q2 2009 compared to \$8.9 million of net earnings from continuing operations in Q2 2008.
- Earnings per share from continuing operations of \$0.45 in Q2 2009 compared to \$0.50 in Q2 2008.
- \$131.8 million in cash and cash equivalents as at June 30, 2009, compared to \$100.8 million at December 31, 2008.
- \$21.5 million of EBITDA from continuing operations in the six month period ending June 30, 2009, exceeded \$20.4 million of EBITDA from continuing operations in the first six months of 2008.
- \$13.7 million of net earnings from continuing operations in the first half of 2009 was greater than \$12.5 million of net earnings from continuing operations for the same period of 2008.

Highlights & Significant Items

- In the second quarter, Triton's industrial businesses and certain assets and liabilities of the Corporate and Other Segment were categorized as discontinued operations and classified as held-for-sale. Subsequently, on August 12, 2009, the Corporation executed a purchase and sale agreement to divest of these assets and liabilities.
- In April, Stuart Olson and its joint venture partner were selected to build the \$298 million Fort St. John Hospital. Financial close occurred on July 17, 2009 and in excess of \$100 million will be added to our Q3 2009 backlog.
- In May, we announced that Stuart Olson was chosen to build the \$115 million Wal-Mart Perishable Distribution Centre in Balzac, Alberta.
- In May, Stuart Olson was selected as the lead proponent to construct the Central Utilities Plant as part of the Edmonton International Airport Expansion program.
- In June, Fuller Austin was awarded an insulation contract valued at \$15.7 million for an upgrader / refinery project in Fort Saskatchewan, Alberta.
- In June, Laird was awarded a renewal of a maintenance contract in the Alberta oil sands for a 2 year term, with a contract value of \$26 million.
- In June, Laird was issued a contract extension to the end of 2009 from Suncor Energy with an approximate value of \$20 million.
- In July, Stuart Olson was awarded the \$44 million, Simon Fraser University Shrum Science Complex Renewal – Phase 1 Chemistry project, which will be added to our Q3 2009 backlog

- Effective August 12, 2009, the Corporation will be consolidating its operating and corporate offices into Edmonton and Calgary. This initiative plus other restructuring is expected to generate \$2 million of cost savings annually.

Calgary, Canada - The Churchill Corporation today announced EBITDA of \$12.3 million in the second quarter of 2009. Net earnings from continuing operations were \$8.0 million or \$0.45 per share and as at June 30, 2009, our cash balance was \$131.8 million or \$7.49 per share.

(\$ millions, except per share amounts)	Three months ended June 30, 2009				Six months ended June 30, 2009			
	2009	2008	\$	%	2009	2008	\$	%
			Change	Change			Change	Change
Contract Revenue	\$136.7	\$202.0	(65.3)	-32%	\$265.9	\$359.8	(93.9)	-26%
Contract income	21.6	23.1	(1.5)	-6%	40.1	38.1	2.0	5%
EBITDA ⁽¹⁾ from continuing operations	12.3	13.8	(1.5)	-11%	21.5	20.4	1.1	5%
Earnings from continuing operations before income taxes	11.0	12.7	(1.7)	-13%	19.2	18.1	1.1	6%
Net earnings from continuing operations	8.0	8.9	(0.9)	-10%	13.7	12.5	1.2	10%
EPS from continuing operations - basic	\$0.45	\$0.50	(0.05)	-10%	\$0.78	\$0.70	0.08	11%
EPS basic	\$0.42	\$0.53	(0.11)	-21%	\$0.68	\$0.79	(0.11)	-14%
Work-in-hand ⁽²⁾	600.6	560.5	40.1	7%	600.6	560.5	40.1	7%
Backlog ⁽³⁾	\$1,344.2	\$1,235.8	\$108.4	9%	\$1,344.2	\$1,235.8	\$108.4	9%

⁽¹⁾ ⁽²⁾ ⁽³⁾ Refer to the "Terminology" section for further details.

"The Corporation delivered strong second quarter results, particularly in its institutional and building construction markets where the Corporation continues to see significant opportunities for future projects," said Jim Houck, President and Chief Executive Officer, The Churchill Corporation. "Our backlog continues to grow as a result of project awards from both our infrastructure and industrial clientele and the prospect of renewed oil sands activity is encouraging to our outlook."

OVERALL PERFORMANCE

For the second quarter of 2009 consolidated contract revenue was \$136.7 million, compared to \$202.0 million in the same period in 2008. Revenue decreased due to the cumulative effect of delays in project starts and tendering in our buildings segment in combination with lower levels of industrial contracting activity on a year-over-year basis in our industrial insulation and industrial electrical operations.

Contract income decreased from \$23.1 million in the second quarter of 2008 to \$21.6 million in Q2 2009 as stronger margins in our building construction segment, were offset by lower year-over-year revenues and contract income in our industrial insulation and industrial electrical segments.

Indirect and administrative expenses amounted to \$9.7 million in the quarter, compared to \$9.9 million in the comparable period of 2008. These savings were driven by restructuring activities primarily in our industrial operations at Laird and smaller reductions in headcount within other business segments.

Earnings before interest, taxes, depreciation and amortization in the quarter were \$12.3 million, compared to \$13.8 million in Q2 2008.

Earnings from continuing operations before income taxes decreased to \$11.0 million compared to \$12.7 million reported in Q2 2008. The Corporation's consolidated net earnings from continuing operations for the three months ended June 30, 2009 were \$8.0 million compared to net earnings from continuing operations of \$8.9 million in Q2 2008. Net earnings from continuing operations, for the six-month period ended June 30, 2009 were \$13.7 million compared to \$12.5 million in the prior year. The increase in net

earnings from continuing operations is due to the strong performance of our Stuart Olson business in 2009.

New contract awards of \$208.9 million were added to work-in-hand in the current quarter compared to \$163.6 million in Q2 2008. Work-in-hand at June 30, 2009, was \$600.6 million, compared to \$560.5 million at June 30, 2008. On a segmented basis, year-over-year work-in-hand increased \$15.8 million in the buildings segment, increased \$23.2 million in the insulation contracting segment and increased \$1.1 million in the electrical contracting segment.

Churchill's total backlog, including work-in-hand as at June 30, 2009, increased to \$1.34 billion from \$1.24 billion in the prior year. Year-over-year backlog in our buildings segment increased by \$90.6 million, the insulation contracting segment backlog increased by \$16.7 million and the industrial electrical contracting backlog increased by \$1.1 million. The Corporation's backlog consists of work-in-hand of \$600.6 million, active backlog of \$626.6 million and delayed backlog of \$117.0 million. There have been no material changes to the delayed projects residing in the Corporation's backlog. Management remains confident that these project delays can be overcome and that the majority of the Corporation's backlog will be realized as revenue in future reporting periods. Additionally, total backlog as reported does not include volume associated with the Fort St. John hospital project which reached financial close in mid-July and the award to Stuart Olson Constructors of the Shrum Science Complex - Chemical Building in July. These projects will add \$152 million to the backlog in the third quarter.

Discontinued Operations

During the second quarter of 2009, the Corporation proceeded to divest its Industrial General Contracting segment ("Triton") and certain assets and liabilities of the Corporate and Other segment. The segment has performed poorly over a period of time and as a result management felt that there may be a more advantaged owner of the assets held-for-sale and that Churchill could more profitably deploy its resources and the proceeds from disposition into its other operating segments. Accordingly, the results of operations and cashflows for the assets held-for-sale have been accounted for on a discontinued basis for the current and prior periods. The loss from discontinued operations for the three and six months ended June 30, 2009 was \$0.6 million and \$1.8 million, respectively. These amounts include severance related costs associated with the restructuring implemented since March 2009.

RESULTS OF OPERATIONS

Buildings

For the three month period ended June 30, 2009, Stuart Olson's revenue was \$113.5 million, compared to \$148.9 million in the prior year. This decrease in revenue was a result of the cumulative impact of the delayed project starts and tendering referred to in the Corporation's first quarter MD&A.

Contract income in the second quarter of 2009 increased 21% to \$16.8 million, from \$13.9 million for the same period in 2008. The Q2 2009 contract income margin percentage was 14.8% compared to 9.3% in 2008. This margin increase was driven by the strength of the margins in Stuart Olson's backlog, strong project execution and the ability to effectively manage construction costs.

Earnings before tax from the buildings segment were \$12.0 million in Q2 2009, compared to \$9.0 million in Q2 2008. This 33% improvement in pre-tax earnings was a result of the higher margins across all branches, particularly in Northern Alberta.

Revenue for the six months ended June 30, 2009, was \$211.3 million compared to \$276.3 million in 2008. This decrease in revenue was a result of the cumulative impact of the delayed project starts and tendering referred to in the Corporation's first quarter MD&A.

Contract income for the six months ended June 30, 2009 increased by 22%, to \$30.1 million from \$24.7 million for the same period in 2008. Stuart Olson's contract income margin percentage increased to 14.2% compared to 8.9% year-over-year, driven by higher margins in the company's backlog and strong project execution.

Earnings before tax from the buildings segment for the six month period ended June 30, 2009 were \$20.4 million compared to \$14.9 million in the prior year. This 37% increase resulted from higher margins across all branches, particularly in Northern Alberta.

Stuart Olson had work-in-hand of \$447.1 million and a backlog of \$1.23 billion as at March 31, 2009. In the three months ended June 30, 2009, Stuart Olson secured \$162.9 million of new contracts and executed \$113.5 million of work. The company finished the quarter with \$496.5 million of work-in-hand, of which \$275.7 million is expected to be executed in 2009. As at June 30, 2009, Stuart Olson's total backlog was \$1.23 billion.

Stuart Olson continues to pursue new project opportunities which fit its strategy, expertise and price for value proposition. The institutional spending outlook remains strong and the company is currently competing for two additional P3 projects in addition to pursuing traditional infrastructure projects.

Industrial Insulation Contracting

Industrial Insulation Contracting 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. Lakehead is a wholly-owned subsidiary of Fuller Austin.

Revenue for the three months ended June 30, 2009, was \$17.4 million, compared to \$20.0 million for the same period of 2008. The revenue decrease was the result of reduced capital spending mainly in the Saskatchewan industrial market.

Contract income in the second quarter of 2009 was \$3.3 million compared to \$4.0 million for the comparable period in 2008. The contract income margin percentage in Q2 2009 was 19.0% versus 20.0% in Q2 2008.

Earnings before tax were \$1.8 million during the period ending June 30, 2009, compared to \$2.6 million in the second quarter of 2008. Strong project execution by the insulation companies on a variety of maintenance and shutdown contracts allowed IHI to sustain earnings.

For the six months ended June 30, 2009, Insulation Holdings reported revenue of \$34.9 million compared to \$33.6 million for the same period of 2008. The company's revenue for the first six months of 2009 has remained robust as a result of its near record backlog of work.

Contract income for the first six month period ended June 30, 2009, was \$6.6 million compared to \$6.1 million for the comparable period in 2008. The contract income margin percentage was 18.9% compared to 18.1%, respectively.

Earnings before tax increased 11% year-to-date to \$3.9 million in the period ending June 30, 2009, compared to \$3.5 million in 2008. These stronger earnings were a result of the higher contract margins earned year-to-date.

Industrial Insulation Contracting had work-in-hand of \$55.2 million and a backlog of \$69.0 million as at March 31, 2009. During Q2 2009, IHI secured new awards totaling \$25.3 million and executed \$17.4 million of contractual work. The insulation segment ended the quarter with \$63.1 million of work-in-hand, of which \$32.4 million is expected to carry over into 2010. At June 30, 2009, IHI's backlog amounted to \$68.5 million compared to \$51.8 million in the prior year. This increase in backlog is primarily related to projects awarded to Fuller Austin for an upgrader/refinery project in Fort Saskatchewan and for an emissions reduction project at Syncrude near Fort McMurray.

With its positive start to 2009 and strong backlog of projects, Insulation Holdings is positioned to perform favourably over the next 12 months. However, industrial project delays and owner requests for rate resets continue to create increased competition for new work and apply downward pressure on contract income margins.

Industrial Electrical Contracting

For the three months ended June 30, 2009, Laird's contract revenue was \$5.9 million compared to \$33.1 million reported in Q2 2008. This decrease in revenue was primarily due to a reduction in activity levels associated with several oil sands projects in the Fort McMurray area and no significant shut down activity in the quarter. Management believes that activity levels are likely to remain lower on a year-over-year basis for the balance of 2009.

Contract income was \$1.4 million in Q2 2009 compared to \$5.1 million during the prior year. This decrease was due to lower activity levels. The contract income margin percentage was higher at 23.7% during the second quarter of 2009 compared to 15.4% in Q2 2008 due to strong project execution, operational improvements and favourable resolution of project contingencies.

Laird reported a loss before tax of \$0.1 million for the period, compared to earnings before income tax of \$3.0 million in Q2 2008. Laird's initiatives to right size the organization for the expected reduced activity levels paid dividends this quarter as the company was able to withstand a significant revenue drop. The company was able to offset the impact of lower revenues in the period with higher margins and control of its indirect and administrative expenses.

For the six months ended June 30, 2009, Laird's reported revenue was \$19.6 million compared to \$49.9 million reported in 2008. This decrease in revenue was primarily due to a reduction in activity levels associated with several oil sands projects in the Fort McMurray area and very little client shut down and maintenance activity in the quarter.

Contract income for the six months ended June 30, 2009 was \$3.4 million compared to \$7.4 million during 2008. This decrease in contract income was due to lower activity levels. The contract income margin percentage was higher at 17.4% in 2009 compared to 14.8% in 2008 due to operational efficiency in the field and favourable resolution of project contingencies.

Laird reported earnings before tax of \$0.5 million for the period ending June 30, 2009, compared to earnings before tax of \$3.4 million in 2008. The variance in earnings is attributable to lower levels of client activity.

Laird's reported Q1 2009 work-in-hand and backlog was \$26.1 million. New contract awards of \$20.7 million were secured in the second quarter of 2009 and \$5.9 million of contracts were executed. Laird concluded the second quarter with \$40.9 million of work-in-hand and backlog, of which \$12.3 million is expected to be completed in 2010. This compares to a backlog of \$39.8 million at the end of Q2 2008.

Laird has increased its focus on business development activities during this slowdown and successfully concluded agreements with clients such as Shell Albion and Suncor during the second quarter of 2009.

Corporate and Other

In the second quarter of 2009, the Corporate and Other segment incurred a loss before tax of \$2.7 million compared to a loss before tax of \$1.9 million in 2008. For the six months ended June 30, 2009 and 2008 the Corporate and Other segment generated a loss before tax of \$5.6 million and \$3.6 million respectively. The increase in 2009 Corporate and Other expenditures is attributable to indirect and administrative expenses associated primarily with implementation of a new incentive based compensation program more closely aligned with shareholder interests, professional fees and stock based compensation.

CAPITAL RESOURCES AND LIQUIDITY

Cash and cash equivalents at June 30, 2009, totaled \$131.8 million, which compares with \$100.8 million at the end of 2008. Included in the cash and cash equivalents balance is \$18.8 million which is subject to deemed trust conditions under the British Columbia Builders Lien Act, compared to \$17.5 million at December 31, 2008. As such, this cash is restricted to the payment of direct costs related to specific construction projects.

Cash flow provided from operating activities was \$32.8 million, compared to \$18.1 million of cash used in operations during the second quarter of 2008. The Corporation expects to increase its cash and cash equivalents from the proceeds associated with the sale of its discontinued operations.

Investing activities resulted in a use of cash of \$0.7 million during the second quarter of 2009, which compares with cash used of \$1.5 million in Q2 2008. The cash was invested in the acquisition of construction equipment for long term projects under contract.

During the second quarter of 2009, cash used in financing activities associated with net repayments of long term debt amounted to \$1.1 million, compared to cash used in financing of \$0.3 million in Q2 2008. Stock options exercised by directors and officers of the Corporation contributed \$0.2 million to the cash generated from financing in Q2 2008.

Cash generated from operations of \$32.6 million in the first six months of 2009 was in contrast to cash used in operations of \$30.1 million in the same period of 2008. This reversal can be attributed to the collection of accounts receivables and lower activity in the Corporation's industrial operations.

Investing activities resulted in a use of cash of \$1.5 million during the six months ended June 30, 2009, which compares with cash used of \$3.2 million in the same period of 2008. The cash was invested in the acquisition of construction equipment for long term projects under contract.

For the six months ended June 30, 2009, cash used in financing amounted to \$7.6 million, compared to cash used in financing of \$0.8 million in 2008. Net repayments of long-term debt in the six month period ended June 30, 2009, amounted to \$6.8 million, compared to net repayments of \$1.1 million in 2008.

Stock options exercised by directors and officers of the Corporation contributed \$0.2 million to the cash generated from financing in the first half of 2009 compared to \$0.2 million in 2008.

As at June 30, 2009, Churchill had working capital of \$84.4 million, compared to its working capital position of \$78.3 million at December 31, 2008.

Management believes that the Corporation has the capital resources and liquidity necessary to meet its commitments, support its operations and finance its growth strategies. In addition to the Corporation's cash and cash equivalents, ability to generate cash from operations, and its \$60.0 million credit facility, the Corporation is also able to issue additional common shares to provide for capital spending and sustain its property and equipment.

The Corporation is a partner in three joint ventures. In each instance the Corporation has provided a joint and several guarantee, increasing the maximum potential exposure to the full value of the work remaining under the contract. Public-Private Partnerships ("PPP") infrastructure projects may expose the Corporation to financial penalties or liquidated damages under the contract for project delays. PPP projects require security in the form of letters of credit to support the obligations that the Corporation undertakes on these projects.

Shareholders' equity was \$117.3 million at June 30, 2009, as compared to \$105.6 million at December 31, 2008.

Share Data

On October 15, 2008, the Corporation commenced a Normal Course Issuer Bid ("NCIB"), under which it is entitled to purchase up to 1,391,090 common shares in a 12 month period. During the second quarter of 2009, no common shares were repurchased under the NCIB, however 44,100 common shares purchased in March 2009, were cancelled during the reporting period. In total, the Corporation has repurchased and cancelled 432,500 common shares year-to-date. The Corporation has expended \$1.0 million in the first six months of 2009 under its normal course issuer bid. The funding for the NCIB is from the Corporation's cash and cash equivalents balance.

As at August 11, 2009, the Corporation had 17,599,491 common shares issued and outstanding and 876,842 options convertible into common shares upon exercise (December 31, 2008 - 17,822,091 common shares and 519,660 options).

The Corporation has an Employee Share Purchase Plan (the "ESPP") available to all full-time employees. At June 30, 2009, the ESPP held 913,200 common shares for employees. Under the ESPP, common shares are acquired in the open market.

OUTLOOK

With the sale of the Triton companies subsequent to the completion of the quarter, management has demonstrated its commitment to reshape the organization to focus on its most profitable segments and businesses where we can compete effectively to grow shareholder value. In addition, our restructuring and office consolidation initiatives are expected to generate savings of \$2.0 million annually, deliver improved customer service and increase productivity.

The Corporation continues to demonstrate the strength of its business model reporting strong margins and profits driven primarily by our infrastructure business. Our industrial companies, Laird and IHI, are well

positioned to participate in the spending in the oil and gas sector as projects resume in the latter part of 2009 and into 2010. The cost reductions, creative thinking and entrepreneurial culture demonstrated by the management team in this period of reduced activity are traits which we want to sustain when activity levels increase in the future. The performance of Stuart Olson which is the growth engine of the business and holder of 91% of the Corporation's backlog of \$1.4 billion, excluding the incremental \$152 million of additions from the closing of Fort St. John Hospital and SFU Shrum Science Complex, will play an important role in our future outlook. Government spending plans should they translate into funding for new projects and "shovel-ready" projects will be key to our growth, however we continue to see opportunities on the private side of the non-residential construction market. Overall, the outlook for Churchill remains positive as we believe the prospects are strong that we will continue to secure new critical infrastructure and industrial projects.

CONSOLIDATED STATEMENTS OF EARNINGS, COMPREHENSIVE INCOME AND RETAINED EARNINGS

(unaudited, \$ thousands, except per share amounts)	Three months ended		Six months ended	
	June 30		June 30	
	2009	2008	2009	2008
Contract revenue	\$ 136,745	\$ 202,006	\$ 265,848	\$ 359,786
Contract costs	115,187	178,937	225,732	321,668
Contract income	21,558	23,069	40,116	38,118
Interest income	97	579	347	1,525
Sundry income	264	101	263	194
Indirect and administrative expenses	(9,684)	(9,878)	(19,169)	(19,513)
Depreciation and amortization	(1,091)	(1,001)	(2,227)	(1,907)
Interest expense	(100)	(128)	(180)	(268)
Earnings from continuing operations before income taxes	11,044	12,742	19,150	18,149
Income tax (expense) recovery				
Current income tax	(10,700)	(5,743)	(22,639)	(8,834)
Future income tax	7,609	1,926	17,205	3,156
	(3,091)	(3,817)	(5,434)	(5,678)
Earnings from continuing operations and comprehensive income	7,953	8,925	13,716	12,471
Net earnings (loss) from discontinued operations	(603)	619	(1,762)	1,599
Net earnings and comprehensive income	7,350	9,544	11,954	14,070
Retained earnings, beginning of period	86,324	52,054	83,132	47,528
Adjustment arising from shares purchased under a normal course issuer bid	(258)	-	(1,670)	-
Retained earnings, end of period	\$ 93,416	\$ 61,598	\$ 93,416	\$ 61,598
Net earnings per common share:				
Basic from continuing operations	\$ 0.45	\$ 0.50	\$ 0.78	\$ 0.70
Basic from discontinued operations	\$ (0.03)	\$ 0.03	\$ (0.11)	\$ 0.09
Basic net earnings per share	\$ 0.42	\$ 0.53	\$ 0.68	\$ 0.79
Diluted from continuing operations	\$ 0.44	\$ 0.50	\$ 0.77	\$ 0.69
Diluted from discontinued operations	\$ (0.03)	\$ 0.03	\$ (0.10)	\$ 0.09
Diluted net earnings per share	\$ 0.41	\$ 0.53	\$ 0.67	\$ 0.78
Weighted average common shares:				
Basic	17,603,368	17,922,156	17,641,765	17,904,573
Diluted	17,823,621	18,131,675	17,812,702	18,115,697

CONSOLIDATED BALANCE SHEETS

(unaudited, \$ thousands)

	June 30, 2009	December 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 131,817	\$ 100,768
Accounts receivable	138,066	119,248
Inventories and prepaid expenses	1,651	1,285
Costs in excess of billings	5,469	17,692
Income taxes recoverable	3,572	3,615
Future income tax assets	32,694	1,390
Assets held for sale	13,693	24,528
	326,962	268,526
Future income tax assets	211	568
Property and equipment	15,911	16,547
Assets held for sale	10,119	9,844
Goodwill and intangible assets	7,315	7,336
	\$ 360,518	\$ 302,821
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 119,603	\$ 134,194
Contract advances and unearned income	81,701	41,088
Income taxes payable	16,561	2,462
Future income tax liabilities	15,281	3,177
Current portion of long-term debt	702	1,082
Liabilities related to assets held for sale	8,781	8,220
	242,629	190,223
Long-term debt	463	6,787
Future income tax liabilities	54	204
Liabilities related to assets held for sale	24	34
	243,170	197,248
SHAREHOLDERS' EQUITY		
Share capital	16,625	16,663
Shares repurchased under a normal course issuer bid, not cancelled	-	(956)
Contributed surplus	7,307	6,734
Retained earnings	93,416	83,132
	117,348	105,573
	\$ 360,518	\$ 302,821

CONSOLIDATED STATEMENTS OF CASH FLOW

(unaudited, \$ thousands)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
OPERATING ACTIVITIES				
Net earnings from continuing operations and comprehensive income	\$ 7,953	\$ 8,925	\$ 13,716	\$ 12,471
Depreciation and amortization	1,091	1,001	2,227	1,907
Gain (loss) on disposal of equipment	13	3	(18)	(20)
Share-based compensation	154	303	634	370
Future income taxes	(7,124)	(1,624)	(17,205)	(2,383)
	2,087	8,608	(646)	12,345
Change in non-cash balances relating to operations	30,716	(26,729)	33,202	(42,465)
	32,803	(18,121)	32,556	(30,120)
INVESTING ACTIVITIES				
Proceeds on disposal of equipment	128	158	152	182
Additions to property and equipment	(863)	(1,670)	(1,657)	(3,371)
	(735)	(1,512)	(1,505)	(3,189)
FINANCING ACTIVITIES				
Proceeds under operating line of credit	-	4,000	-	9,000
Repayments under operating line of credit	-	(4,000)	-	(9,000)
Repayment of long-term debt	(1,136)	(569)	(6,752)	(1,054)
Share purchase under a normal course issuer bid	-	-	(970)	-
Issuance of common shares	-	236	158	236
	(1,136)	(333)	(7,564)	(818)
Cash provided by (used in) continuing operations	30,932	(19,966)	23,487	(34,127)
Cash provided by discontinued operations	2,769	10,895	7,562	1,931
Change in cash and cash equivalents during the period	33,701	(9,071)	31,049	(32,196)
Cash and cash equivalents, beginning of period	98,116	84,980	100,768	108,105
Cash and cash equivalents, end of period	\$ 131,817	\$ 75,909	\$ 131,817	\$ 75,909
SUPPLEMENTAL CASH FLOW INFORMATION				
Cash received (paid) during the year for:				
Interest	\$ 13	\$ 1,124	\$ 194	\$ 1,942
Income taxes	\$ (2,470)	\$ (5,106)	\$ (8,442)	\$ (22,683)

SELECTED FINANCIAL STATEMENT DISCLOSURE

Three months ended June 30, 2009	Buildings	Industrial Insulation	Industrial Electric	Corporate and Other	Total
Revenues	\$ 113,526	\$ 17,364	\$ 5,855	\$ -	\$ 136,745
EBITDA ⁽¹⁾	12,581	1,852	228	(2,426)	12,235
Depreciation and amortization	546	77	273	195	1,091
Interest expense	21	1	10	68	100
Earnings (loss) from continuing operations before income taxes	\$ 12,014	\$ 1,774	\$ (55)	\$ (2,689)	\$ 11,044
Income taxes					(3,091)
Earnings from continuing operations					7,953
Net loss from discontinued operations					\$ (603)
Net earnings					\$ 7,350
Goodwill					\$ 7,315
Assets in continuing operations	\$ 232,658	\$ 23,082	\$ 24,836	\$ 56,130	\$ 336,706
Assets held for sale					23,812
Total Assets					\$ 360,518
Capital Expenditures	\$ 401	\$ 160	\$ 1	\$ 236	\$ 798

Three months ended June 30, 2008	Buildings	Industrial Insulation	Industrial Electric	Corporate and Other	Total
Revenues	\$ 148,932	\$ 20,001	\$ 33,073	\$ -	\$ 202,006
EBITDA ⁽¹⁾	9,469	2,661	3,317	(1,576)	13,871
Depreciation and amortization	489	53	250	209	1,001
Interest expense	14	-	22	92	128
Earnings (loss) from continuing operations before income taxes	\$ 8,966	\$ 2,608	\$ 3,045	\$ (1,877)	\$ 12,742
Income taxes					(3,817)
Earnings from continuing operations					8,925
Net earnings from discontinued operations					\$ 619
Net earnings					\$ 9,544
Goodwill and intangible assets					\$ 7,399
Assets in continuing operations	\$ 216,213	\$ 20,166	\$ 32,813	\$ 1,289	\$ 270,481
Assets held for sale					49,454
Total Assets					\$ 319,935
Capital Expenditures	\$ 930	\$ (93)	\$ 572	\$ 409	\$ 1,818

Six months ended June 30, 2009	Buildings	Industrial Insulation	Industrial Electric	Corporate and Other	Total
Revenues	\$ 211,339	\$ 34,874	\$ 19,635	\$ -	\$ 265,848
EBITDA ⁽¹⁾	21,534	4,045	1,041	(5,063)	21,557
Depreciation and amortization	1,111	152	540	424	2,227
Interest expense	32	2	23	123	180
Earnings (loss) from continuing operations before income taxes	\$ 20,391	\$ 3,891	\$ 478	\$ (5,610)	\$ 19,150
Income taxes					(5,434)
Earnings from continuing operations					13,716
Net loss from discontinued operations					(1,762)
Net earnings					\$ 11,954
Goodwill and intangible assets					\$ 7,315
Assets in continuing operations	\$ 232,658	\$ 23,082	\$ 24,836	\$ 56,130	\$ 336,706
Assets held for sale					23,812
Total Assets					\$ 360,518
Capital Expenditures	\$ 871	\$ 196	\$ 271	\$ 367	\$ 1,705

Six months ended June 30, 2008	Buildings	Industrial Insulation	Industrial Electric	Corporate and Other	Total
Revenues	\$ 276,330	\$ 33,604	\$ 49,852	\$ -	\$ 359,786
EBITDA ⁽¹⁾	15,862	3,571	3,887	(2,996)	20,324
Depreciation and amortization	949	108	487	363	1,907
Interest expense	29	-	40	199	268
Earnings (loss) from continuing operations before income taxes	\$ 14,884	\$ 3,463	\$ 3,360	\$ (3,558)	\$ 18,149
Income taxes					(5,678)
Earnings from continuing operations					12,471
Net earnings from discontinued operations					1,599
Net earnings					\$ 14,070
Goodwill and intangible assets					\$ 7,378
Assets in continuing operations	\$ 216,213	\$ 20,166	\$ 32,813	\$ 1,289	\$ 270,481
Assets held for sale					49,454
Total Assets					\$ 319,935
Capital Expenditures	\$ 1,660	\$ 62	\$ 626	\$ 985	\$ 3,333

The Churchill Corporation provides building construction, industrial insulation, industrial electrical and maintenance related 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”, “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 maintenance contracts during the shorter of (a) twelve months, or (b) the remaining life of the contract.

Backlog means the total value of work including work-in-hand 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. All projects within backlog are classified as active unless the Company has received written or verbal notification from the client that a job/project/contract has been delayed, at which point the backlog is classified as delayed backlog. The Corporation provides no assurance that additional clients will not choose to defer or cancel their projects in the future. There can be no assurance that the client will resume the project or that the delayed backlog will not be retendered. Jobs or projects subsequently retendered and not awarded to the Corporation or its subsidiaries would at that time be removed from the Corporation’s backlog.

As at June 30, 2009

(\$ millions)

Work-in-hand	Active Backlog	Delayed Backlog	Total Backlog
\$600.6	\$626.6	\$117.0	\$1,344.2

As at December 31, 2008

(\$ millions)

Work-in-hand	Active Backlog	Delayed Backlog	Total Backlog
\$565.2	\$794.8	\$30.3	\$1,390.3

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

As at (\$ millions)	June 30 2009	December 31, 2008
Current assets	\$327.0	\$268.5
Less:		
Current liabilities	242.6	190.2
Working Capital	\$84.4	\$78.3

EBITDA is a common financial measure widely used by investors to facilitate an “enterprise level” valuation of an entity. The Corporation follows the standardized definition of EBITDA. Standardized EBITDA represents an indication of the Corporation’s capacity to generate income from operations before taking into account management’s financing decisions and costs of consuming tangible and intangible capital assets, which vary according to their vintage, technological currency, and management’s estimate of their useful life. Accordingly standardized EBITDA comprises revenues less operating cost before interest expense, capital asset amortization and impairment charges, and income taxes. This measure as reported by the Corporation may not be comparable to similar measures presented by other reporting issuers. The following is a reconciliation of net earnings to EBITDA from continuing operations for each of the periods presented in this MD&A in accordance with GAAP.

(\$ millions)	Three months ended		Six months ended	
	2009	June 30, 2008	2009	June 30, 2008
Net Earnings	\$8.0	\$8.9	\$13.7	\$12.5
Add:				
Income Taxes	3.1	3.8	5.4	5.7
Depreciation & Amortization	1.1	1.0	2.2	1.9
Interest expense	0.1	0.1	0.2	0.3
EBITDA from continuing operations	\$12.3	\$13.8	\$21.5	\$20.4

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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