BIRD
CONSTRUCTION INCOME FUND

ninety years of partnership
1920•2010

annual report 2009

SEVENTY NINTH

ANNUAL REPORT
OF THE BOARD OF TRUSTEES OF

BIRD
Construction Income Fund

for the year ended
December 31, 2009

EXECUTIVE OFFICE

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AUDITORS

KPMG LLP

BANK

Bank of Montreal

SURETY

Travelers Guarantee Company of Canada

STOCK EXCHANGE LISTING

Toronto Stock Exchange (Symbol "BDT.UN")

TRANSER AGENT AND REGISTRAR

Computershare Investor Services

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of Bird Construction Income Fund's ("Fund") financial condition and results of operations should be read in conjunction with the December 31, 2009 and 2008 audited consolidated financial statements of the Fund and the notes thereto presented in comparison to the preceding year. This discussion contains forward-looking statements, which are subject to a variety of factors that could cause actual results to differ materially from those contemplated by these statements. See "Forward Looking Information". Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, the factors described under "Risks Relating to the Business" and "Risks Relating to the Units" included in the Fund's most current Annual Information Form dated March 12, 2010. This MD&A has been prepared as of March 12, 2010. Additional information about the Fund is available through the System for Electronic Document Analysis and Retrieval (SEDAR) at ***www.sedar.com*** *and includes the Fund's Annual Information Form and other filings.*

INTRODUCTION

In 2006, Bird Construction Income Fund ("Fund") acquired Bird Construction Company Limited ("Company" or "Bird") as a wholly-owned subsidiary of the Fund and continued operations as an open-ended income trust following the continuity of interests method of accounting, as there was no substantive change in the ownership interest of the Company.

The Fund, through its ownership of the Company, operates as a general contractor across Canada and in selected areas of the United States. On February 5, 2009, the Fund announced that it would be winding down its Seattle, Washington branch in late-2009. The company expects to exit from this market in early-2010 upon completion of its current contracts. The Fund services clients in the following industry sectors: industrial, institutional, retail, commercial, multi-tenant residential, light industrial and renovation and restoration construction using fixed price, design-build, unit price, cost reimbursable, guaranteed upset price and construction management contract delivery methods. The Fund has secured and will continue to pursue design-build contracts with groups participating in Public Private Partnership ("PPP") contracts in the institutional sector. Bird is typically required to provide contract security to support its obligations related to such projects which will include letters of credit, parent company guarantees and possibly bonds. A strong balance sheet to support parent company guarantees is a competitive advantage in this market.

Securing profitable construction contracts and then controlling the costs associated with performing that work are key drivers of success for the Fund. The Fund's ability to attract work depends primarily on two factors.

First, new work must be available, which is a function of the general state of the economy. In periods of strong economic growth, capital spending will generally increase and there will be more opportunities available within the construction industry. Economic conditions over the last year have been weak and, accordingly, the competition for the contracts that are available has increased.

Second, the Fund must be successful in securing profitable work when it is available. In order to pursue projects, the Company must have adequate working capital to support its surety and contract security requirements. The construction industry is highly fragmented and, accordingly, the Fund competes with a number of national, regional and local construction firms. The profitability of the work is primarily a function of the Fund's ability to develop accurate cost estimates on which to base its bid or offer, the price at which the Fund is prepared to do the work, and the number and aggressiveness of the other contractors pursuing a particular opportunity, but may also depend on the relationship the Fund (or its competitors) has with the potential client.

Once the Fund has secured a potentially profitable contract, the profitability of that contract, measured by the Construction Margin Percentage (as defined below) is primarily a function of management's ability to control the costs associated with that contract.

Backlog (as defined below) is an important indicator of the sustainability of a construction company. The Fund's ability to identify and successfully bid or negotiate contracts has allowed it to maintain a desirable level of backlog.

SELECTED FINANCIAL INFORMATION

The following selected financial information has been derived from, and should be read in conjunction with, the consolidated financial statements of the Fund.

(thousands of dollars, except per unit amounts)	2009	2008	2007
Income Statement Data			
Revenue	$ 882,939	$ 1,039,420	$ 756,879
Income before income taxes	71,592	71,214	51,342
Net income (1)	56,913	60,860	33,412
Net income per unit	4.05	4.34	2.42
Cash Flow Data			
Cash flows from operations	100,163	77,255	42,902
Additions to property and equipment (2)	2,674	6,050	3,132
Cash distributions paid	22,839	21,122	17,503
Cash distributions declared per unit	1.65	1.45	1.35
Balance Sheet Data			
Total assets	438,642	528,156	341,399
Working capital	122,160	83,465	49,764
Unitholders' equity	135,349	101,684	53,273

(1) includes comprehensive income, hereafter referred to as net income
(2) including computer software purchases included in Intangible assets

RESULTS OF OPERATIONS

FISCAL 2009 COMPARED TO FISCAL 2008

The Fund’s performance in 2009 was strong, particularly in light of prevailing general economic conditions across Bird’s operating areas. The financial performance in 2009 was based primarily on the execution of contracts in the backlog at the commencement of the fiscal year, the majority of which were secured in 2008 and carried margins of the buoyant construction market of that period.

Total revenue for the year ended December 31, 2009 was $882.9 million representing a 15.1% decrease from the $1,039.4 million for the same period in 2008. A reduction in construction revenues of $158.4 million or 15.3% reflects a decline in contract awards resulting from the prevailing general economic conditions. The reduction in construction revenue was primarily a result of a significant slow-down in the amount of capital expenditures in the Alberta oil sands. In 2009, higher revenues derived from PPP and other institutional projects served to offset to some extent lower revenues from industrial and commercial construction projects. The winding down of the Seattle branch operations also contributed to the reduction in 2009 construction revenues. Construction revenue for the year ended December 31, 2009 is comprised of $866.3 million in Canada and $11.6 million in the US, compared to $1,003.2 million in Canada and $33.1 million in the US in 2008.

Investment and other income of $5.1 million for the year ended December 31, 2009 is $2.0 million higher than the $3.1 million earned in 2008. The increase reflects a net gain of $1.4 million derived from the change in the market value of the investment portfolio in 2009 resulting from a general recovery in the capital markets. This gain compares with a $3.5 million loss in 2008, relating to the impact of the general downturn in the market in the last half of 2008. The net impact of the change of the market value of the investment portfolio in 2009 compared with 2008 was offset by $2.9 million of lower interest income in 2009, primarily as a result of lower returns available on cash and cash equivalent investments in 2009.

Construction costs and general and administrative expenses (including amortization) for the year ended December 31, 2009 of $811.3 million representing 92.4% of construction revenue, compared to $968.2 million and 93.4% of construction revenue in 2008.

Income before income taxes of $71.6 million was comparable to last year's amount of $71.2 million. In 2009, improved construction margin percentages and higher investment income served to fully offset the impact of lower construction revenues. The higher margins result primarily from the PPP institutional projects undertaken in 2009 and favourable margins realized in the industrial market sector on projects that were awarded in prior years.

Income tax expense of $14.7 million is $4.3 million higher than the 2008 comparable figure due, for the most part, to a recovery of approximately $6.6 million of income tax in 2008 related to a 2007 capital transaction between the Fund and a subsidiary that was subsequently reversed in the third quarter of 2008. In 2009, income tax expense also reflects a small reduction in income tax rates and the benefit derived from higher unitholder distributions, which lower the amount of income subject to income tax.

The Fund secured $780.6 million in new construction contracts (including change orders to existing contracts) and put in place $877.9 million of construction revenue during 2009. The reduction in the amount of the Fund's backlog to $901.4 million at December 31, 2009 compared to $1,104.7 million as at December 31, 2008, also reflects the removal of $106.0 million from backlog related to the Fort Hills North oil sands site, resulting from the customer's decision to cancel the contract. Included in 2009 and 2008 backlog is $147.0 million related to a contract for the Royal Alberta Museum which has been delayed. With respect to the current backlog, approximately $601.2 million is expected to be put in place during 2010, leaving $300.2 million to carry forward to 2011 through 2012. As expected, construction markets across Canada tightened dramatically in 2009. The Fund will continue to actively pursue infrastructure projects to compensate for a decline in the volume of work in the Fund's retail, commercial and industrial markets.

THREE MONTHS ENDED DECEMBER 31, 2009 COMPARED WITH THREE MONTHS ENDED DECEMBER 31, 2008

Selected Quarterly Financial Information
Consolidated Statements of Income and Comprehensive Income
Fourth Quarter
(thousands of dollars)

	Three Months Ended December 31 2009	Three Months Ended December 31 2008
	(unaudited)	
Revenue:		
Construction revenue	$ 204,383	$ 247,717
Investment and other income (loss)	840	(1,065)
	205,223	246,652
Construction costs and general & administrative expenses	187,353	225,305
Amortization	911	1,146
Income before income taxes	16,959	20,201
Income tax expense	3,935	5,633
Net income and comprehensive income for the period	$ 13,024	$ 14,568

Net income for the three months ended December 31, 2009 was $13.0 million, representing a $1.6 million decline in net income, compared with net income of $14.6 million recorded in 2008. The decline is primarily a result of lower construction revenues and construction margins in the current quarter resulting from difficult economic conditions, characterized by fewer construction opportunities and intense competition for those opportunities which were available.

Total revenue for the three months ended December 31, 2009 was $205.2 million representing a 16.8% decrease from the $246.7 million reported a year ago. The decrease in construction revenues reflects the decline in contract awards and contract delays resulting from the prevailing general economic conditions, and the winding down of the Seattle branch operations. Construction revenue in the current quarter is comprised of $204.4 million in Canada and $nil in the US, compared to $239.3 million in Canada and $8.4 million in the US in the comparable 2008 period.

Investment and other income for the three months ended December 31, 2009 of $0.8 million compares with a $1.1 million loss in the fourth quarter of 2008. The loss last year primarily reflects the negative change in the value of the investment portfolio resulting from the general decline in capital markets last year. In the last quarter of 2009, the change in the market value of the portfolio was positive, consistent with a general recovery in capital markets. The net impact of the change in market value of the portfolio, was to some extent offset by lower interest income resulting from lower 2009 interest rates compared with those that existed a year ago.

Construction costs and general and administrative expenses (including amortization) for the three months ended December 31, 2009 of $188.3 million represent 92.1% of construction revenue, compared to $226.5 million and 91.4% of construction revenue for the period in 2008.

Income tax expense of $3.9 million is $1.7 million lower than the income tax expense reported in 2008. The reduction in 2009 income tax expense primarily reflects a reduction in pre-tax earnings resulting from lower revenues, lower income tax rates and an increase in unitholder distributions of $1.2 million which serves to reduce income tax expense.

The Fund secured $160.6 million in new construction contracts (including change orders to existing contracts) and put in place $204.4 million of construction revenue during the quarter ended December 31, 2009. During the quarter, the Fund was notified of the cancelation of a $106.0 million contract at the Fort Hills North oil sands site. As a result, the Fund's backlog of $1,051.2 million at September 30, 2009 decreased to $901.4 million as at December 31, 2009.

FUTURE OPERATING PERFORMANCE

Successful financial performance of the Fund is dependent upon securing profitable construction contracts and then controlling the cost associated with performing the work. The ability to secure contracts is a function of the general state of the economy. In 2009, Bird generated revenues and earnings based on strong backlog carried forward from a period of robust economic activity prior to the economic downturn.

The retail and commercial sector represented 12% of 2009 revenues (29% in 2008). In the current construction market opportunities in the retail and commercial markets are significantly reduced compared to recent years. This market is expected to remain slow for at least the first half of 2010.

Opportunities in the public market in 2009 were plentiful. The institutional sector represented 55% of 2009 revenues (32% in 2008). Federal and provincial fiscal stimulus channelled through construction spending created opportunities in the second half of the year and is expected to generate additional projects in the first half of 2010. All levels of government are expected to come under pressure to address budget deficits; however, it is not clear to what degree this will affect their capital spending programs in 2010. The pipeline of PPP projects remains strong. The Company has been shortlisted to submit proposals on a number of PPP projects closing in 2010 and this market is expected to be an area of strength.

The industrial market contributed 33% of 2009 revenues (39% in 2008). Canadian oil sands activity in 2009 was significantly reduced from the high levels experienced in 2007 and 2008. In recent months, a number of the Company's oil sands clients have announced plans for projects. Engineering and procurement activity related to a number of these projects is underway and construction work on sites is expected to accelerate in the second half of 2010.

Although financial performance in 2009 was strong, 2010 will be a more difficult year. Management does not see a recovery in the commercial and retail markets which will have a meaningful impact on 2010 results. The results generated from our industrial operations in 2010 will be less than that experienced in recent years. Conditions in the oil sands markets are improving, but are not likely to be reflected in results until 2011. The Company has a good backlog of institutional work. The Backlog derived from complex projects including PPP projects will generate higher margins than more conventional work.

Liquidity

The absence of any long-term debt together with a high proportion of working capital represented by cash and other liquid securities support the Fund's plans to expand its participation in the PPP infrastructure market, and provide the financial capacity to withstand a significant downturn in the construction industry. As at December 31, 2009, the Fund's working capital was $122.2 million compared with $83.5 million at December 31, 2008. Unitholders' equity of $135.3 million at December 31, 2009 compares with $101.7 million at December 31, 2008. During the third quarter of 2009, the Fund increased its available operating line of credit to $51.5 million, supported by hypothecation of certain financial instruments, which will be used to issue letters of credit in connection with PPP construction contracts.

ACCOUNTING POLICIES

The Fund's significant accounting policies are outlined in the notes of the December 31, 2009 and 2008 Consolidated Financial Statements.

RECENT ACCOUNTING PRONOUNCEMENTS

The Canadian Institute of Chartered Accountants ("CICA") has issued a new accounting standard Section 3064, *Goodwill and Intangible Assets*, which was adopted by the Fund on January 1, 2009. This section provides guidance on the recognition, measurement, presentation and disclosure for goodwill and intangible assets, other than the initial recognition of goodwill or intangible assets acquired in a business combination. Section 1000, *Financial Statement Concepts*, was also amended to provide consistency with this standard. The adoption of this Section did not have a significant impact to the Fund's consolidated financial statements or on the carrying value of goodwill and intangible assets.

Emerging Issues Committee ("EIC") EIC 173, *Credit risk and the fair value of financial assets and financial liabilities* was adopted in 2009. This abstract concludes that an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and financial liabilities including derivative instruments. This new Abstract did not have a significant impact to the Fund's consolidated financial statements.

The CICA has made amendments to CICA Handbook Section 3862, *Financial Instruments-Disclosures,* which was adopted by the Fund on October 1, 2009. These amendments establish additional disclosure requirements regarding the level in the fair value hierarchy in which fair value measurements are categorized for assets and liabilities measured in the balance sheet. Section 3862 establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. The hierarchy of inputs is summarized below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly ; and
- Level 3 - inputs used in a valuation technique are not based on observable market data in determining fair values of the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

CHANGES IN ACCOUNTING POLICIES

There were no accounting changes in 2009 which had a significant impact on the financial statements of the Fund.

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian Generally Accepted Accounting Principles ("GAAP") for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS"). For the Fund, IFRS will be effective for interim and annual financial statements commencing on January 1, 2011. Comparative financial results will also be required with respect to the 2010 fiscal year.

SUMMARY OF QUARTERLY RESULTS

The table below summarizes the results for the eight most recent quarters (in thousands of dollars, except per unit amounts). Although the Fund experiences some seasonality in its business, variations in net income from quarter to quarter primarily reflect the differences in the profitability of the contracts administered in the respective quarters. First quarter revenues are often lower than subsequent quarters due to winter weather constraints and construction schedule planning around the coldest months.

There are also a number of other factors that can affect the Fund's revenues from quarter to quarter. These include the timing of contract awards, the value of subcontractor billings and project delays. Management does not believe that any individual factor is responsible for changes in revenue from quarter to quarter.

	2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	213,520	282,024	297,224	246,652	218,907	228,656	230,154	205,223
Net income	9,205	13,684	23,403	14,568	13,755	15,942	14,192	13,024
Earnings per unit	0.66	0.97	1.67	1.04	0.98	1.13	1.01	0.93

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

The Fund continues to be self-sufficient in terms of its capital requirements. The Fund has a $51.5 million line of credit available for short-term cash requirements, letters of credit and margin requirements for foreign exchange contracts issued in the normal course of its construction business. At December 31, 2009, $15.4 million of the line of credit was utilized for the issuance of letters of credit relative to PPP contracts secured in 2008 and 2009.

The Fund achieved substantial completion of its Youth Justice Facility project during the second quarter of 2009. The facility was turned over to Infrastructure Ontario and the Fund received the fixed price contract payment, net of holdback. The holdback was subsequently received during the third quarter of 2009 at the expiration of the applicable lien period. The net proceeds were used to retire the entire loan balance in respect of the project which stood at $84.6 million at March 31, 2009.

In the third quarter of 2008, the Fund secured two PPP construction contracts which are expected to generate construction revenue of approximately $270 million through 2010. In the third quarter of 2009, the Fund secured another PPP project which will generate revenue of approximately $40 million through 2010. The Fund is actively pursuing other infrastructure development projects, and accordingly, has been retaining earnings in the business to ensure that it has sufficient equity to meet surety and other contract security requirements.

The following table provides an overview of the Fund's cash flows and financial position for the periods indicated.

(thousands of dollars)	Three Months Ended December 31 2009	2008	Years Ended December 31 2009	2008
Cash Flow Data				
Operating activities	$ 46,991	$ 65,360	$ 100,163	$ 77,255
Investing activities	(3,234)	(587)	(1,732)	(7,345)
Financing activities	(6,323)	(2,965)	(99,308)	22,006
Increase/decrease in cash and cash equivalents	$ 37,434	$ 61,808	$ (877)	$ 91,916

	December 31 2009	December 31 2008
Financial Position Data		
Cash and cash equivalents	$ 203,763	$ 204,640
Investment in marketable securities	11,670	11,217
Working capital	122,160	83,465
Unitholders' equity	135,349	101,684

As a component of working capital, the Fund maintains significant balances of cash and cash equivalents and investments in liquid securities. At December 31, 2009, these balances consisted of $203.8 million of cash and cash equivalents and $11.7 million of liquid securities, for a total of $215.5 million. The $215.5 million is comprised of the Fund's $122.2 million of working capital, plus a working cash balance of $91.2 million, which offsets a corresponding non-cash net current liability position and $2.1 million of cash held to fund the current distributions payable. These components are summarized in the following table for December 31, 2009 and December 31, 2008.

Working Capital Components
(thousands of dollars)

	December 31 2009	December 31 2008
Investment in marketable securities (bonds, share and income trust investments)	$ 11,670	$ 11,217
Cash and cash equivalents held for working capital	110,490	72,248
	122,160	83,465
Cash held for distributions payable	2,108	1,699
Distributions payable	(2,108)	(1,699)
Working cash	91,165	130,693
Non-cash net current liabilities	(91,165)	(130,693)
Working capital	$ 122,160	$ 83,465

The Fund's non-cash net current liability position fluctuates significantly in the normal course from period to period, primarily due to timing differences between settlement of payables due to subcontractors and suppliers and billings and collection of accounts receivable from clients, and also the timing of the settlement of income taxes payable. The working cash balance absorbs these fluctuations with no net impact on the Fund's net working capital position or ability to access surety support.

During the year ended December 31, 2009, operating activities generated cash of $100.2 million. This was comprised of $60.3 million from earnings and amortization, which contributed to Cash Available for Distribution, and $39.9 million, which represented a normal course fluctuation in the Fund's net current liability position and the impact of the reduction of the investment in costs and estimated earnings in excess of billings primarily related to the Youth Justice Facility project as this project achieved substantial completion and was transferred to Infrastructure Ontario in the second quarter. In some periods, this fluctuation will be a use of cash, but in other periods it will be a source of cash, as in the current period, tending to balance out over time and having no net impact on the Fund's working capital.

CASH AVAILABLE FOR DISTRIBUTION

Cash Available for Distribution Summary (thousands of dollars)	Three Months Ended December 31 2009	Years Ended December 31 2009	Years Ended December 31 2008
Income before income taxes	$ 16,959	$ 71,592	$ 71,214
Income tax expense [1]	(3,935)	(14,679)	(10,354)
Net income:	13,024	56,913	60,860
Add:			
Amortization	911	3,393	3,598
Less:			
Capital expenditures[2]	(1,182)	(2,674)	(6,050)
Cash available for distribution	12,753	57,632	58,408
Less:			
Regular distributions declared	(6,323)	(23,248)	(20,354)
Excess of cash available for distribution relative to distributions declared	$ 6,430	$ 34,384	$ 38,054

(1) The Fund qualifies as a mutual fund trust for income tax purposes and is currently not taxable on its income to the extent that it is distributed to the unitholders. Income tax obligations related to distributions are obligations of the unitholders. It is management's intention to minimize the income tax expense of the Fund and its wholly-owned subsidiaries and partnership. The Fund and its subsidiaries are subject to taxation on taxable income not distributed to unitholders and use the asset and liability method of accounting for income taxes. The income tax expense relates to taxable income retained in the Fund and earned in its subsidiary companies.

(2) Capital expenditures equal "additions to property and equipment" and "additions to intangible assets" in 2009 in the "cash flows used in investing activities" section of the Consolidated Statements of Cash Flows. During the year, the Fund decreased its expenditures on property and equipment to $2.7 million compared to $6.0 million in 2008. The reduction in expenditures results from management's decision to reduce capital asset spending given the general economic conditions and primarily due to a significant reduction in 2009 capital expenditures for office facilities. 2008 capital expenditures included the costs related to the expansion of three office facilities.

Cash Available for Distribution is not a defined term under Canadian generally accepted accounting principles, but is determined by the Fund as net income for the period adjusted to add back specific non-cash items, including amortization, and to deduct capital expenditures. The Fund believes that Cash Available for Distribution is a useful supplemental measure of performance as it provides investors with an indication of the amount of cash flow that has been generated and is available for distribution to unitholders or to supplement the Fund's working capital requirements. Investors are cautioned, however, that Cash Available for Distribution should not be construed as an alternative to using net income as a measure of profitability or the statement of cash flows. Also, the Fund's method of calculating Cash Available for Distribution may not be comparable to similarly titled amounts reported by other issuers.

Furthermore, in addition to the Cash Available for Distribution Summary, which reconciles to net income noted above, and in accordance with the Canadian Securities Administrator's (CSA) Staff Notice 52-306 (revised), issued in August 2006, the Fund has presented below a Cash Available for Distribution Summary which reconciles to cash flows from operating activities.

ALTERNATE PRESENTATION – CASH AVAILABLE FOR DISTRIBUTION

Cash Available for Distribution Summary
(thousands of dollars)

	Three Months Ended December 31 2009	Years Ended December 31 2009	Years Ended December 31 2008
Cash flows from operating activities before changes in non-cash working capital	$ 14,567	$ 62,464	$ 68,287
Add (less):			
Future income tax and other temporary non-cash items [1]	(632)	(2,158)	(3,829)
Capital expenditures [2]	(1,182)	(2,674)	(6,050)
Cash available for distribution	$ 12,753	$ 57,632	$ 58,408
Less:			
Regular distributions declared	(6,323)	(23,248)	(20,354)
Excess of cash available for distribution relative to distributions declared	6,430	$ 34,384	$ 38,054

(1) All future income tax and other income items not involving cash, except for amortization, represent temporary timing differences that are not considered to be a component of Cash Available for Distribution.

(2) See notes on previous "Cash Available for Distribution" Summary.

During the year ended December 31, 2009, the Fund generated $57.6 million of Cash Available for Distribution and declared distributions to unitholders of $23.2 million**.** In the current fiscal period, the Fund has continued its practice of retaining the excess of cash available for distribution relative to distributions declared for the purpose of increasing its working capital. Since the inception of the Fund in 2006, the Fund has retained approximately $92.8 million as working capital required for the operations of the business as a result of increases in the backlog value, changes in the mix of work and associated contract security, the impact of a tightening credit environment, and the acquisition of Rideau Construction. The Fund's recent participation in the PPP infrastructure development programs has also required the Fund to issue letters of credit as performance security related to those construction projects. Participation in the PPP market also requires a strong balance sheet to support contractual commitments undertaken. The Fund will continue to monitor the adequacy of its working capital balances in light of its contract security requirements.

In establishing the distribution policy for a particular period, the Fund will take into consideration, amongst other things, the need to meet future requirements for increases in working capital and equity, the desirability of maintaining a stable or increasing distribution rate, or paying special distributions to the extent considered advisable by the Fund.

CASH FLOWS AND NET INCOME COMPARED TO DISTRIBUTIONS DECLARED

The following table presents the excess of cash flows from operating activities and net income over distributions declared for the three months ended December 31, 2009 and for the years ended December 31, 2009 and December 31, 2008.

(thousands of dollars)	Three Months Ended December 31 2009	Year Ended December 31 2009	Year Ended December 31 2008
Cash flows from operations	$ 46,991	$ 100,163	$ 77,255
Net income	13,024	56,913	60,860
Distributions declared during period	6,323	23,248	20,354
Excess of cash flows from operations relative to cash distributions declared	40,668	76,915	56,901
Excess of net income over cash distributions declared	6,701	33,665	40,506

DISTRIBUTIONS

On May 12, 2009, the Fund's monthly distribution was increased to $0.150 per unit effective with the June 2009 distribution. The new distribution represents an annualized rate of $1.80 per unit. Prior to the change, the Fund's monthly distribution rate was $0.1209 per unit or an annualized rate of $1.45 per unit.

CONTRACTUAL OBLIGATIONS

The Fund has future minimum annual lease payment obligations relating to lease commitments on buildings and equipment over the next five years ended December 31 and thereafter, as follows:

(thousands of dollars)	Operating Leases
2010	$ 1,475
2011	1,314
2012	975
2013	616
2014	451
Thereafter	75
	$ 4,906

The Fund has no debt.

OFF BALANCE SHEET ARRANGEMENTS

The Fund has not engaged in any off balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The accounting principles used by the Fund to account for its construction contracts involve the use of estimates. Construction revenue, construction costs, deferred contract revenue and costs and estimated earnings in excess of billings include amounts derived on the percentage of completion basis. Percentage of completion is calculated based on the costs incurred on each construction contract to the end of the respective accounting period divided by the total estimated costs. Any excess of progress billings over earned revenue determined on a percentage of completion basis is carried as deferred contract revenue in the consolidated financial statements. Any excess of costs and estimated earnings over progress billings on construction contracts is carried as costs and estimated earnings in excess of billings in the consolidated financial statements.

Revenue and estimated costs to complete for each contract are updated and reviewed by management at least once each financial reporting period. In making such estimates, judgments are required to evaluate issues related to scheduling, material costs, labour costs, labour productivity, changes in contract scope and subcontractor costs. Due to the nature of construction contracts, estimates may change significantly from one accounting period to the next.

The value of many construction contracts increases over the duration of the construction period. Change orders may be issued by our clients to modify the original contract scope of work or conditions. Construction work related to a change order may proceed, and costs may be incurred, in advance of final determination of the value of the change order. Revenue on change orders is recognized by the Fund to the extent that management estimates that realization is probable. As many change orders are settled at the end of the construction project, significant increases or decreases in revenue and income may arise during any particular accounting period.

Provisions for accounts receivable may require an assessment and estimate of the credit-worthiness of the client and the timing of collections. Furthermore, provisions for litigation involve the use of estimates, as determined by management. Amounts arising from negotiated settlements or court judgments may vary significantly from management's estimates.

OUTSTANDING UNIT DATA AND STOCK EXCHANGE LISTING

The Fund is authorized to issue an unlimited number of units. The Fund had a total of 14,051,282 units outstanding as at December 31, 2009 and March 12, 2010. This includes 262,102 units issued February 1, 2008 on the acquisition of Rideau Construction. The units of the Fund are listed on the Toronto Stock Exchange ("TSX") under the symbol "BDT.UN".

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Based on their evaluations as of December 31, 2009, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have concluded that the Fund's disclosure controls and procedures are effective in providing reasonable assurance that information relating to the Fund which is required to be disclosed in reports filed under provincial and territorial securities legislation is accumulated, summarized and communicated to the Fund's senior management, including the CEO and the CFO of Bird Construction Company Limited, Administrator of Bird Construction Income Fund, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

The Fund's management is responsible for designing and maintaining adequate internal control over financial reporting for the Fund. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As of December 31, 2009, under the supervision of and with the participation of management, including the CEO and CFO, internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with GAAP.

As of December 31, 2009, under the supervision of and with the participation of management, including the CEO and CFO, the Fund has evaluated the effectiveness of internal controls over financial reporting and determined that the internal controls over financial reporting are operating as intended.

There have been no material changes in the Fund's internal control over financial reporting during the year ended December 31, 2009 that materially affected, or are reasonably likely to materially affect, the Fund's internal control over financial reporting.

Transition to International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian generally accepted accounting principles for publicly accountable enterprises will be replaced by IFRS. For the Fund, IFRS will be effective for interim and annual financial statements commencing January 1, 2011. Comparative financial results will also be required with respect to the 2010 fiscal year.

In preparation for the transition to IFRS, the Fund has established a steering committee comprised of senior management to develop and manage a plan to convert to IFRS. During 2009 the steering committee provided regular updates to the Board of Trustees. The Fund also engaged the services of a major public accounting firm to assist management in its deliberations. The conversion plan, which is substantially completed at the end of 2009, addressed the following activities:

- Identification of the differences between Canadian GAAP and IFRS Accounting Policies which impact the Fund;
- Selection of the IFRS accounting policy to be used by the Fund when alternatives exist;
- Assessment of the implications to Information Technology and Data systems;
- Development of Financial Reporting Expertise;
- Implications to Systems of Internal Control over Financial Reporting and Disclosure Controls Procedures;
- Implications to Business Activities and Contractual Obligations, including financial covenants and compensation programs.

The Fund does not expect there to be any major differences in determining and measuring the assets, liabilities, revenues and expenses between its current accounting policies and those required or expected to apply in preparing IFRS financial statements. The Fund has determined that the most significant difference relates to the additional disclosures which will be required under IFRS. Additional disclosures include; the preparation of a statement of changes in total equity, separate disclosure of provisions on the balance sheet, separate disclosure of construction costs and general and administrative costs in the statement of income, disclosure of key management compensation, continuity schedules for property plant and equipment, as well as goodwill and intangible assets.

The International Accounting Standards Board has several projects scheduled for completion in 2010 and 2011 that may change IFRS standards published to-date. Accordingly, any changes may significantly impact the transition to IFRS and the financial statements of the Fund. The Fund will continue to monitor the IASB's progress on these projects and their impact on the Fund.

The following table provides a brief summary of the conversion plan activities and the potential impact to the Fund.

	Key Activities	Status
Accounting policies and implementation decisions	Identification of differences in Canadian GAAP and IFRS accounting policies;	The Fund has not identified to date any significant measurement differences between accounting policies under Canadian GAAP and accounting policies under IFRS.
	Selection of the Fund's ongoing IFRS policies;	The Fund will elect to continue to use the cost method to reflect its investment in property and equipment in its financial statements. The Fund will continue to use the proportionate consolidation method to account for investment in construction joint ventures.
	Selection of the Fund's IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1") choices;	The Fund is in the process of analyzing the choices available on initial conversion, in accordance with IFRS 1.
	Development of financial statement presentation to reflect additional disclosures in the financial statements.	The Fund has commenced the development of draft financial statements reflecting the required additional or amended disclosures and will continue to progress towards finalizing the additional disclosures required under IFRS.
Infrastructure Financial reporting expertise	Development of IFRS expertise.	The Fund has provided training for key employees and senior management. Additional training will be ongoing throughout 2010.
Infrastructure Information technology and data systems	Development of enhanced reporting procedures to provide the additional disclosures required under IFRS.	The Fund has determined there will be no significant system changes. The impact with respect to information technology and data systems is minimal.
Operating activities Financial covenants	Identification of impact on financial covenants and business practices.	The Fund is in the process of analyzing the contractual implications of IFRS. There are no debt covenants that will be impacted by the change to IFRS.
Operating activities Compensation arrangements	Identification of impact on compensation arrangements.	The Fund has determined there will be no significant impact relative to its compensation policies and programs.
Control activities Internal control over financial reporting	For the additional disclosure requirements identified, assessment of Internal Controls over Financial Reporting ("ICFR") to ensure completeness, accuracy and consistency control assurances are maintained.	The Fund is in the process of analyzing any issues with respect to ICFR.
Control activities Disclosure controls and procedures	For all accounting disclosures identified, assessment of Disclosure Controls and Procedures ("DC&P") design and effectiveness implications.	The Fund is in the process of analyzing any issues with respect to DC&P.

RISKS RELATING TO THE BUSINESS

- *Ability to Secure Work*

  Bird generally secures new contracts either through a competitive bid process or through negotiation. Awards in both the public and private sectors are generally based upon price, but are also influenced by factors such as perceived level of services offered, construction schedule, project personnel, the make-up of the subcontractor team, prior experience with the prospective client and the type of project and the ability to provide bonds and other contract security. In order to be afforded an opportunity to bid for projects in the PPP contract market, a strong balance sheet measured in terms of an adequate level of working capital is typically required. Bird operates in markets that are highly competitive and there is constant pressure to find and maintain a competitive advantage. In the current economic downturn, competition is likely to be more intense than experienced over the last several years. This presents significant challenges for the Fund. If those competitive challenges are not met, Bird's client base could be eroded or it could experience an overall reduction in profits. In the current economic climate and as a result of low commodity prices and challenging credit markets, Bird is also likely to experience a decrease in activity from private clients, as the decisions of these clients to proceed with construction projects are largely driven by economic factors.

  A decline in demand for Bird's services from the private sector could have an adverse impact on the Fund if that business could not be replaced within the public sector. A portion of Bird's construction activity relates to government-funded institutional projects. Any reduction in demand for Bird's services by the public sector, whether as a result of funding constraints, changing political priorities or delays in projects caused by elections, could have an adverse impact on the Fund if that business could not be replaced within the private sector. Government-funded projects also typically have long and sometimes unpredictable lead times associated with government review and approval. The time delays associated with this process can constitute a risk to general contractors pursuing these projects. Certain government-funded projects, particularly PPP projects, may also require significant bid costs which can only be recovered if Bird is the successful bidder. A number of governments in Canada have announced plans to procure a significant value of projects under a PPP contract format, which is an attractive market for the Fund. A reduction in the popularity of this procurement method or difficulties in obtaining financing for these projects would have negative consequences for Bird.

- *Economy and Cyclicality*

  Activity within the construction industry is tied to the general state of the economy. Thus, in periods of strong economic growth, capital spending will generally increase and there will be more and better quality opportunities available within the construction industry. Bird attempts to insulate itself in various ways from the effects of negative economic conditions. However, there is no assurance that these methods will be effective in insulating Bird from a downturn in the economy. Furthermore, as a result of increased demand in certain regions or industry sectors, the Fund has in the past earned above-average margins on particular projects. There is no assurance that above-average margins that may have been generated on historical contracts can be generated in the future. For more than 10 years, the Company has increased its focus on industrial projects in northern Alberta, such as the oil sands. A significant decrease in construction activity in this sector, which the Fund is currently experiencing, could have an adverse effect on the Fund's financial performance and results of operations. Furthermore, most of Bird's contracts are and will be relatively short-term (less than two years, generally). As such, any prolonged downturn in the economy could impact Bird's ability to generate new business or maintain a backlog of contracts with acceptable margins to sustain Bird through such downturns.

- *Potential for Non-Payment*

  Before signing any construction contract, Bird goes to considerable lengths to satisfy itself that the potential client has adequate resources to pay as construction work is completed. Throughout the contract, Bird also attempts to ensure that payments are collected from clients before Bird's payments to subcontractors and suppliers for that contract fall due. However, because of the nature of Bird's contracts and occasionally because of delays in customer payments, Bird may be required to utilize its working capital to fund construction costs temporarily. If a customer defaults in making its payments on a project, Bird would generally have the right to register a lien against the project. If the customer was unable or unwilling to pay the amount owing to Bird, a lien against the property would normally provide some security that Bird could realize what it is owed. However, in these situations, Bird's ability to collect what it is owed is never assured. Payment default by a client could result in a financial loss to Bird that could have a material effect on Bird's operating results and financial position.

- *Ability to Hire and Retain Qualified & Capable Personnel*

  The success of Bird is highly influenced by the efforts of key members of management including its executive officers and branch managers. The loss of the services of any of Bird's key management personnel could negatively impact Bird. The future success of Bird also depends heavily on its ability to attract, retain and develop high-performing personnel in all areas of its operations. Most firms throughout the construction industry face this challenge, and accordingly, competition for professional staff is intense. If Bird ceases to be seen by current and prospective employees as a highly attractive place to work, it could experience difficulty in hiring and retaining the right people. This could have an adverse effect on current operations of Bird and would limit its prospects and impair its future success.

- *Completion & Performance Guarantees/Design-Build Risks*

  Under some contracts, failure to meet a project deadline may expose Bird to financial penalties, or liquidated damages under the contract or Bird may be held responsible for cost impacts to the client resulting from any delay. PPP infrastructure contracts typically contain more onerous financial penalties for project delays, which further increases Bird's exposure to these risks. Under other contracts, particularly design-build contracts, the work or portions thereof may be required to meet certain performance specifications and the specified needs of the customer. This places on Bird the added risk of liability for design flaws as well as added construction costs that may result from such flaws. If the project fails to meet performance specifications or if it is found that Bird is responsible for errors made in the design of the project, Bird would be exposed to the costs necessary to meet the performance specifications or to rectify the design error. The Fund mitigates its exposure to these risks by subcontracting for design services and subscribing for professional liability insurance.

  If Bird fails to meet these completion performance or design obligations, the total costs of the project could exceed original estimates and could result in a loss to Bird for that project. In extreme cases, such situations could have a material negative impact on the operating results and financial position of Bird.

- *PPP Project Risk*

  Bird is active in the public private partnership market. Bird's role in these projects is typically to provide design-build construction services to a consortium that is formed to provide design, construction, financing and management of a public facility. Inherent in the design-build contract format are performance guarantee and design-build risks. Among other things, the performance guarantees on PPP projects often include responsibility for the energy performance of the facility and achievement of LEED® standards and if Bird fails to meet the required standards, it may be liable for substantial penalties. The construction contracts also typically require Bird to pay significant liquidated damages if the projects are not completed on schedule.

  The PPP procurement model also typically results in the transfer of certain risks to the contractor beyond what would be the case for a similar facility under a conventional fixed price contract format. These include responsibility for such issues as changes in law and certain force majeure and delay events. In addition, if Bird's contract was terminated for cause, the Company would be exposed to substantial breakage costs from the consortium and their lenders. The security required to support the obligations that the Company undertakes on these projects typically includes substantial letters of credit which may be drawn upon in the event that the Company fails to meet its obligations.

- *Performance of Subcontractors*

  Successful completion of a contract by Bird depends, in large part, on the satisfactory performance of subcontractors who are engaged to complete the various components of the work. If subcontractors fail to satisfactorily perform their portion of the work, Bird may be required to engage alternate subcontractors to do the work and may incur additional costs. This can result in reduced profits, or, in some cases, significant losses on the contract and could also damage the reputation of Bird. In addition, the ability of Bird to bid for and successfully complete projects is, in part, dependent on the availability of qualified subcontractors and trades people. Depending on the value of the subcontract, Bird may require surety bonds or other security from the subcontractor in order to mitigate this risk. Bird closely monitors all subcontractor and trades person capacity concerns in order to mitigate any effect on operations. A significant shortage of qualified subcontractors and trades people could have a material impact on Bird's financial condition and results of operations.

- *Competitive Factors*

  Bird competes with many national, regional and local construction firms, who often enjoy advantages in a particular market that Bird does not have or they may have more experience or a better relationship with a particular client. On any given contract bid or negotiation, Bird will attempt to assess the level of competitive pressure it may face and it will attempt to neutralize or overcome any perceived advantage that its competitors have. Depending on this assessment, Bird will decide whether or not to pursue a contract. In addition, this assessment bears directly on decisions that Bird will make including what level of profit can be incorporated into its contract price and what personnel should be assigned to the contract. The accuracy of this assessment and the ability of Bird to respond to competitive factors affect Bird's success in securing new contracts and its profitability on contracts that it does secure.

- *Estimating Costs/Assessing Contract Risks*

  The contract price for a significant number of contracts performed by Bird is based, in part, on cost estimates that are subject to a number of assumptions. If, as a result of faulty estimates or unforeseen circumstances, Bird's assumptions are erroneous, its assessment of the risks associated with the contract are incorrect, or its estimates of the project costs are inaccurate, profit on the job may be lower than anticipated or a loss may be incurred.

- *Access to Surety Support and Other Contract Security*

  On many of its construction contracts, Bird is required to provide surety bonds. Bird's ability to obtain surety bonds depends primarily upon its capitalization, working capital, past performance, capability and continuity of management, as well as its current level of activity. As the value of Bird's backlog increases, Bird may be required to maintain higher levels of equity and working capital than it currently maintains. The level of working capital required to maintain ongoing surety support is subject to negotiation and cannot be determined exactly. Furthermore, the overall capacity of the surety market and claims experience of sureties will have an influence on the pricing and availability of bonds. There is no assurance that Bird will have access to surety support on favourable or commercially reasonable terms or at all for all the contracts it would like to pursue. Bird's agreements with its surety company are on industry standard terms.

  To participate in the PPP market, the Fund is typically required to support its contractual commitments by posting substantial letters of credit and providing corporate guarantees, both of which are limited by the working capital and equity of the Fund. It is possible that ability of the Fund to secure new projects will be constrained by its capitalization.

- *Litigation/Potential Litigation*

  As a part of the normal course of the construction business, disputes arise between parties to construction contracts. While Bird attempts to resolve any disagreements or disputes before they escalate to litigation, in some situations this is not possible. At any given time, Bird may be involved in a number of disputes that could lead to litigation and there may be a number of disputes in various stages of litigation. It is management's opinion that adequate provision has been made in Bird's consolidated financial statements for any potential settlements relating to such matters and management does not believe that any existing litigation or pending litigation will ultimately result in a final judgment against Bird that would have a materially adverse impact on the operations of Bird. Litigation is, however, inherently uncertain. Accordingly, adverse outcomes to current litigation or pending litigation are possible. These potentially adverse outcomes could include financial loss, damage to Bird's reputation or reduction of prospects for future contract awards.

- *Quality Assurance and Quality Control*

  Bird enters into contracts which specify the scope of the project to be constructed including quality standards. If all or portions of the work fail to meet these standards, Bird would be exposed to additional costs for the correction of non-compliant work.

- *Maintaining Safe Work Sites*

  In spite of the best efforts of Bird to minimize the risk of accidents, accidents can happen. When they do, the impact on Bird can be significant. Bird's success as a general contractor is highly dependent on its ability to keep its construction worksites safe. Failure to do so can have serious impact on the personal safety of its employees and others. In addition, it can expose Bird to fines, regulatory sanction or even criminal prosecution. Bird's safety record and worksite safety practices also have a direct bearing on its ability to secure work, particularly in the industrial sector. Certain clients will not permit general contractors to perform their work if their safety practices do not conform to predetermined standards or if the general contractor has an unacceptably high incidence of safety infractions or accidents. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a material impact on any of Bird's operations, capital expenditure requirements, or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or accidents.

- *Accuracy of Cost to Complete Estimates*

  As Bird performs each construction contract, costs are continuously monitored against the original cost estimates. On at least a quarterly basis, a detailed estimate of the costs to complete a contract is compiled by Bird. These estimates are an integral part of Bird's process for determining construction revenues and profits and depend on cost data collected over the duration of the project as well as the judgments of Bird's field and office personnel. To the extent that the cost to complete estimates are based on inaccurate or incomplete information or on faulty judgments, the accuracy of reported construction revenues and profits can be compromised. Bird has adopted many internal control policies and procedures aimed at mitigating exposure to this risk.

- *Work Stoppages, Strikes and Lockouts*

  Bird is signatory to a number of collective bargaining agreements. Future negotiation of these collective bargaining agreements could increase Bird's operating expenses and reduce profits as a result of increased wages and benefits. Failure to come to an agreement in these collective bargaining negotiations or those of its subcontractors and suppliers or government agencies could result in strikes, work stoppages, lockouts and increased costs resulting from delays on construction projects. A strike or other work stoppage is disruptive to Bird's operations and could adversely affect portions of its business, financial position, results of operations and cash flows.

- *Potential Fluctuations in Quarterly Financial Results*

  Bird's quarterly financial results may be impacted by a variety of factors including, without limitation: the timing of recognition of revenue from existing projects; the ability to accurately estimate costs for completion of work; the availability of, and competition for, new projects; costs or penalties associated with unanticipated delays in project completion; fluctuations in the general economic and business conditions in the market in which Bird operates; actions by governmental authorities including the level of governmental demand for the services provided by Bird; governmental regulations and expenditures required to comply with them; labour unrest involving Bird's workers, many of whom are unionized; seasonal weather conditions; and other conditions affecting revenues and expenses. Bird's operating expenses are incurred throughout each quarter. As a result, if expected revenues are not realized as anticipated, Bird's quarterly financial results could be materially adversely affected. Accordingly, there may be significant variations in the Fund's consolidated quarterly financial results.

- *Compliance with Environmental Laws*

  Bird is subject to numerous federal, provincial and municipal environmental laws, and judicial, legislative and regulatory developments relating to environmental protection occur on an ongoing basis. Bird's projects can involve the handling of hazardous and environmentally sensitive materials, which if improperly handled or disposed of, could subject Bird to civil and criminal penalties. While Bird strives to keep informed of and to comply with all applicable environmental laws, circumstances may arise and incidents may occur that are beyond Bird's control that could adversely affect Bird. Management is not aware of any pending environmental legislation or incidents that would be likely to have a materially adverse impact on any of Bird's operations, capital expenditure requirements or competitive position, although there can be no assurance that no future legislation will be enacted or incidents will occur which may have a material impact on Bird's operations.

- *Performance of Investment Portfolio*

  Bird maintains a portfolio of marketable security investments. Bird has no control over the factors that affect the value of the investments in the Bird portfolio. Factors unique to each issuer or company in which Bird invests may affect the value of these investments. A substantial drop in the value of these investments could materially and adversely affect Bird's financial results. The investment portfolio contributes cash flow to Bird. This cash flow could vary significantly over time depending on the portfolio's performance which could affect the level of distributions.

The portfolio is not professionally managed, but is managed by the CEO and CFO of Bird with the assistance of investment brokers and advisors.

- *Joint Venture Risk*

  Bird sometimes forms joint ventures to pursue and execute projects. A joint venture structure can be beneficial by permitting pooling of resources required to complete a project and by spreading risk between the partners. The joint ventures in which Bird participates are typically formed to undertake a specific project, are jointly controlled by the partners and are dissolved upon completion of the project. The agreements which govern these joint ventures typically require that the partners supply their proportionate share of operating funds and that they share profits and losses in accordance with specified percentages. Bird selects its joint venture partners based on a variety of criteria including relevant expertise, past working relationships as well as analysis of the prospective partners' financial and construction capabilities. Each participant in a joint venture is usually liable for the obligations of the joint venture on a joint and several basis. In the event that Bird's joint venture partner fails to perform their obligations due to financial or other difficulties, Bird may be required to provide additional resources to the project and assume responsibilities for the obligations of its joint venture partner including responsibility for financial losses.

- *Insurance Risk*

  In the normal course of business, the Fund maintains insurance in order to satisfy the requirements of its construction contracts and as part of its corporate risk management policies. Although the Fund believes it maintains an appropriate amount of insurance coverage, there can be no assurance that the Fund's insurance arrangements will be sufficient to cover claims incurred.

- *Adjustments and Cancellations of Backlog*

  The performance of the Fund in a period depends significantly on the contribution from projects in its backlog. There can be no assurance that the revenues or profits included in Backlog at any point in time will be realized. Contract suspensions, reductions and cancellations, which are beyond the control of the Fund, do occur from time to time in the construction industry. Customers may have the right to suspend, cancel or reduce the scope of their contract with Bird, and although the Fund generally has the right to be reimbursed for certain costs, it typically has no contractual rights to the total revenue or profit that was expected to be derived from such projects. These reductions may have a material adverse impact on future revenues and profitability.

- *Income Tax Related Risks*

  On October 31, 2006, the Department of Finance (Canada) announced changes (the "2006 Tax Proposals") to the taxation of certain publicly-traded trusts and partnerships referred to as "specified investment flow-throughs" or "SIFTs", including the Fund. Under the proposed changes, SIFTs and their unitholders will be taxed in a manner similar to corporations and their shareholders. On December 21, 2006, Finance released draft amendments to the Tax Act to implement these changes.

  The application of the 2006 Tax Proposals to SIFTs existing on October 31, 2006, which include the Fund, will be deferred until 2011 provided there is no "undue expansion" of the SIFT before that time as determined in accordance with guidelines released by Finance on December 15, 2006 (the Guidelines"). Pursuant to the Guidelines, a SIFT generally will be permitted to increase its equity in each year of 2007 through 2010 by the greater of, in each year $50 million and a specified percentage of the SIFT's October 31, 2006 market capitalization (40% in 2007 and 20% in each of the years 2008 through 2010). Market capitalization, for these purposes, is to be measured in terms of the value of a SIFT's issued and outstanding publicly-traded units. Any increases in excess of these amounts may be considered "undue expansion" for purposes of the Guidelines and the 2006 Tax Proposals.

  On July 14, 2008, the Minister of Finance announced changes relating to a SIFT's ability to convert into a publicly-traded corporation, generally without triggering adverse tax consequences for the Trust or its unitholders. These proposals will allow an option to exchange trust units into shares of a publicly-traded corporation on a tax deferred basis. The retirement of the trust units will not result in any adverse tax consequences to the Fund. The so-called "Conversion Proposals" are temporary in that they apply to transactions that occur on or after July 14, 2008 and before January 1, 2013.

On March 12, 2010, the Board of Trustees approved, in principle, the Fund's intention to convert the Fund into a publically-traded corporation at the end of the Fund's 2010 fiscal year, subject to unitholders' approval which will be sought at the Fund's annual general meeting scheduled to be held in May 2010. It is planned to have the conversion transactions structured to accomplish the transfer on a tax deferred basis for both the Fund and its unitholders.

The application of the 2006 Tax Proposals will increase the amount of income tax that the Fund or the newly created corporation upon conversion will incur in 2011 compared with the income tax it would otherwise incur under the current tax rules for a SIFT. The additional income tax obligation may impact the future level of distributions and the ability of the Fund to undertake financings and acquisitions.

SAFETY

With the downturn in the economy during 2009, labour-hours put in place decreased by 21% from the previous year. The largest decline occurred in the Company's industrial operations with some offsetting increases in the commercial and institutional sectors. The Company has continued to focus on the safe execution of its projects. The lost time accident (LTA) frequency declined to 0.13 lost time incidents per 200,000 labour hours in 2009 from 0.69 in the previous year. This result is well below the industry average.

During the year, several of the Company's operating areas were successfully audited for safety compliance by local construction safety authorities. The Company's Winnipeg office scored 100% on their provincial Certificate of Recognition audit, a first for a general contractor in Manitoba. Based on favourable safety performance, the Company's Workers' Compensation Board (WCB) insurance costs were reduced.

The Company is continually working to improve both its administration and technical execution with respect to safety. Safety management practices are reviewed by the senior management of the Company. These reviews form the basis for an annual update of the Company's safety manual and procedures. To monitor compliance with the safety program of the Company a detailed inter-branch peer audit of safety practices was commenced in late-2009 and will be completed in the upcoming year.

Bird is committed to the health and safety of all workers on its sites and offices. The Company will continue to strive for safety excellence as an integral part of the success of its overall operations.

TERMINOLOGY

Throughout this report, management uses the following terms not found in the CICA Handbook and which do not have a standardized meaning under Canadian GAAP, therefore requiring definition:

- **"Construction Margin Percentage"** is the percentage derived by dividing the contract income by the contract revenue. The contract income is calculated by subtracting all related contract costs from the contract revenue.

- **"Backlog"** (also referred to in the construction industry as "work on hand") is the total value of all contracts awarded to the Fund, less the total value of work completed on these contracts as of the date of the most recently completed quarter. This includes all contracts that have been awarded to the Fund whether the work has commenced or will commence in the normal course.

- **"Cash Available for Distribution"** is determined by the Fund as net income for the period adjusted to add back specific non-cash items, including amortization, and to deduct capital expenditures (see Cash Available for Distribution section).

FORWARD LOOKING INFORMATION

Certain statements included herein which express management's expectations or estimates of future performance may constitute "forward-looking statements". The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", and similar expressions identify forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. In particular, this MD&A includes many such forward-looking statements and the Fund cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Fund to be materially different from the Fund's estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. The Fund expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, events or otherwise.

Reports to the Unitholders

Management's Responsibility for Financial Reporting

The management of the Fund's Administrator, Bird Construction Company Limited, is responsible for the preparation and integrity of the consolidated financial statements contained in the Annual Report. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and necessarily include some amounts that are based on management's best estimates and judgment. Financial information contained throughout this Annual Report is consistent with the financial statements.

Management maintains appropriate systems of internal control. Policies and procedures are designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Trustees has reviewed and approved the consolidated financial statements. The Board fulfills its responsibility in this regard through its Audit Committee which meets regularly with management and the Fund's external auditors.

Signed
Paul A. Charette
Chairman of the Board of Trustees

Signed
Stephen R. Entwistle
CFO and Assistant Secretary of
the Fund's Administrator

March 12, 2010

Auditors' Report

To the Unitholders of Bird Construction Income Fund

We have audited the consolidated balance sheets of Bird Construction Income Fund as at December 31, 2009 and 2008 and the consolidated statements of income and comprehensive income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Signed "**KPMG LLP**"

Chartered
Accountants
Winnipeg,
Canada

March 12, 2010

Consolidated Balance Sheets

As at December 31
(in thousands of dollars)

		2009		2008
ASSETS				
Current assets:				
Cash	**$**	**174,854**	$	71,010
Restricted cash (note 5(b))		**-**		6,566
Bankers' acceptances and short-term deposits (note 10)		**28,909**		127,064
Bonds, share and income trust investments (note 6 and 10)		**11,670**		11,217
Accounts receivable (note 7)		**195,416**		208,487
Costs and estimated earnings in excess of billings (note 5(c))		**4,506**		80,755
Prepaid expenses and other assets		**507**		783
Total current assets		**415,862**		505,882
Property and equipment (note 8)		**8,398**		9,306
Future income tax asset (note 11)		**2,750**		1,321
Intangible assets (note 9)		**2,338**		2,353
Goodwill (note 4)		**9,294**		9,294
	$	**438,642**	$	528,156
LIABILITIES				
Current liabilities:				
Accounts payable	**$**	**232,855**	$	236,787
Loan payable (note 5(d))		**-**		76,437
Deferred contract revenue		**53,118**		97,314
Distributions payable to unitholders		**2,108**		1,699
Income taxes payable		**2,066**		6,568
Obligations under capital lease		**-**		32
Future income tax liability (note 11)		**1,483**		3,480
Other liabilities (note 12)		**2,072**		100
Total current liabilities		**293,702**		422,417
Other long-term liabilities (note 12)		**9,591**		4,055
UNITHOLDERS' EQUITY				
Unitholders' capital (note 13)		**37,527**		37,527
Retained earnings		**97,822**		64,157
Total unitholders' equity		**135,349**		101,684
	$	**438,642**	$	528,156

Commitments and contingencies (notes 10, 15, 16 and 19)
Subsequent event (note 20)

See accompanying notes to consolidated financial statements.

On behalf of the Board of Bird Construction Company Limited as Administrator of Bird Construction Income Fund:

(Signed) D.G. Doyle Trustee

(Signed) A.C. Thorsteinson Trustee

Consolidated Statements of Income and Comprehensive Income

For the years ended December 31, 2009
(in thousands of dollars, except per unit amounts)

		2009		2008
Revenue:				
Construction revenue	**$**	**877,859**	$	1,036,288
Investment and other income (note 6 and 7)		**5,080**		3,132
		882,939		1,039,420
Construction costs and general & administrative expenses (note 2(f) and 7)		**807,954**		964,608
Amortization		**3,393**		3,598
Income before income taxes		**71,592**		71,214
Income tax expense (note 11)		**14,679**		10,354
Net income and comprehensive income for the year	**$**	**56,913**	$	60,860
Basic and diluted earnings per unit (note 2(h))	**$**	**4.05**	$	4.34

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
For the years ended December 31
(in thousands of dollars)

		2009		2008
Retained earnings, beginning of year	**$**	**64,157**	$	23,651
Net income and comprehensive income for the year		**56,913**		60,860
		121,070		84,511
Distributions declared to unitholders		**23,248**		20,354
Retained earnings, end of year	**$**	**97,822**	$	64,157

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31
(in thousands of dollars)

		2009		2008
Cash flows from (used in) operating activities:				
Net income and comprehensive income for the year	$	**56,913**	$	60,860
Items not involving cash:				
Amortization		**3,393**		3,598
Loss on sale of property and equipment		**218**		115
Mark-to-market (gain) loss on share and income trust investments		**(3,816)**		3,573
(Gain) loss on disposal of investments		**2,407**		(78)
Interest income relating to the accretion of holdback receivables		**(1,981)**		(1,957)
Interest expense relating to the accretion of holdback payables		**1,148**		1,282
Deferred compensation plan		**7,608**		1,953
Future income tax provision		**(3,480)**		(1,038)
Foreign exchange (gain) loss on future income tax		**54**		(21)
		62,464		68,287
Changes in non-cash working capital:				
Accounts receivable		**15,052**		4,910
Costs and estimated earnings in excess of billings		**76,249**		(51,720)
Prepaid expenses and other assets		**276**		(136)
Accounts payable		**(5,080)**		10,777
Income taxes payable		**(4,502)**		(6,037)
Deferred contract revenue		**(44,196)**		51,672
Other liabilities		**(100)**		(498)
		37,699		8,968
Cash flows from operations		**100,163**		77,255
Cash flows from (used in) investing activities:				
Additions to property and equipment		**(2,062)**		(6,050)
Additions to intangible assets		**(612)**		-
Proceeds on sale of property and equipment		**3**		344
Investment in Rideau Construction, net of cash acquired (note 4)		**-**		(2,317)
Purchase of investments		**(2,964)**		(2,022)
Proceeds from disposal of investments		**3,903**		2,700
Cash flows from (used in) investing activities		**(1,732)**		(7,345)
Cash flows from (used in) financing activities:				
Loan payable advances		**8,125**		43,201
Loan repayment		**(84,562)**		-
Obligations under capital lease		**(32)**		(73)
Distributions paid on units		**(22,839)**		(21,122)
Cash flows from (used in) financing activities		**(99,308)**		22,006
Net increase (decrease) in cash and cash equivalents during the year		**(877)**		91,916
Cash and cash equivalents, beginning of the year		**204,640**		112,724
Cash and cash equivalents, end of the year	$	**203,763**	$	204,640
Supplementary cash flow information				
Income taxes paid	$	**22,864**	$	17,655
Interest paid	$	**1,643**	$	3,538

Cash and cash equivalents are comprised of cash, restricted cash, bankers' acceptances, and short-term deposits.

See accompanying notes to consolidated financial statements.

1. Structure of the trust and basis of presentation

Bird Construction Income Fund (the "Fund") is an unincorporated open-ended, limited purpose investment trust governed by the laws of Ontario pursuant to a declaration of trust dated January 1, 2006. The Fund was created to indirectly acquire all the outstanding shares of Bird Construction Company Limited (the "Company") and exchange those shares on a basis of three (3) trust units ("Units") of the Fund for each such outstanding Company share pursuant to a Plan of Arrangement effective February 27, 2006. The Fund is authorized to issue an unlimited number of units and each unitholder participates pro rata in any distribution from the Fund. Income tax obligations related to distributions of the Fund are obligations of the unitholders.

The Fund is considered to be a continuation of the Company following the continuity of interest method of accounting as there was no substantive change in the ownership interest of the Company. This method recognizes the Fund as the successor entity to the Company. Accordingly, these consolidated financial statements reflect the financial position, results of operations and cash flows as if the Fund had always carried on the business formerly carried on by the Company with all assets and liabilities recorded at the carrying values of the Company.

The Fund, through its wholly-owned subsidiary Bird Construction Company Limited, carries on business as a general contractor with branches in Toronto, Winnipeg, Calgary, Edmonton and Vancouver, as well as Seattle, Washington and commencing on February 1, 2008 upon the acquisition of Rideau Construction (see note 4) in Halifax and Saint John. The Fund focuses primarily on industrial, commercial and institutional projects.

2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting principles used in these consolidated financial statements are as follows:

(a) Consolidation:
The consolidated financial statements include the accounts of the Fund and all of its subsidiaries and partnerships, as well as its pro rata share of assets, liabilities, revenues, expenses, net income and cash flows of its joint ventures.

The consolidated financial statements include the accounts of the following:

Bird Construction Income Fund	Bird Design-Build Inc.
Bird Construction Company Limited	Bird Design - Build Limited
Bird Construction Company (a Limited Partnership)	1469782 Ontario Inc.
Bird Management Ltd.	1691651 Ontario Inc.
826513 Ontario Inc.	Bird Construction (U.S.A.) Inc.
Regatta Constructors Ltd.	Bird GTAYC Inc.
Pacific Industrial Constructors Ltd.	Rideau Construction Incorporated
Omsac Developments Limited	Rideau Management Services Incorporated
Regatta Industrial Ltd.	Bird-Graham Schools Joint Venture
Bird Constructors Ltd.	ByBird Joint Venture
Bird Design-Build Corporation	Bird Design-Build Construction Inc.

(b) Use of estimates:
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Actual results may differ from those estimates.

(c) Revenue recognition:
Revenue from fixed price construction contracts is recognized on the percentage of completion basis. Percentage of completion is calculated based on the costs incurred on each construction contract to the end of the respective accounting period divided by the total estimated costs. Revenue from cost reimbursable contracts is recognized progressively on the basis of costs incurred during the period plus the estimated fee earned. For agency relationships, such as construction management, where the Fund acts as an agent for its clients, fee revenue only is recognized, generally in accordance with the contract terms.

Revenue from change orders is recognized to the extent that management estimates that realization is probable. Losses from any construction contracts are recognized in full in the period the loss becomes apparent. Any excess of progress billings over earned revenue on construction contracts is carried as deferred contract revenue in the financial statements. Any excess of costs and estimated earnings over progress billings on construction contracts is carried as costs and estimated earnings in excess of billings in the financial statements.

These revenue recognition policies are considered by management to provide an appropriate measure of the extent of the work accomplished during the financial reporting period.

(d) Bonds, share and income trust investments:
Bonds, share and income trust investments are classified as held-for-trading financial instruments (see notes 6 and 18), which are carried at fair value. The fair value of bonds, share and income trust investments are based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs.

(e) Property and equipment:
Property and equipment are recorded at cost and are amortized over their estimated useful lives as follows:

i. Diminishing balance method:	
Buildings	5% and 10%
Automotive and contractor's equipment	30% - 40%
Furniture, fixtures and office equipment	20% - 55%
ii. Straight line method:	
Leasehold improvements	over the lease term

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

(f) Translation of US subsidiaries:
US subsidiaries are considered to be integrated operations and as a result, their accounts have been translated into Canadian dollars as follows:

i. Monetary assets and liabilities at the exchange rate in effect at the balance sheet date;
ii. Non-monetary assets and liabilities at exchange rates prevailing at the time of the transaction;
iii. Amortization expense at the exchange rate in effect at the time the related assets are acquired; and
iv. Revenues and expenses at the average exchange rate prevailing during the year.

Net foreign exchange loss included in construction costs and general and administrative expenses is $19 (2008 - $361).

(g) Income taxes:
The Fund is a mutual fund trust as defined under the Income Tax Act (Canada) ("Tax Act") and, accordingly, is not currently subject to taxation on its income to the extent that its income is distributed to its unitholders. Income tax obligations related to distributions of the Fund are obligations of the unitholders.

The Fund and its subsidiaries use the asset and liability method of accounting for income taxes. Current income taxes are recognized for the estimated income taxes payable for the current year. Future income taxes are recognized at enacted or substantively enacted rates expected to apply when items included in the income statement for the current year are expected to be reported for income tax purposes. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

Valuation allowances are established when necessary to reduce any future tax asset to the amounts expected to be realized.

(h) Basic and diluted earnings per unit:
The Fund's basic and diluted earnings per unit calculation are based on the weighted average number of units outstanding.

(i) Derivative financial instruments:
Derivative financial instruments, when utilized, are comprised of forward foreign exchange contracts which the Fund's operating companies enter into during the regular course of business. Derivative financial instruments are classified as held-for-trading financial instruments and are carried at fair value, with changes in fair value recognized in the consolidated statements of income and comprehensive income.

(j) Medium-term incentive plan:
The Fund determines compensation expense on phantom units based on their intrinsic value, considered to be the market value of the Fund's units. At each reporting period, changes in market value of unvested phantom units are recognized in income throughout the vesting period of the phantom units.

(k) Financial instruments:
Financial assets and liabilities classified as held-for-trading are measured at fair value at each reporting period with any changes in fair value during the reporting period being included in income. Financial assets and liabilities classified as loans and receivables and other liabilities are measured at amortized cost, using the effective interest rate method, which approximates fair value. The Fund will recognize changes in the fair value of loans and receivables only if realized, or when an impairment in the value of the asset occurs. The Fund has not classified any assets or liabilities as held-to-maturity or available for sale (see note 18).

The Fund had no "other comprehensive income or loss" transactions during the 2008 and 2009 years, and accordingly has no opening or closing balances for accumulated other comprehensive income or loss.

(l) Goodwill:
Goodwill is the excess of the purchase price paid for acquired operations over the fair value of the net assets acquired. Amounts recorded in goodwill are not amortized, but are subject to a fair value impairment test to be performed at least annually to ensure that the fair value of goodwill remains greater than, or equal to, the carrying value. Goodwill impairment is assessed based on a comparison of the fair value of a reporting unit to the underlying carrying value of the reporting unit's net assets, including goodwill. Any excess of the carrying value over fair value will be charged to income in the period in which the impairment is determined.

(m) Intangible assets:
Non-competition agreements, customer relationships and contract backlog represent intangible assets acquired in a business acquisition that meet the specified criteria for recognition. These assets are recorded at fair value and are amortized on a straight-line basis over the estimated useful life of the assets with periods ranging from five years for non-competition agreements and customer relationships to one year for contract backlog. Computer software is recorded at cost and will be amortized over two years.

3. Changes in accounting policies

The Canadian Institute of Chartered Accountants ("CICA") has issued a new accounting standard Section 3064, *Goodwill and Intangible Assets*, which was adopted by the Fund on January 1, 2009. This section provides guidance on the recognition, measurement, presentation and disclosure for goodwill and intangible assets, other than the initial recognition of goodwill or intangible assets acquired in a business combination. Section 1000, *Financial Statement Concepts*, was also amended to provide consistency with this standard. The adoption of this Section did not have a significant impact to the Fund's consolidated financial statements or on the carrying value of goodwill and intangible assets.

Emerging Issues Committee ("EIC") EIC 173, *Credit risk and the fair value of financial assets and financial liabilities* was adopted in 2009. This abstract concludes that an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and financial liabilities including derivative instruments. This new Abstract did not have a significant impact to the Fund's consolidated financial statements.

The CICA has made amendments to CICA Handbook Section 3862, *Financial Instruments-Disclosures,* which was adopted by the Fund on October 1, 2009. These amendments establish additional disclosure requirements regarding the level in the fair value hierarchy in which fair value measurements are categorized for assets and liabilities measured in the balance sheet. Section 3862 establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. The hierarchy of inputs is summarized below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities .
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly ; and
- Level 3 - inputs used in a valuation technique are not based on observable market data in determining fair values of the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

These new standards have no impact on the classification and valuation of the Fund's financial instruments.

Future Accounting Changes:

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian Generally Accepted Accounting Principles ("GAAP") for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS"). For the Fund, IFRS will be effective for interim and annual financial statements commencing on January 1, 2011. Comparative financial results will also be required with respect to the 2010 fiscal year.

4. Acquisition of Rideau Construction

On February 1, 2008, the Fund announced that it had completed the acquisition of 100% of the shares of Rideau Construction Incorporated and Rideau Management Services Incorporated (collectively "Rideau Construction").

The cost of the acquisition was approximately $16,332 consisting of a purchase price of $15,806 and associated costs and other obligations of $526. The purchase price was comprised of $7,901 cash plus 262,102 units (note 13) of the Fund valued at $7,905. Details of the acquisition are as follows:

(in thousands of dollars)

Net assets acquired, at fair value:

Cash	$	6,110
Other current assets		34,076
Property, plant and equipment		1,044
Intangible assets		3,600
Goodwill		9,294
		54,124
Less current liabilities		35,960
Less future income taxes		1,832
	$	16,332

Purchase consideration:

Cash	$	7,901
Issuance of trust units		7,905
Acquisition costs		526
	$	16,332

5. Youth Justice Facility project

(a) Background information:
During 2007, the Fund was awarded a $93,246 fixed price build-finance project from Infrastructure Ontario (IO). The Fund arranged $84,562 in debt financing (see note 5(d)) related to the project.

(b) Restricted cash:
The terms of the debt financing agreement required that scheduled loan advances be deposited into a blocked bank account, which cannot be accessed directly by the Fund. Upon recommendation by the lender's technical advisor, cash was released monthly based on the progress of the work. Since the Fund achieved substantial completion for this project in 2009, all of the cash was released, and no restricted cash balances have existed since the second quarter of 2009.

(c) Costs and estimated earnings in excess of billings:
Of the $4,506 (2008 - $80,755) costs and estimated earnings in excess of billings as at December 31, 2009, $nil (2008 - $76,361) relates to the Youth Justice Facility project. Payment was made by IO to the Fund ten days following substantial completion of the project which was achieved during the second quarter of 2009.

(d) Loan payable:
In 2007, the Fund had arranged an $84,562 loan facility bearing interest at a fixed rate of 5.48% related to the project. During the second quarter of 2009, the Fund achieved substantial completion of the project, and subsequently used the proceeds received from IO to repay the loan balance in full. Interest was paid quarterly in arrears. Interest expense on the loan during the year ended December 31, 2009 of $1,643 (2008 – $3,266) is included in construction costs and general and administrative expenses. There was no interest expense incurred during the third and fourth quarter of 2009 as the loan was repaid in full during the second quarter of 2009.

(in thousands of dollars)

6. Bonds, share and income trust investments

		2009		2008
Investments:				
Preferred shares	$	**8,721**	$	8,378
Corporate bonds		**2,949**		-
Common shares		**-**		1,150
Income trust units		**-**		1,689
Total	$	**11,670**	$	11,217

Included in investment and other income during the year is a gain of $3,816 (2008 – ($3,573)), representing the unrealized mark-to-market adjustment, and a loss of $2,407 (2008 – ($78)) representing a realized loss on the disposal of common share and income trust investments.

7. Accounts receivable

		2009		2008
Progress billings on construction contracts	**$**	**117,637**	$	130,735
Holdbacks receivable		**76,480**		75,490
Other		**1,299**		2,262
	$	**195,416**	$	208,487

Holdbacks receivable represent amounts billed on construction contracts which are not due until the contract work is substantially completed and the applicable lien period has expired.

Interest income relating to the accretion of holdback receivables using the effective interest rate method included in investment and other income is $1,981 (2008 – $1,957). Interest expense relating to the accretion of holdback payables using the effective interest rate method included in construction costs and general and administrative expenses is $1,148 (2008 – $1,282).

(in thousands of dollars)

8. Property and equipment

	Cost	Accumulated Amortization	Net Book Value
	2009		
Land	**$ 172**	**$ -**	**$ 172**
Buildings	**2,565**	**403**	**2,162**
Leasehold improvements	**2,407**	**1,326**	**1,081**
Automotive and contractor's equipment	**9,865**	**5,551**	**4,314**
Furniture, fixtures and office equipment	**1,746**	**1,077**	**669**
	$ 16,755	**$ 8,357**	**$ 8,398**

	Cost	Accumulated Amortization	Net Book Value
	2008		
Land	$ 172	$ -	$ 172
Buildings	2,383	340	2,043
Leasehold improvements	2,479	929	1,550
Automotive and contractor's equipment	9,372	4,573	4,799
Furniture, fixtures and office equipment	1,783	1,041	742
	$ 16,189	$ 6,883	$ 9,306

During 2009, the Fund fully repaid the capital lease obligations, and accordingly, the Fund reclassified the assets into assets categories owned by the Fund. At December 31, 2008, automotive and contractor's equipment included assets acquired under capital lease with an original cost of $301 and accumulated amortization of $188. The aggregate amortization expense for property and equipment for the year totalled $2,750 (2008 - $2,351).

9. Intangible assets

	Cost	Accumulated Amortization	Net Book Value
	2009		
Non-competition agreements	**900**	**345**	**555**
Customer relationships	**1,900**	**729**	**1,171**
Contract backlog	**800**	**800**	**-**
Computer software	**612**	**-**	**612**
	$ 4,212	**$ 1,874**	**$ 2,338**

	Cost	Accumulated Amortization	Net Book Value
	2008		
Non-competition agreements	900	165	735
Customer relationships	1,900	349	1,551
Contract backlog	800	733	67
	$ 3,600	$ 1,247	$ 2,353

The aggregate amortization expense for intangible assets for the year totalled $627 (2008 – $1,247). The intangible assets are primarily a result of the acquisition of Rideau Construction (see note 4).

10. Credit arrangements

The Fund has an authorized operating line of credit totalling $51,500 with a Canadian chartered bank. The line was drawn for outstanding letters of credit of $15,421 (2008 - $14,017).

The letters of credit represent performance guarantees primarily issued in connection with design-build construction contracts related to secured Public Private Partnership projects. These letters of credit are supported through the hypothecation of certain financial instruments having a market value of $19,580 (2008 - $16,525).

11. Income taxes

The Fund is taxed as a mutual fund trust for Canadian income tax purposes, and accordingly, is not currently taxable on its income to the extent that its income is distributed to unitholders (see note 2(g)). Except for the unintended income tax issues noted below, the trustees intend to distribute all taxable income of the Fund to the unitholders and to deduct such distributions for Canadian income tax purposes. Income taxes related to the undistributed income of the Fund and the taxable income of the corporate subsidiaries of the Fund are reflected as an income tax expense in the consolidated financial statements.

In 2007, the Company completed certain transactions related to the stated capital of its common shares held by the Fund in a manner that resulted in unintended current income tax liabilities of the Fund, totaling $6,635. The current income tax liability of $6,635 for 2007 was accrued as a current income tax expense in the Fund's consolidated financial statements for the year ended December 31, 2007. In the first quarter of 2008, the Company completed additional transactions with the Fund on the same basis, which resulted in an additional current income tax liability of $1,945. These transactions were intended by the Company and the Fund to be tax free returns of stated capital and, accordingly, the income tax current liabilities resulting therefrom were inadvertent.

On July 3, 2008, the Saskatchewan Court of Queen's Bench granted the Company a rectification order relating to the documentation required in order to correctly reflect the intentions of the Fund and the Company with respect to the above-noted capital transactions between the entities. As a result of this order, income tax liabilities totaling $8,580, which were previously accrued in the financial statements of the Fund, were no longer payable. Accordingly, the tax accruals and the related income tax expense was reversed in the consolidated financial statements of the Fund in 2008.

On June 22, 2007, the Tax Act was amended by Bill C-52, which includes new rules (the "SIFT Rules") governing the taxation of certain publicly-traded trusts and partnerships referred to as "specified investment flow-throughs" or "SIFTs", including the Fund. Under the SIFT Rules, SIFTs and their unitholders are taxed in a manner similar to corporations and their shareholders.

The application of the SIFT Rules to SIFTs existing on October 31, 2006, which include the Fund, is deferred until 2011 provided there is no "undue expansion" of the SIFT before that time as determined in accordance with guidelines released by the Department of Finance (Canada) on December 15, 2006 (the "Guidelines"). Pursuant to the Guidelines, a SIFT generally will be permitted to increase its equity in each of 2007 through 2010 by the greater of, in each year, $50 million and a specified percentage of the SIFT's October 31, 2006 market capitalization (40% in 2007 and 20% in each of the years 2008 through 2010). Market capitalization, for these purposes, is to be measured in terms of the value of the Fund's issued and outstanding publicly-traded units. Any increase in equity in excess of these amounts may be considered "undue expansion" for purposes of the Guidelines and the SIFT Rules.

The application of the SIFT Rules could adversely affect the Fund and the unitholders by, among other things, impacting the level of future cash distributions and the ability of the Fund to undertake financings and acquisitions. Moreover, no assurance can be provided that the Guidelines will not be revised prior to 2011.

(in thousands of dollars)

		2009		2008
Provision for income taxes				
Income tax expense is comprised of:				
Current income taxes	**$**	**18,159**	$	11,392
Future income taxes (reduction)		**(3,480)**		(1,038)
	$	**14,679**	$	10,354

	2009	2008
Income tax rate reconciliation		
Combined federal and provincial income tax rate	**30.7%**	31.3%
Increases (reductions) applicable to:		
Income of the Fund taxed directly to unitholders	**(10.0)**	(8.8)
Income taxes payable by the Fund	**-**	(9.3)
Non-deductible portion of mark-to-market adjustments	**(0.8)**	0.8
Non-deductible portion of realized capital losses	**0.5**	-
Effect of changes of valuation allowance	**(0.3)**	0.8
Future rate changes	**0.3**	-
Dividend income	**(0.3)**	(0.3)
Other	**0.4**	-
Effective rate	**20.5%**	14.5%

		2009		2008
Components of future income tax				
Future income tax assets:				
Timing of recognition of offering costs	**$**	**200**	$	406
Provisions and reserves		**5,472**		2,327
Operating loss carried forward		**1,333**		-
Other		**221**		-
		7,226		2,733
Less future income tax asset - long-term		**2,750**		1,321
Future income tax asset - current		**4,476**		1,412
Future income tax liabilities:				
Timing of recognition of construction profits		**(5,516)**		(4,241)
Intangible assets		**(443)**		(651)
Future income tax liability - current		**(5,959)**		(4,892)
Net future income tax liability - current	**$**	**(1,483)**	$	(3,480)

12. Other long-term liabilities

		2009		2008
Medium Term Incentive Plan	**$**	**11,655**	$	4,047
Other deferred compensation		**8**		108
		11,663		4,155
Less current portion		**2,072**		100
	$	**9,591**	$	4,055

(in thousands of dollars)

The Fund introduced a Medium Term Incentive Plan (MTIP) in 2007 that provides for the granting of phantom units with unit appreciation rights. The phantom units provide the holder with the opportunity to earn a cash benefit in relation to the value of a specified number of underlying notional trust units. MTIP awards vest with the employee on November 30 of the third year following the year to which the award relates. Compensation expense is measured based on both the changes in market price of the Fund's units and notional distributions, equivalent to actual distributions declared on the Fund's units, during each reporting period and is recognized as an expense over the vesting period.

Included in other deferred compensation is $8 (2008 - $108) representing amounts due to management companies owned by the previous controlling shareholders of Rideau Construction. These amounts are due in equal monthly instalments of $8 to February 1, 2010. The management fees compensate the management companies for providing construction management services to the Fund covering construction projects which although in progress at the closing date of the acquisition of Rideau Construction will be completed by February 1, 2010.

13. Unitholders' capital

The Fund is authorized to issue an unlimited number of units and each unitholder participates pro rata in any distribution from the Fund. On February 1, 2008, the Fund issued from treasury, 262,102 additional units valued at $7,905 as partial consideration of the purchase price of 100% of the shares of Rideau Construction (see note 4).

The net proceeds for trust units issued by the Fund are included in unitholders' capital on the balance sheet and are comprised of the following:

	2009		2008	
	Number	**Amount**	Number	Amount
Issued and fully paid:				
Balance of Units of the Fund, beginning of period	**14,051,282**	**$ 37,527**	13,789,180	$ 29,622
Units issued February 1, 2008	**-**	**-**	262,102	7,905
Balance of Units of the Fund, end of period	**14,051,282**	**$ 37,527**	14,051,282	$ 37,527

The weighted average number of units outstanding during the year was 14,051,282 (2008 – 14,029,082).

The regular monthly distributions and special distributions are declared and paid to unitholders at the discretion of the Board of Trustees.

14. Capital disclosures

The Fund's capital management objectives are to:

- Ensure that the Fund has the financial capacity to support its current and anticipated volume and mix of business and to manage unforeseen operational and industry developments.
- Ensure that the Fund has sufficient financial capacity to support the execution of its longer-term growth strategies.
- Provide its investors with the maximum long-term returns on equity and to generate sufficient cash flow to sustain unitholder distributions.

In the management of capital, the Fund defines capital as Unitholders' equity. Unitholders' equity is primarily comprised of the Fund's working capital.

The Fund manages its capital within the investment policy approved by the Board of Trustees. The Fund makes changes to capital based on changes in business conditions and the mix of construction contracts. In order to maintain or adjust the capital structure, the Fund may adjust the amount of distributions paid to Fund unitholders, issue new Fund units, and to a lesser degree may adjust capital expenditures.

(in thousands of dollars)

As a component of working capital, the Fund maintains significant balances of cash and cash equivalents and investments in liquid securities. These cash, cash equivalent and investment balances are intended to cover net current liabilities, fund current distributions payable to Unitholders and provide capital to support surety and contract security requirements related to the current and near-term backlog of construction projects.

Backlog is not a term found in the CICA Handbook. Backlog (also referred to in the construction industry as "work on hand") is the total value of all contracts awarded to the Fund, less the total value of work completed on these contracts as of the date of the most recently completed quarter. This includes all contracts that have been awarded to the Fund whether the work has commenced or will commence in the normal course.

The amounts at December 31, 2009 and December 31, 2008 are as follows:

(thousands of dollars)

	2009	2008
Unitholders' equity	**$ 135,349**	$ 101,684
Working capital	**122,160**	83,465

15. Leases

Future minimum annual lease payments relating to lease commitments on buildings and equipment over the next five years are:

	Operating Leases
2010	$ 1,475
2011	1,314
2012	975
2013	616
2014	451
Thereafter	75
	$ 4,906

Expenses under lease commitments on buildings and equipment are $1,360 (2008 - $1,333).

16. Commitments and contingent liabilities

(a) Commitments:
Outstanding surety lien bonds issued on behalf of the Fund in connection with liens by subcontractors and suppliers totalled $2,155 (2008 - $2,124).

(b) Contingencies:

i. Various claims and litigation arise in the normal course of the construction business. It is management's opinion that adequate provision has been made for any potential settlements relating to such matters and that they will not materially affect the financial position or future operations of the Fund.

(in thousands of dollars)

ii. The Fund is contingently liable for the usual contractor's obligations relating to performance and completion of construction contracts. These include the Fund's contingent liability for the performance obligations of its subcontractors. Where possible and appropriate, the Fund obtains performance bonds or alternative security from subcontractors. However, where this is not possible, the Fund is exposed to the risk that subcontractors will fail to meet their performance obligations. In that eventuality, the Fund would be obliged to complete the subcontractor's contract, generally by engaging another subcontractor and the cost of completing the work could exceed the original subcontract price. The Fund makes appropriate provision in the financial statements for all known liabilities relating to subcontractor defaults.

17. Segmented information

The Fund has determined that it operates in one business segment – the construction industry. The Fund and its subsidiaries operate in both Canada and the United States. The following presents key information by geographic segment:

	2009		
	Canada	**US**	**Total**
Construction revenue	**$ 866,258**	**$ 11,601**	**$ 877,859**
Property and equipment including computer software	**8,997**	**13**	**9,010**

	2008		
	Canada	US	Total
Construction revenue	$ 1,003,148	$ 33,140	$ 1,036,288
Property and equipment	9,164	142	9,306

18. Financial instruments

The Fund's cash, restricted cash, bankers' acceptances and short-term deposits, bonds, share and income trust investments and derivative financial instruments have been classified as held-for-trading. Accounts receivable are classified as loans and receivables. The Fund's bank overdraft, if any, accounts payable, loan payable, distributions payable to unitholders, obligations under capital lease and other deferred compensation have been classified as other financial liabilities. The basis of the determination of the fair value of the Fund's financial instruments is more fully described in note 2(k).

(in thousands of dollars)

A. Classification and fair value of financial instruments:

Financial Assets Held-for-Trading: (Recorded at fair value)

		2009		2008
Cash and Cash Equivalents:				
Cash	$	**174,854**	$	71,010
Restricted cash		**-**		6,566
Bankers' acceptances and short-term deposits		**28,909**		127,064
		203,763		204,640
Bonds, Share and Income Trust Investments:		**11,670**		11,217
		215,433		215,857

Loans and Receivables and Other Liabilities: (Recorded at face value or amortized cost)

		2009		2008
Loans and Receivables:				
Accounts receivable	$	**195,416**	$	208,487
Other Liabilities:				
Accounts payable		**232,855**		236,787
Loan payable		**-**		76,437
Distributions payable to unitholders		**2,108**		1,699
Obligations under capital lease		**-**		32
Other		**8**		108
		234,971		315,063
Total Financial Instruments	$	**175,878**	$	109,281

Amortized cost is a reasonable approximation of fair market value due to the short-term nature of these financial instruments.

Income Statement Impact of Financial Instruments:

		2009		2008
Financial Assets Held-for-Trading:				
Interest income earned on cash and cash equivalents	$	**922**	$	3,862
Dividend income earned on short-term investments		**672**		553
Income earned on trust investments and bonds		**96**		333
Unrealized gain (loss) on share and income trust investments		**3,816**		(3,573)
Realized gain (loss) on disposal of share and income trust investments		**(2,407)**		-
Realized gain (loss) on foreign currency contracts		**(19)**		(45)
		3,080		1,130
Loans and Receivables and Other Liabilities:				
Interest expense on loans payable		**(1,643)**		(3,266)
Interest income relating to accretion on holdback receivables		**1,981**		1,957
Interest expense relating to accretion of holdback payables		**(1,148)**		(1,282)
		(810)		(2,591)
Impact of Financial Instruments on Income	$	**2,270**	$	(1,461)

(in thousands of dollars)

The following table presents information about the Fund's financial assets measured at fair value as of December 31, 2009 and indicates the fair value hierarchy of inputs utilized by the Fund to determine such fair value:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Cash	$ 174,854	$ -	$ -	$ 174,854
Bankers' acceptances and short term deposits	-	28,909	-	28,909
Preferred shares	8,721	-	-	8,721
Bonds	-	2,949	-	2,949
Total Financial Assets Held-for-Trading	$ 183,575	$ 31,858	$ -	$ 215,433

There were no transfers between levels during the year.

B. Risk Management

In the normal course of business, the Fund is exposed to a number of risks related to financial instruments that can affect its operating performance. These risks and the actions taken to manage them are as follows:

i.) Credit Risk:

Credit risk relates to the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet their contractual obligation.

With respect to accounts receivable, concentration of credit risk is limited due to the geographic dispersion of revenues and a diversified customer base. Before signing any construction contract and during the course of the construction project, the Fund goes to considerable lengths to satisfy itself that the customer has adequate resources to pay as construction work is completed. If a customer was unable or unwilling to pay the amount owing, a lien registered against the project would normally provide some security that the amount owed would be realized.

Bankers' acceptances, short-term deposits and corporate bonds are subject to minimal credit risk as they are placed with only major Canadian financial institutions and Canadian corporations with a requisite strong credit rating as issued by rating agencies. As is reasonably practical, these investments are placed with a number of different Canadian financial institutions thereby reducing the Fund's exposure to a default by any one financial institution. At December 31, 2009 and December 31, 2008, the Fund held no asset backed commercial paper.

The credit risk associated with foreign exchange contracts arises from the possibility that a counterparty to a foreign exchange contract in which the Fund has an unrealized gain fails to perform according to the terms of the contract. The counterparty to these contracts is a major Canadian financial institution.

The Fund has no material impaired receivables. Accounts receivable outstanding for greater than 90 days and considered past due by the Fund's management represent 7.3% (2008 – 5.7%) of the balance of progress billings on construction contracts receivable at December 31, 2009. Management has recorded an allowance of $48 (2008 - $579) against these past due receivables, net of amounts recoverable from others.

ii.) Liquidity Risk:

Liquidity risk relates to the risk that the Fund will not be able to meet its financial obligations as they fall due.

As a component of working capital, the Fund maintains significant balances of cash and cash equivalents and investments in liquid securities including corporate bonds which mature in the next fourteen months. These investments exceed net current liabilities and support surety and contract security requirements related to construction projects. In addition, the Fund has authorized lines of credit totalling $51,500, supported by hypothecation of certain financial instruments, with a Canadian chartered bank.

Substantially all of the Fund's obligations are classified as current liabilities, due within one year and are consistent with construction business normal trade terms. As disclosed in note 12, payments required pursuant to the Fund's Medium Term Incentive Plan granted in 2007, 2008 and 2009 are due on the vesting date of November 2010, 2011 and November 2012, respectively, or upon retirement, if earlier.

iii.) Market Risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Fund's income or the value of its holdings in liquid securities.

With respect to exposure to fluctuations in foreign exchange rates, the Fund's exposure relates to branch operations in the US and the occasional purchase of construction materials and supplies in US dollars. The Fund utilizes forward foreign exchange contracts to buy or sell US dollars at future dates which align with the underlying foreign denominated cash flow expectations of the Fund. These contracts have maturities of less than two years and relate exclusively to the US currency. The foreign exchange position is monitored by management monthly and it is reported to the Board of Trustees at least quarterly. The Fund does not engage in speculative trading of foreign exchange futures or forward foreign exchange contracts. At December 31, 2009 and December 31, 2008, the Fund was not a party to foreign exchange contracts.

As the Fund has minimal amounts of interest-bearing debt, the Fund's exposure to interest rate fluctuations relative to financial instruments is minimal. As disclosed in note 5 (d) to the financial statements, the Fund has fully retired the non-recourse fixed rate loan facility used to finance the Youth Justice Facility project. The Fund is exposed to the risk that the value of corporate bonds will fluctuate due to changes in the prevailing levels of market interest rates. As of December 31, 2009, the Fund did not have significant exposure to interest rate risk.

The Fund has exposure to fluctuations in the market prices of its preferred shares and in 2008 on its preferred and common share investments and investment in income trust units. Investments are made only in securities authorized in the investment guidelines approved by the Fund's Board of Trustees. The Fund's CFO and CEO must authorize all transactions and detailed reports summarizing the performance of the investment portfolio are made to the Board of Trustees quarterly. As at December 31, 2009, a one-percent change in the market price of the investments will change income before income taxes by approximately $87 (2008 - $112).

19. Joint Ventures

The Fund's investments in joint ventures are accounted for using the proportionate consolidation method, whereby the consolidated financial statements reflect, line by line, the pro rata share of each of the assets, liabilities, revenues and expenses and cash flows from the joint ventures. The Fund's investments are in unincorporated joint ventures and therefore expenses do not include any allowance for income taxes as the joint venture partners are responsible for income taxes. The consolidated financial statements include the proportionate share in joint ventures. The following are the Fund's proportionate share of the joint ventures' financial statements.

(in thousands of dollars)

	December 31 2009	December 31 2008
Balance Sheet:		
Current assets	$ **76,952**	$ 34,883
Property and equipment	**613**	571
Current liabilities	**48,833**	32,588
Retained earnings	**28,732**	2,866

	Year ended	
	December 31 2009	December 31 2008
Income and Comprehesive Income:		
Construction revenue	$ **175,868**	$ 19,740
Investment and other income	**626**	77
Construction and general and administrative expense	**(145,566)**	(16,947)
Amortization	**(62)**	(4)
Net income	**30,866**	2,866
Statement of Cash Flow:		
Cash flow from operating activities	$ **30,639**	$ 2,849
Changes in non-cash working capital	**(4,326)**	14,179
Cash flow used in investing activities	**(104)**	(575)
Cash flow from financing activities	**(5,000)**	-
Net increase in cash flow	**21,209**	16,453

The Fund and its joint venture partners have provided contract security in the form of letters of credit, related to the construction activities of the joint ventures. The Fund has issued letters of credit in the amount of $14,219 (2008 - $13,993).

The Fund is contingently liable for the obligations of the joint ventures. The assets of the joint ventures are available for the purpose of satisfying such obligations.

The Fund enters into transactions in the normal course of operations with its joint ventures, which are measured at the exchange amount, being the amount of consideration established and agreed to by the parties involved. At December 31, 2009, the Fund has included in accounts receivable $2,116 (2008 - $1,862) owing from its joint ventures.

20. Subsequent Event

On March 12, 2010, the Board of Trustees approved, in principle, the Fund's intention to convert the Fund into a publically-traded corporation at the end of the Fund's 2010 fiscal year, subject to unitholders' approval which will be sought at the Fund's annual general meeting scheduled to be held in May 2010. It is planned to have the conversion transactions structured to accomplish the transfer on a tax deferred basis for both the Fund and its unitholders.

Five Year Summary

(in thousands of dollars, except Other Information)

		2009	2008	2007	2006	2005
OPERATING RESULTS:						
Revenue ………………………………	$	**882,939**	1,039,420	756,879	533,369	447,778
Income before income taxes …………	$	**71,592**	71,214	51,342	27,415	23,154
Income taxes …………………………..		**14,679**	10,354	17,930	5,241	7,913
Net income …………………………….	$	**56,913**	60,860	33,412	22,174	15,241
Distributions ………………………….	$	**23,248**	20,354	18,637	13,379	n/a
Dividends ……………………………..	$	n/a	n/a	n/a	31,422	15,617
FINANCIAL POSITION:						
Current assets ………………………..	$	**415,862**	505,882	335,160	194,784	147,980
Current liabilities ……………………..		**293,702**	422,417	285,396	160,245	117,328
Working capital ………………………	$	**122,160**	83,465	49,764	34,539	30,652
Property and equipment ……………..	$	**8,398**	9,306	5,022	3,302	2,109
Unitholders' equity …………………..	$	**135,349**	101,684	53,273	38,474	33,531
BACKLOG:						
Firm price ……………………………..	$	**901,352**	1,104,700	969,266	464,672	349,575
Construction management ……………	$	**112,645**	105,503	89,625	55,165	83,525
OTHER INFORMATION:						
Number of units outstanding (restated for split) ……………………		**14,051,282**	14,051,282	13,789,180	13,789,180	11,289,180
Return on revenue …………………..	%	**6.45**	5.86	4.41	4.16	3.4
Return on prior year unitholders' equity …………………..	%	**56.00**	114.24	86.85	66.13	44.95
Net income per unit ………………….	$	**4.05**	4.34	2.42	1.65	1.35
Book value per unit ………………….	$	**9.63**	7.24	3.86	2.79	2.97

Note: Per unit amounts have been retroactively restated for the effect of the exchange of 3 units for each share in February 2006.

Eligible Dividends

Bird Construction Income Fund designates any and all dividends paid or deemed for Canadian federal, provincial or territorial income tax purposes to be paid on or after January 1, 2007 to be "eligible dividends", unless indicated otherwise in respect of dividends paid subsequent to this notification, and thereby notifies all recipients of such dividends of this designation.

BIRD
Construction Income Fund

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