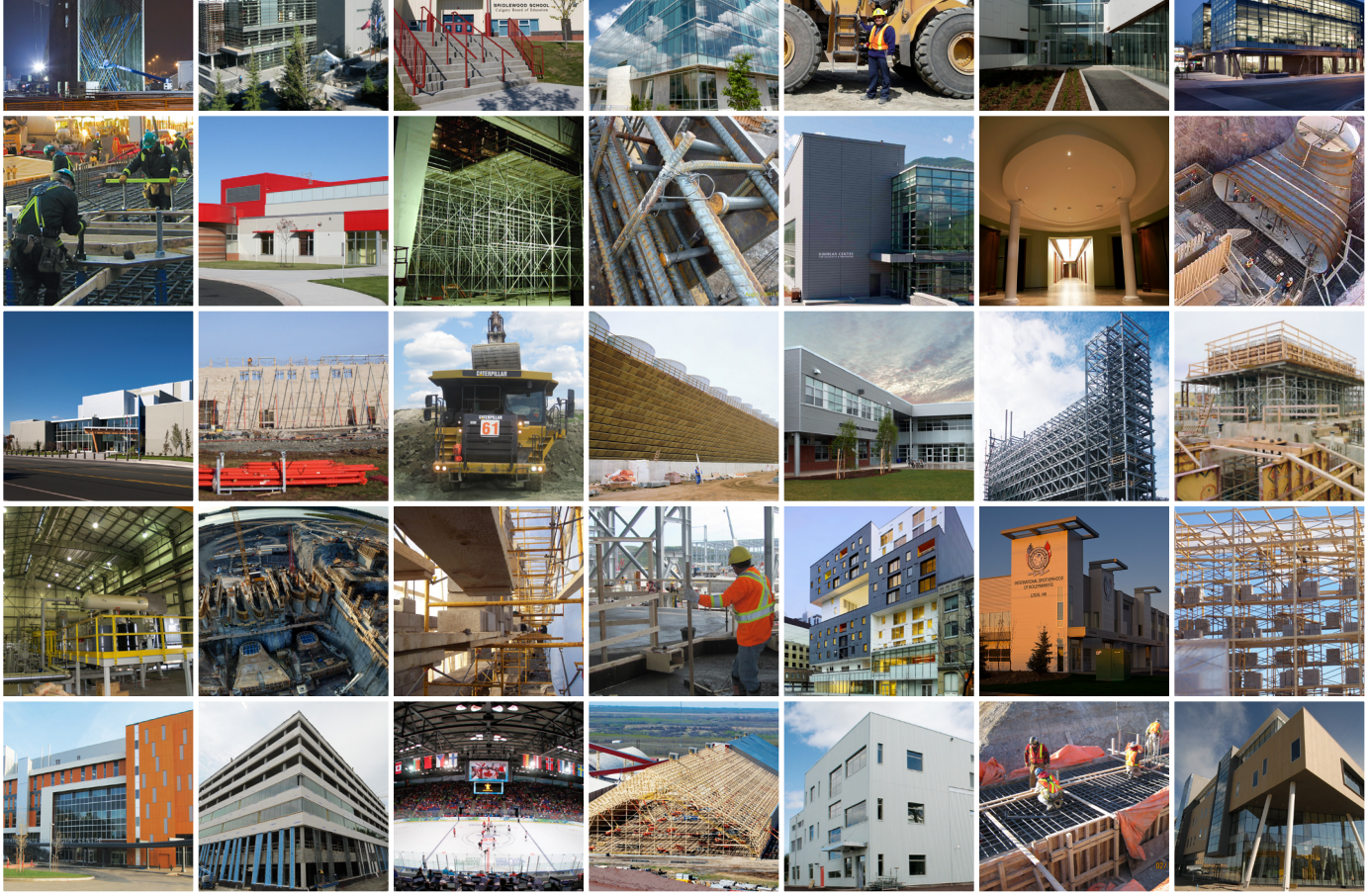
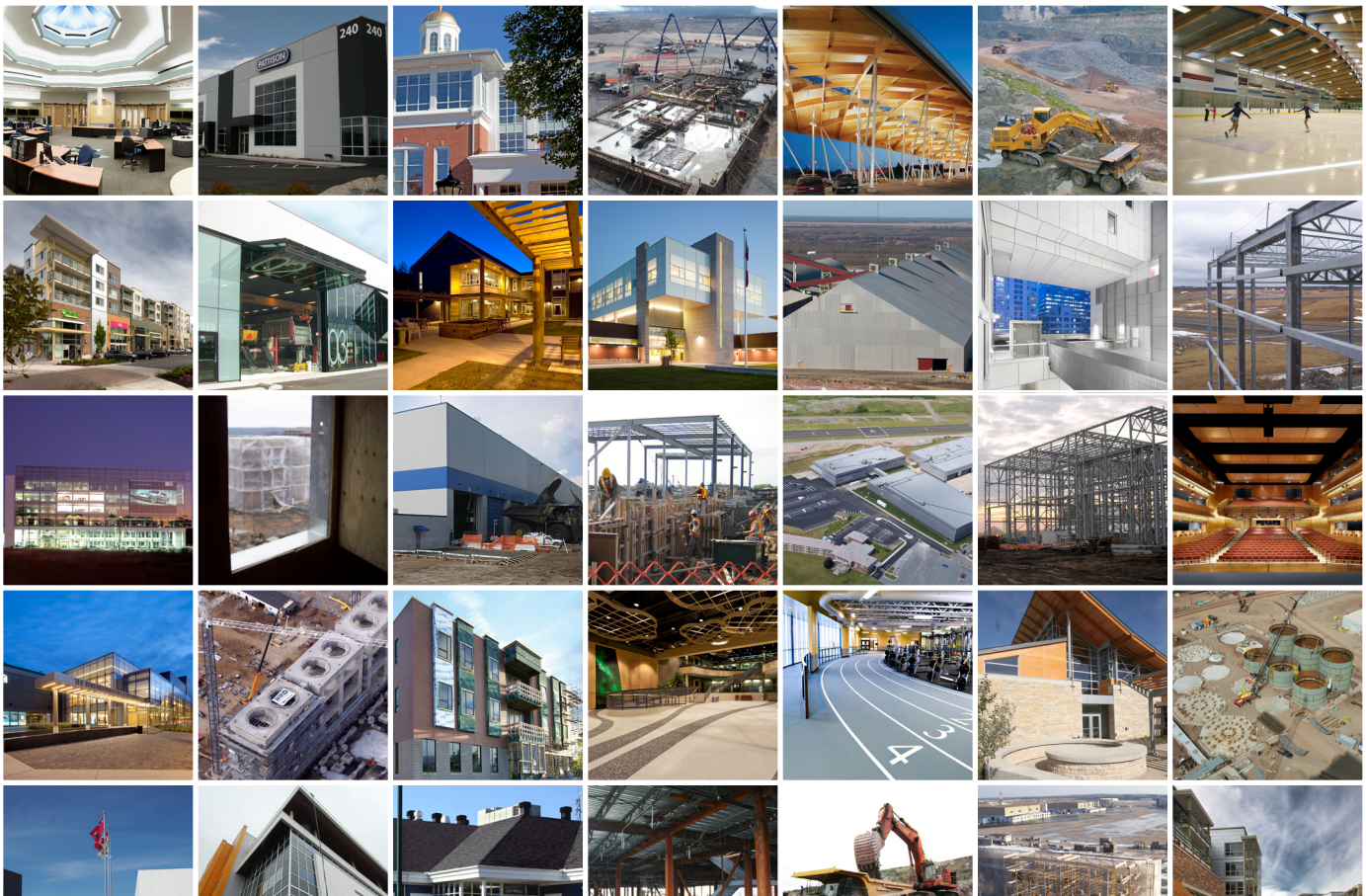


Annual Report 2011

BIRD



EIGHTY-FIRST

ANNUAL REPORT
OF THE BOARD OF DIRECTORS OF

for the year ended
December 31, 2011

CORPORATE OFFICE

5403 Eglinton Avenue West
Toronto, ON M9C 5K6

DIRECTORS

J. Richard Bird, Ph.D., MBA [1][2] ..... Calgary
Paul A. Charette (Chair) [1][2] ..... Oakville
D. Greg Doyle, CA [1][2] ..... Winnipeg
Bonnie D. DuPont, BSW, MEd [1][2] ..... Calgary
J. Urban Joseph, O.C., MBA [1][2][3] ..... Toronto
Ronald D. Munkley, BSc Hon (Eng) [1][2][4] .....Mississauga
Paul R. Raboud, P.Eng., MSc, MBA..... Toronto
Tim J. Talbott, P.Eng. ..... Woodbridge
Arni C. Thorsteinson, CFA [1][2] ..... Winnipeg

[1] *Audit Committee Member*
[2] *Human Resources, Safety and Governance Committee Member*
[3] *Mr. Joseph is not standing for re-election at May 14, 2012 Annual Meeting*
[4] *Mr. Munkley was appointed a Board Member effective October 7, 2011*

OFFICERS

Tim J. Talbott, P.Eng. ..... President & CEO
Ian J. Boyd, P.Eng. [5]. .....Senior VP
Jim J. Brennan, P.Eng. .....Senior VP
Stephen R. Entwistle, CA.....CFO & Assistant Secretary
Ken W. McClure [5]. .....Senior VP
Charmane L. Morrow.....Secretary
Ken J. Nakagawa..... VP Pacific & Vancouver District Manager
Paul R. Raboud, P.Eng., MSc, MBA .....Vice Chair
Gilles G. Royer, P.Eng.[5] .....Senior VP
Jason C. Trumbla, CA, MAcc ..... VP Finance

[5] *Messrs. Boyd, McClure and Royer Senior Vice President appointments effective January 1, 2012*

AUDITORS KPMG LLP

BANK Bank of Montreal

SURETY Travelers Guarantee Company of Canada

STOCK EXCHANGE LISTING Toronto Stock Exchange (Symbol “BDT”)

TRANSFER AGENT AND REGISTRAR Computershare Investor Services

The following Management's Discussion and Analysis ("MD&A") of Bird Construction Inc.'s ("the Company "or "Bird") financial condition and results of operations should be read in conjunction with the December 31, 2011 consolidated financial statements of Bird Construction Inc. 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 Shares" included in the Company's most current Annual Information Form dated March 7, 2012. This MD&A has been prepared as of March 7, 2012. Additional information about the Company is available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and includes the Company's Annual Information Form and other filings, including those filed by its predecessor, Bird Construction Income Fund ("the Fund").

On January 1, 2011, the Fund converted from an income trust structure to a public corporation under an Arrangement Agreement executed between the Fund and the Company. Under the Arrangement Agreement, the Fund's Unitholders transferred their units in the Fund to the Company in exchange for commons shares of the Company on a one-for-one basis. Accordingly, all former Unitholders became Shareholders of the Company on January 1, 2011 and the Company owned all of the outstanding units of the Fund.

TABLE OF CONTENTS

EXECUTIVE SUMMARY:

(thousands of dollars, except per share amounts)	2011	2010
Income Statement Data		
Revenue	$ 974,470	$ 842,031
Gross profit	80,290	89,032
Income before income taxes	40,570	55,486
Net income [1]	29,595	46,175
Basic and diluted earnings per share [3]	0.70	1.10
Adjusted Net Income [4]		
Adjusted net income	32,053	46,570
Adjusted net income per share	0.76	1.10
Cash Flow Data		
Cash flows from operations	15,960	59,197
Additions to property and equipment [2]	8,944	3,089
Cash dividends/distributions paid	27,612	25,290
Cash dividends/distributions declared per share [3]	0.66	0.60
Balance Sheet Data		
Total assets	632,475	482,981
Working capital	122,962	137,130
Loans and borrowings (including current portion)	43,495	-
Shareholders' equity	162,413	160,640

[1] includes comprehensive income, hereafter referred to as net income

[2] including computer software purchases included in intangible assets

[3] adjusted for the April 2011 three-for-one stock split

[4] adjusted net income is a non-GAAP measure and does not have standardized meaning. See page 4

2011 HIGHLIGHTS:

- During the fourth quarter of 2011, the Company generated strong earnings relative to the amount reported in the first three quarters of 2011. Fourth quarter net income of $12.9 million compares to $16.7 million in the first three quarters of 2011. The improvement reflects the impact of the acquisition of H.J. O'Connell, Limited ("O'Connell") on August 31, 2011 combined with an increase in the construction activity resulting from improving market conditions in northern Alberta combined with construction progress on a number of institutional and commercial projects.

- For the fourth quarter of 2011, the Company's adjusted net income (non-GAAP measure) was $14.2 million compared with $9.3 million in 2010. Adjusted net income per share was $0.34 in 2011 compared with $0.22 in 2010.

- During 2011, the Company reported net income of $29.6 million on construction revenues of $974.5 million. These financial results compare with $46.2 million and $842.0 million in 2010. The reduction in net income is primarily a result of lower gross profit margins consistent with a more competitive market, which was particularly prevalent in the first half of 2011, offset to some extent by the earnings derived from the acquisition of O'Connell. Additional income tax expense of approximately $7.7 million resulting from the full taxation of Bird's income effective January 1, 2011 also contributed to lower earnings in the year.

- The Company's adjusted net income for 2011 (non-GAAP measure) was $32.1 million in 2011 compared with $46.6 million in 2010. Adjusted net income per share was $0.76 in 2011 compared with $1.10 in 2010.

- On August 31, 2011, the Company completed its acquisition of O'Connell. The purchase price for the acquisition was $85.5 million, including purchase price adjustments relating to acquired working capital on closing and a valuation of the estimated future earn-out payments relating to the realization of future net income. The completion of this transaction marks a significant event in the growth of Bird. The opportunities that a combined Bird and O'Connell organization will be able to pursue will enhance the financial results of the Company in the future. O'Connell has been a leader in the heavy construction, civil construction and contract surface mining construction sectors of the general contracting industry since 1931 with current operations in Newfoundland & Labrador, Northern Quebec and Manitoba. O'Connell operates a large fleet of heavy civil and mining equipment in support of its construction and mining operations. O'Connell has offices in Montreal, Quebec, and Wabush and St. John's, Newfoundland. O'Connell's profitable operations made an immediate contribution to Bird's adjusted net income.

- During 2011, the Company secured $975.2 million of new construction contracts including change orders on existing contracts. The Company acquired $152.3 million of Backlog resulting from the O'Connell acquisition on August 31, 2011, and put in place work valued at $974.5 million. In addition, the Royal Alberta Museum contract was cancelled during the first quarter resulting in a reduction to Backlog of $147.0 million. As a result, the Backlog is at a record year-end balance of $1,235.6 million at December 31, 2011.

- The Company is part of a consortium short-listed to submit a proposal to design, build and finance a number of new schools in the province of Alberta. This is the third Alberta Schools Alternative Procurement (ASAP) project in Alberta and the Company has been part of consortiums that were previously awarded the first two ASAP projects.

- On October 26, 2011, the Company announced that it was awarded a design-build construction project with Canada Post to build a new processing facility at the Vancouver International Airport in the City of Richmond, British Columbia.

- On October 12, 2011, the Company, through a joint venture arrangement, announced that it was awarded a design-build construction contract for the Restigouche Hospital Centre located in Campbellton, New Brunswick. This award represents the eighth award to Bird of a PPP construction contract since 2008.

- The Company is part of a consortium short-listed to submit a proposal to design, build and finance three Toronto 2015 Pan/Parapan American Games venues.

- On September 15, 2011, the Company announced that O'Connell executed a $100.0 million unit price contract with ArcelorMittal Mines Canada Inc. for the removal of waste rock at the client's Mount Wright mine located near Fermont, Quebec.

- In the first quarter of 2011, the Company successfully achieved substantial construction completion on the Surrey Outpatient Facility in British Columbia. The completion of this significant project represents Bird's third Public Private Partnership (PPP) project to be completed.

- On March 3, 2011, the Company announced its first common share dividend since converting from an income trust structure to a public corporation. The current dividend per common share represents a 10% increase in the annualized amount of the distributions previously paid by the Company's predecessor, the Fund.

- On March 3, 2011, the Company approved a three-for-one stock split accomplished by way of a stock dividend. A stock dividend of two common shares for each common share held on April 14, 2011 was declared on March 3, 2011 and paid on April 22, 2011.

- The Company previously prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and adopted International Financial Reporting Standards ("IFRS") effective January 1, 2011. For more information regarding the transition to IFRS, see note 27 to the consolidated financial statements, which contains further information and a reconciliation of previously reported financial information prepared under Canadian GAAP to IFRS. Except as otherwise noted, the financial information contained in the MD&A and in the consolidated financial statements has been prepared in accordance with IFRS.

ADJUSTED NET INCOME MEASURE (NON-GAAP INFORMATION):

As disclosed in Note 5 to the consolidated financial statements for the year ended December 31, 2011, $6.0 million of the total purchase price attributable to the O'Connell acquisition was allocated to the value of the Backlog acquired and $8.4 million was allocated to the value attributed to customer relationships and $0.8 million of transaction costs was expensed in the period. For accounting purposes, these intangible assets are assumed to have finite useful lives and accordingly, the amounts are amortized and expensed to income over the expected useful life of the respective assets. Management believes this accounting principle implies that there is a decline in the value of the acquisition to the Company immediately. Management believes that this principle is not consistent with the economics used by it to support the O'Connell acquisition, as the earnings potential of the business is not diminished by the amortization of the intangible assets. Accordingly, adjusted net income excludes the non-cash amortization expense associated with intangible assets, including the intangible asset amortization relating to the Rideau transaction completed in 2008. Adjusted net income also excludes transaction costs associated with the O'Connell acquisition as such costs are non-recurring expenses undertaken to achieve increased long-term future earnings and cash flows and are not associated with the income generating activities undertaken during the year. Management believes that the presentation of adjusted net income and adjusted net income per share provides useful information to shareholders and potential investors as it provides increased transparency and predictive value. Management uses adjusted net income to set targets, assess performance of the Company and set the Company's dividend payout rate.

NON-GAAP MEASURE:

Adjusted net income and adjusted net income per share have no standardized meaning prescribed by GAAP and are not considered GAAP measures. Therefore, these measures may not be comparable with similar measures presented by others.

Adjusted Net Income (Non-GAAP Information)
(thousands of dollars, except per share amounts)

		2011		2010
Net income as reported in financial statements (GAAP)	$	29,595	$	46,175
Add: Amortization of intangible assets		2,648		560
Add: Transaction costs		756		-
		3,404		560
Add: Associated tax effect		(946)		(165)
Adjusted net income (Non-GAAP Measure)	$	32,053	$	46,570
Adjusted net income per share (Non-GAAP Measure)	$	0.76	$	1.10

In the fourth quarter of 2011, adjusted net income of $14.2 million ($0.34 per share) compares to $9.3 million ($0.22 per share). In the quarter, adjusted net income adjusts net income for amortization of intangible assets relating to business combinations.

NATURE OF THE BUSINESS:

The Company operates as a general contractor with offices in St. John's, Halifax, Saint John, Wabush, Montreal, Toronto, Winnipeg, Calgary, Edmonton and Vancouver. The Company and its predecessors have been in operation for over 90 years and focuses primarily on projects in the industrial, mining, commercial and institutional sectors of the general contracting industry. The Company utilizes fixed price, design-build, unit price, cost reimbursable, guaranteed upset price and construction management contract delivery methods. Since 2008, the Company secured and will continue to pursue design-build contracts with entities participating in the PPP market in the institutional sector.

While Bird self-performs some elements of its projects, particularly in the industrial market sector and in conjunction with the civil construction and contract mining operations conducted by O'Connell, the majority of the overall construction risk rests with its subcontractors. The scope of the work of each subcontractor is defined by the same contract documents that form the basis of the Company's agreement with its clients. The terms of the agreement between the Company and its clients

are replicated in the agreement between the Company and its subcontractors. These "flow-down" provisions substantially mitigate the risk borne by the Company. Depending on the value of the work, the Company may require bonds or other forms of contract security from subcontractors which will help mitigate exposure to possible additional costs should a subcontractor not be able to meet their contractual obligations. Bird's primary constraint on growth is the securement of new work at reasonable margins and the availability of qualified professional staff who can be assigned to manage the projects.

MISSION STATEMENT:

The Company's mission statement is as follows:

Bird Construction Company turns ideas into reality through a tradition of building trust, delivering exceptional client service and creating value.

The Company's long record of success is based on trust that has been built with clients, employees and business partners and a commitment to providing exceptional customer service. We are committed to providing a remarkable customer experience for our clients by understanding their goals for their project and then ensuring that these objectives are achieved. The Company's core values include:

Safety
- Safety is a moral obligation. Our goal is to attain a zero incident frequency.

Teamwork
- We believe that the best results are achieved when everyone works together; our staff, our clients, our consultants and our subcontractors and suppliers.

Honesty and Integrity
- We do what we say. We are always honest, truthful and conduct ourselves with integrity.

Fairness
- We treat others as we would wish to be treated.

Professionalism and Excellence
- We conduct ourselves in a manner of which we are proud; as individuals, and as representatives of our Company and industry.

Personal Growth
- We support employees in their goal to expand their skills and experience. We believe that employees are entitled to meaningful, satisfying work as they help advance the goals of the Company.

STRATEGY:

The Company will pursue organic growth by expanding its activities in constructing projects for clients in the industrial, commercial, and institutional market sectors. The Company will continue to utilize a range of contract formats and also will continue to pursue design-build projects across the entire market sectors. The design work required for these projects is typically specialized and varies widely based on the project type. Accordingly, the Company will continue to out-source design services in order to efficiently access the best expertise available. The Company's long-standing record of providing a quality product to its clients on time and standing behind that product after completion of construction has provided the opportunity for the Company to work with many clients on a repeat basis. The Company will continue to emphasize operational excellence as a means for generating new opportunities, and thereby creating value.

The Company has secured and will continue to pursue design-build contracts with clients participating in the PPP market in the institutional sector. In addition to the Company's more traditional role of acting as a construction contractor to the PPP project, the Company is actively looking to acquire an equity position in PPP projects as a means to support its construction operations and generate additional construction opportunities. The Company has built shareholders' equity in order to have

the financial capacity to pre-qualify for PPP construction contracts and should the right opportunities arise, acquire a non-controlling ownership interest in the PPP concession, using internally-generated funds.

The Company is well positioned to capitalize on what it believes to be a resurgence of construction activities in the Alberta oil sands. In addition, the Company is also positioning itself to address the maintenance requirements of our oil sands clients. Achievement of this strategic initiative may be accomplished through an acquisition or through organic growth, or a combination of both. Through the acquisition of O'Connell, the Company expects to benefit from the many attractive opportunities that are expected to arise through the continued development of Canada's resource sector.

The Company will continue its efforts to attract and retain a highly skilled professional work force to increase its capacity to deliver increasing revenues and earnings in the future. The Company prides itself in providing a working environment for its employees based on the principles of honesty, integrity, excellence and professionalism. The Company supports employees in their goal to expand their skills and experience. The Company believes that employees are entitled to meaningful, satisfying work as they help advance the goals of the Company.

The Company emphasizes providing a safe working environment for its employees and those of its subcontractors. Our safety program is supported through ongoing safety training programs, on-site safety supervision and audits of these programs.

KEY PERFORMANCE DRIVERS:

Securing profitable construction contracts and then controlling the costs during the execution of that work are key drivers of success for the Company.

In order to achieve this, 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 in the construction industry. Economic conditions relative to the construction industry since the recession began were weak and, accordingly, the competition for the contracts has increased. Both construction revenues and gross margins were impacted by the general state of the economy.

The Company must be successful in securing profitable work when it is available. The construction industry is highly fragmented and, accordingly, the Company competes with a number of international, national, regional and local construction firms. One of the Company's competitive advantages rests in its long-standing reputation for delivering high quality projects that fully meet the needs of the customer.

The Company's success in securing work is also reflected in the value of Backlog, which is the total value of all contracts awarded to the Company, less the total value of work completed on these contracts as of the date of the reporting period. This includes all contracts that have been awarded to the Company whether the work has commenced or will commence. The following table shows the Company's Backlog at the end of the comparative years. With the acquisition of O'Connell combined with securements in 2011, the Company is carrying forward a record year-end amount of Backlog into 2012 and beyond.

Backlog (thousands of dollars)	**2011**	**2010**
Backlog	$ 1,235,600	$ 1,229,600

Once the Company has secured a potentially profitable contract, the profitability of that contract, measured by the gross profit percentage is primarily a function of management's ability to control the costs associated with that contract. The following table shows the gross margin percentage realized by the Company in the comparative years.

2011	**2010**
8.2%	10.6%

The reduction in the gross profit percentage in the current year compared with last year is a result of the very competitive market that exists due to the recent economic conditions. The gross profit percentage achieved in 2010 in part reflected the execution of projects that were awarded in a more robust economic environment prior to the onset of the economic recession.

The impact of lower gross profit percentages was particularly evident in the last half of 2010 as higher margin projects awarded before the economic recession began were completed in the first half of 2010, with the result that a greater proportion of lower margin projects were recognized in earnings in the last half of 2010 and this trend continued through the first half of 2011. In the last half of 2011, the Company is beginning to execute construction projects with higher embedded margins, which were more recently awarded in slightly better economic conditions. In addition, higher margins earned on work performed by O'Connell have also contributed to the improved margins earned in the last half of 2011.

Financial Condition

In order to pursue and secure projects, the Company must have adequate working capital and equity retained in the business to support its surety and contract security requirements. The Company continually monitors the adequacy of its working capital and equity to satisfy contract security needs. The following shows the working capital and equity of the Company in the comparative reporting periods.

(thousands of dollars)	2011	2010
Working capital	$ 122,962	$ 137,130
Shareholders' equity	$ 162,413	$ 160,640

The reduction in the amount of working capital from December 31, 2010 primarily is a result of the use of approximately $37.8 million of cash used in part to finance the acquisition of O'Connell, offset to some extent by the working capital acquired from O'Connell. The Company had accumulated working capital in excess of the working capital requirements for our existing business, and consequently, the use of cash to partially finance the O'Connell acquisition still leaves the Company with a sufficient amount of working capital to support the business moving forward.

Safety

The safety of all individuals on our construction sites and in our offices continues to be a clear priority ensconced in our Company values. Our incident frequency levels remain below the industry average and we continue to build a reputation as a construction safety performance leader. While we did experience three minor lost-time incidents among Bird employees in 2011 - for an LTI Frequency of 0.30 - they came in the wake of an almost 25% increase in labour hours, surpassing two million man-hours for the first time since 2006.

Among our sub-contractors, two significant incidents occurred during the year that in each case resulted in a fatality to one of the subcontractor employees. The Company is fully co-operating with the respective investigative authority in each situation and is committed to determining the circumstances surrounding these events and to preventing similar situations from occurring in the future. From these events, we are incorporating learning into our own policies and programs so that we can develop and sustain a program and culture that helps promote and ensure the safety of all workers.

To this end, and in keeping with commitments made in 2010, we engaged an independent consultant to conduct a comprehensive third party audit of our Safety Program. While the overall findings were very positive, the consultant did make a number of recommendations that will help to establish greater consistency across all our construction operations and further embed safety into Company policies and procedures.

A Steering Committee of Safety Managers from across the Company reviewed the recommendations of the consultant and initiated implementation of key improvements. A National Safety Director for the Company was hired to lead and oversee these ongoing enhancements to the Safety Program, improve our performance measurement and further drive our progress to a leading safety culture. The Company remains committed to these objectives.

Lost Time Incident Frequency

2011	2010
0.30	0.00

RESULTS OF OPERATIONS:

FISCAL 2011 COMPARED TO FISCAL 2010

The Company's performance in 2011 in part reflects the continuation of a very competitive construction market which impacted the Company's gross profits in the second half of 2010 and the first half of 2011. More recently, the Company has seen a modest improvement in gross margins associated with recent contract awards. These improvements, combined with the operating results of O'Connell, contributed to higher earnings in the last half of 2011 relative to the first half of the year.

In 2011, the Company reported net income of $29.6 million on construction revenue of $974.5 million which compares with net income of $46.2 million and construction revenues of $842.0 million in 2010. The reduction in the amount of net income compared with the prior year is attributable to the combined effect of lower gross profit, resulting from a competitive market, higher general and administrative expenses, offset to some extent by the earnings of O'Connell. In addition, the Company incurred a higher incidence of income tax expense which resulted from Bird's entire income being fully subject to corporate taxation in 2011. The lower gross profit percentages recorded in 2011 compared with 2010 was offset to some extent by higher construction revenue. The impact of reporting O'Connell operating results since August 31, 2011, increased revenues by $66.4 million and net income by $5.2 million.

During 2011, the Company's adjusted net income (non-GAAP measure) was $32.1 million in 2011 compared with $46.6 million in 2010. Adjusted net income per share was $0.76 in 2011 compared with $1.10 in 2010.

Construction revenue of $974.5 million in 2011 was $132.5 million or 15.7% higher than the amount recorded in 2010. Of this increase in revenues, $66.4 million is attributable to the acquisition of O'Connell. Construction revenue, excluding revenues derived from O'Connell, of approximately $908.1 million compares with $842.0 million a year earlier. The increase in revenues, excluding the impact of O'Connell, of $66.1 million, is a result of an increase in construction activity in northern Alberta and construction progress made on a number of institutional and commercial construction projects, which was particularly evident in the last half of the 2011 fiscal year.

In 2011, the Company's gross profit of $80.3 million compares with $89.0 million recorded a year ago. In 2011, the gross profit margin was 8.2% compared with 10.6% in 2010. The gross profit realized in 2011 reflects the impact of a very competitive market as a result of current economic conditions. These market conditions were offset to some extent by the gross profit derived from O'Connell combined with the additional gross profit realized on higher construction revenues from our Bird operations. A substantial portion of the gross profit realized in the first half of 2010 included profit earned on projects which were awarded in more robust economic times and consequently had higher gross profit margins than those associated with more recently secured projects and which are reflected in current year earnings.

General and Administrative expenses of $41.9 million were $5.2 million higher than those recorded in 2010. The increase is primarily a result of reporting general and administrative expenses of O'Connell, higher compensation expense to support the Company's growth strategy and transaction costs relating to the O'Connell acquisition.

Finance income of $3.8 million in 2011 is comparable to the $3.9 million reported in 2010. Slightly higher market returns available in 2011 compared with 2010 for the most part offset the impact of lower cash balances available to invest, in part reflecting the use of cash to finance the acquisition of O'Connell.

Finance costs of $1.6 million were $0.9 million higher than 2010, primarily due to interest costs related to the long-term debt used to finance the O'Connell acquisition.

In 2011, income tax expense of $11.0 million was $1.7 million higher than 2010. The impact of lower 2011 pre-tax earnings on income tax expense was more than offset by income tax changes in 2011 due to the conversion to a corporation. This resulted in all of the Company's earnings being fully subject to income taxes in the current year. In 2010, the Company derived the benefit available to income trusts and their ability to shelter from income taxes, income that was distributed to their unitholders.

THREE MONTHS ENDED DECEMBER 31, 2011 COMPARED WITH THREE MONTHS ENDED DECEMBER 31, 2010

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

	For the three months ended December 31	
	2011	2010
	(unaudited)	(unaudited)
Construction revenue	**$ 332,002**	$ 225,360
Costs of construction	**300,257**	206,221
Gross Profit	**31,745**	19,139
General & administrative expenses	**15,076**	8,881
Income from operations	**16,669**	10,258
Finance income	**979**	1,215
Finance costs	**(759)**	(165)
Income before income taxes	**16,889**	11,308
Income tax expense	**3,965**	2,071
Net income and comprehensive income for the period	**$ 12,924**	$ 9,237
Adjusted net income and comprehensive income for the period	**$ 14,150**	$ 9,281
Basic and diluted earnings per share	**$ 0.30**	$ 0.22
Adjusted net income per share	**$ 0.34**	$ 0.22

In the fourth quarter of 2011, the Company generated net income of $12.9 million on construction revenue of $332.0 million compared with $9.2 million and $225.4 million, respectively, in 2010. The increase in the amount of net income in 2011 compared with the prior year is attributable to the combined effect of higher construction revenue and gross profit, in part attributable to the O'Connell acquisition. This was offset to some extent by higher general and administrative expenses, higher finance costs and higher income tax expense in the quarter.

In the fourth quarter of 2011, the Company generated adjusted net income (non-GAAP measure) of $14.2 million or 52.5% higher than the amount recorded in 2010.

Construction revenue of $332.0 million in the quarter was $106.6 million or 47.3% higher than the amount recorded in 2010. Higher construction revenue in part reflects O'Connell revenues of $37.9 million and higher revenues derived from Bird's pre-acquisition business of approximately $68.7 million or 30.5%. The significant growth in revenues from Bird's pre-acquisition business is primarily due to increasing construction activity in northern Alberta, combined with construction progress on a number of institutional and commercial construction projects.

In the fourth quarter of 2011, the Company's gross profit of $31.7 million compares with $19.1 million recorded in 2010. The increase is a result of higher construction revenues combined with the impact of the operating results of O'Connell. In the fourth quarter of 2011, the gross profit margin was 9.6% compared with 8.5% in 2010.

General and Administrative expenses of $15.1 million in the quarter were $6.2 million higher than the amount recorded in 2010. The increase in costs is a result of the combined impact of higher variable compensation costs and the inclusion of O'Connell general and administrative costs.

Finance income of $1.0 million was $0.2 million lower than 2010, resulting from lower cash balances available to invest due to the impact of the use of cash to acquire O'Connell.

Finance costs of $0.8 million were $0.6 million higher than 2010, primarily due to interest costs related to the long-term debt used to finance the O'Connell acquisition.

In 2011, income tax expense of $4.0 million was $1.9 million higher than 2010, consistent with higher pre-tax earnings in 2011 combined with the fact that 2011 pre-tax earnings were subject to full corporate income taxes. In 2010, the Company derived a benefit available to income trusts and their ability to shelter from income taxes, income that was distributed to unitholders.

FUTURE OPERATING PERFORMANCE:

Successful financial performance of the Company is dependent upon securing profitable construction contracts and then controlling the costs associated with the execution of the work. The ability to secure contracts is a function of the general state of the economy. Since the start of the economic downturn, construction markets have remained very competitive, and the revenues and earnings reported in the first half of 2011 reflect a greater proportion of work secured in a lower margin environment. In the last half of 2011, the Company's revenues and earnings improved compared with the first half results based on improving market conditions. At December 31, 2011, the Company has in place a strong level of Backlog of $1.24 billion, which positions the Company well for 2012 and beyond. Although some portion of the total Backlog was awarded during the economic downturn, we are now beginning to secure projects with modestly higher margins, signaling the beginning of a possible return to more favourable market conditions.

The Company's recent acquisition of O'Connell will now enable the Company to more aggressively pursue heavy civil opportunities in Canada's commodity, mining, hydro power, water and waste water markets. The outlook for the Canadian economy, which is based on growth in these sectors, is very promising and the Company believes it can capitalize on these opportunities. Bird's financial strength will allow O'Connell to pursue larger scale projects that it could not previously undertake because of limited financial capacity. In addition, the products and services offered by Bird and O'Connell complement each other. There are opportunities for O'Connell to apply their earth moving expertise to Bird projects and for Bird to offer their building expertise to O'Connell projects.

The industrial market represented 31% of 2011 revenues (32% - 2010). The Company continues to see an increase in the level of engineering and procurement activity related to a number of projects in the Alberta oil sands and these opportunities are now beginning to come to the market and this is in part responsible for the Company's strong 2011 fourth quarter revenues and earnings. The Company believes it is well positioned to capitalize on a resurgence of construction activity in the Alberta oil sands. The Company also expects revenues and earnings derived from the O'Connell acquisition to positively impact 2012, as many opportunities continue to come to market combined with the recognition of an entire year's earnings next year.

The institutional sector represented 58% of 2011 revenues (61% - 2010). The sector has been a significant source of revenues and earnings over the past two years due to a combination of government stimulus spending and the emergence of the PPP market. All levels of government are now expected to come under pressure to address budget deficits and consequently we do not anticipate any significant benefit from further stimulus spending. The Company expects opportunities in the PPP market to continue to be available, although the number of projects that will come to market in 2012 is expected to decline and the competition for these projects will continue to be intense. The Company will continue to be active in the PPP sector and will be submitting proposals for additional PPP projects in 2012.

The retail and commercial sector represented 11% of 2011 revenues (7% - 2010). In 2011, Bird experienced an increase in the relative significance of revenues and earnings from this sector due to an improving economy and the related positive impact on our client's capital spending programs. The recovery of this sector was particularly evident in the last half of 2011. The Company expects improvement in this sector as the economy continues to strengthen. Even with this improvement, this market is likely to remain very competitive and the impact of this progress on 2012 earnings is expected to be modest.

Backlog

The Company secured $975.2 million in new construction contracts (including change orders to existing contracts) and acquired $152.3 million of Backlog from O'Connell on August 31, 2011. In 2011, the Company put in place $974.5 million of construction revenue. In addition, on April 15, 2011, the Company announced that the Royal Alberta Museum contract valued at $147.0 million was cancelled and the amount was removed from the Backlog. The Company's Backlog increased to $1,235.6 million at December 31, 2011 compared to $1,229.6 million as at December 31, 2010. With respect to the current Backlog, $987.0 million is expected to be put in place during 2012, leaving $248.6 million to carry forward to 2013 and beyond. The following table outlines the changes in the amount of the Company's Backlog throughout the current fiscal period and with a comparison to the prior year.

Backlog (thousands of dollars)		
December 31, 2009	$	901.4
Securements and Change Orders in 2010		1,170.2
Realized in construction revenues in 2010		(842.0)
December 31, 2010		1,229.6
Securements and Change Orders in 2011		975.2
Acquired with O'Connell		152.3
Cancellations		(147.0)
Realized in construction revenues in 2011		(974.5)
December 31, 2011	$	1,235.6

In addition to Backlog, at December 31, 2011, the value of uncompleted construction management contract work, for which the Company acts as an agent for the customer, is $136.4 million, compared with $126.6 million at December 31, 2010.

ACCOUNTING POLICIES:

The Company's significant accounting policies are outlined in the notes to the December 31, 2011 and 2010 Consolidated Financial Statements.

Adoption of IFRS

Effective January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS") accounting policies and the related disclosure standards. The financial statements for the year ended December 31, 2011 have been prepared in accordance with IFRS accounting and reporting standards and were approved by the Company's Board of Directors on March 7, 2012. The impact of the transition to IFRS standards relates primarily to the level of disclosure required in the current and prior period financial statements, including presentation and classification of expenses in the income statement. With the exception of the accounting for the Company's Medium Term Incentive Plan, there were no significant changes to Bird's accounting policies for determining or measuring its assets, liabilities, revenues and expenses.

The notes to the Consolidated Financial Statements for the year ended December 31, 2011 include reconciliations to the 2010 comparative financial statements of income, cash flows and equity previously presented using Canadian generally accepted accounting principles with those presented under IFRS.

The Company has adopted IFRS reporting standards to account for its Medium Term Incentive Plan ("MTIP"). The amount of compensation expense included in the income statement includes amortization of the fair value of the Plan over the vesting period. Previously, under Canadian generally accepted accounting policies, the MTIP expense was included in the earnings of the period to which the MTIP award was based. This change in accounting policy has been applied retrospectively and is discussed more fully in the notes to the Consolidated Financial Statements.

Future Accounting Changes

IFRS 9, *Financial Instruments*, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, *Financial Instruments – Recognition and Measurement*, for debt instruments with a new mixed measurement model having only two categories: amortized costs and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. In January 2012, the effective date was revised to January 1, 2015 with earlier application permitted.

In May 2011, the IASB issued IFRS 10 *Consolidated Financial Statements*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRS 10 replaces the guidance in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*. IAS 27 (2008) survives as IAS 27 (2011) *Separate Financial Statements*, only to carry forward the existing accounting requirements for separate financial statements. IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008). The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 10 has not yet been determined.

In May 2011, the IASB issued IFRS 11 *Joint Arrangements*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this Standard earlier, it shall also apply IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011) at the same time. IFRS 11 replaces the guidance in IAS 31 *Interests in Joint Ventures*. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11, there is no longer a free choice of equity accounting or proportionate consolidation for joint ventures; the equity method is now required. Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 (2011) and IAS 36 *Impairment of Assets*. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 11 has not yet been determined.

In May 2011, the IASB issued IFRS 12 *Disclosure of Interests in Other Entities*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this Standard earlier, it need not apply IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011) at the same time. IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 12 to have a material impact on the financial statements.

In May 2011, the IASB published IFRS 13 *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 13 to have a material impact on the financial statements.

SUMMARY OF QUARTERLY RESULTS:

The table below summarizes the results for the eight most recent quarters (in thousands of dollars, except per share amounts). Although the Company 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. Contracts typically extend over several quarters and sometimes over several years. For purposes of quarterly financial reporting, the Company must estimate the cost required to complete each contract to assess the overall profitability of the contract and the amount of gross profit to recognize for the quarter. Such estimating includes contingencies to allow for certain known and unknown risks. The magnitude of the contingencies will depend on the nature and complexity of the work to be performed. As the contract progresses and remaining costs to be incurred and risk exposures become more certain, contingencies will typically decline, although certain risks will remain until the contract has been completed, and even beyond. As a result, earnings may fluctuate significantly from quarter to quarter, depending on whether large and/or complex contracts are completed or nearing completion during the quarter, or have been completed in immediately prior quarters.

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

(thousands of dollars)	2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	181,626	203,866	231,179	225,360	171,155	192,752	278,561	332,002
Net income	13,811	14,983	8,143	9,238	4,109	3,013	9,549	12,924
Earnings per share [(1)]	0.33	0.36	0.19	0.22	0.10	0.07	0.23	0.30

[(1)] Adjusted for the April 2011 three-for-one stock split

Amounts presented for 2011 and 2010 are prepared in accordance with IFRS.

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY:

The Company believes that its strong balance sheet, including equity of $162.4 million, $123.0 million of working capital, and long-term debt of $43.5 million, allows it the financial capacity to support all of our contract security requirements, including the ability to secure performance, labour and material bonds, issue letters of credit to support PPP contract requirements and provide parent company performance guarantees. The Company expects to utilize cash from operations, existing working capital, including cash and cash equivalent balances and draws on its credit facilities to fund liabilities as they become due, finance future capital expenditures and pay dividends on shares.

The following table outlines the amount of Shareholders' equity, working capital, long-term debt and Backlog at December 31, 2011 and December 31, 2010.

Financial Condition table (thousands of dollars)	**2011**	**2010**
Shareholders' equity	$ 162,413	$ 160,640
Working capital	$ 122,962	$ 137,130
Long-term debt	$ 43,495	$ -
Backlog	$ 1,235,600	$ 1,229,600

The Company's participation in PPP infrastructure development programs has required the Company to issue letters of credit as performance security related to these construction projects. To accommodate the issuance of letters of credit, the Company has lines of credit of $131.5 million. The letters of credit are supported by the hypothecation of certain financial instruments owned by the Company.

On August 31, 2011, in conjunction with the acquisition of O'Connell, the Company secured total long-term debt financing of $45.6 million, which combined with the use of $37.8 million of cash and the assumption of a contingent consideration obligation valued at $2.1 million was used to finance the acquisition of O'Connell. The long-term debt secured was comprised of five-year term debt of $30.6 million, one-half of which was financed using fixed interest rates and the remainder using variable interest rates. The debt was secured by the equipment owned by O'Connell. In addition, a vendor take-back of $15.0 million was used in part to finance the total acquisition price. In the fourth quarter, the Company has entered into a number of capital leases valued at $0.5 million. The following table provides details of loans as at December 31, 2011and principal repayments due over the next five years, excluding the amortization of debt financing costs of $0.4 million.

Debt (millions of dollars)	**Amount**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Loans and borrowings	$ 43.9	$ 9.8	$ 10.0	$ 10.1	$ 10.0	$ 4.0

Credit Facilities

The Company has a number of credit facilities available to it to support the issuance of letters of credit, finance future capital expenditures and finance the day-to-day operations of the business.

Issuance of Letters of Credit

The Company has available $131.5 million of demand facilities used to support the issuance of letters of credit. All letters of credit issued under these facilities are supported by the pledge of Company owned financial instruments. Letters of credit are typically issued to support the Company's performance obligations relating to PPP construction projects. The following table outlines the amount of the credit facilities, the amount of issued letters of credit and the amount of collateral pledged in support of the outstanding letters of credit.

(thousands of dollars)	**2011**	**2010**
Operating line of credit	$ 131,500	$ 131,500
Letters of credit issued	$ 42,750	$ 43,159
Collateral pledged to support letters of credit	$ 52,685	$ 50,456

Operating Lines of Credit

(a) Three-year committed revolving line of credit:
On August 31, 2011, the Company obtained a three-year committed unsecured revolving line of credit for $30.0 million with a Canadian chartered bank. This facility may be used in the normal course of business for general working capital purposes, and to fund future capital expenditures and qualifying permitted acquisitions. At December 31, 2011, no amounts were outstanding under this facility. This credit facility includes standard default and covenant provisions whereby accelerated repayment may be required if the Company were to violate certain financial covenants.

(b) Demand revolving line of credit:
On August 31, 2011, the Company established with a Canadian chartered bank a revolving demand credit facility of up to $15.0 million during the period September 1 to January 31 and $7.5 million during the period February 1 to August 31. Borrowings under this facility are secured by a first charge against the accounts receivable of O'Connell. This credit facility is used for the purpose of financing general working capital requirements. At December 31, 2011, no amounts were outstanding under this facility. This credit facility includes standard default and covenant provisions whereby accelerated repayment may be required if the subsidiary were to violate certain financial covenants.

At December 31, 2011, the Company was in compliance with all debt covenants relating to its operating lines of credit. The Company expects to continue to comply with these provisions.

Equipment Financing

(a) In conjunction with the acquisition of O'Connell, the Company recently established an equipment financing facility with a Canadian chartered bank for $10.0 million for the purpose of financing future equipment purchases. No draws were made under this facility at December 31, 2011. This credit facility is committed for one year and allows the Company access to term financing for up to five years with a maximum amortization period of 84 months. Interest can be set using either a fixed or variable rate option. Any draws under this facility will be secured by equipment purchased with the proceeds from the loan.

(b) In addition, the Company has established an operating lease line of credit for $42.5 million with the financing arm of a major heavy equipment supplier to finance operating equipment leases. Draws under this facility are recognized as operating leases for accounting purposes. At December 31, 2011, the Company has drawn $24.5 million under this facility. The Company's total lease commitments are outlined under Contractual Obligations.

Liquidity

A manageable amount of long-term debt used to finance the acquisition of O'Connell, a high proportion of working capital represented by cash and other liquid securities and access to a number of unutilized credit facilities will enable the Company to meet its obligations as they become due. The amount of equity retained in the business supports the Company's strategic objectives including active participation in the PPP infrastructure market, while also providing the Company with sufficient financial capacity to withstand a downturn in the construction industry should it occur.

Financial Position

The following table provides an overview of the Company's financial position for the period indicated.

	2011	2010
Financial Position Data		
Cash and cash equivalents	$ 173,402	$ 217,441
Investment in marketable securities	16,752	29,375
Working capital	122,962	137,130
Long-term debt	43,495	-
Shareholders'/Unitholders' equity	162,413	160,640

As a component of working capital, the Company maintains significant balances of cash and cash equivalents and investments in liquid securities. At December 31, 2011, these balances consisted of $173.4 million of cash and cash equivalents and $16.8 million of liquid securities for a total of $190.2 million. The $190.2 million is comprised of the Company's $123.0 million of working capital plus a working cash balance of $64.9 million, which offsets a corresponding non-cash net current liability position and $2.3 million of cash held to finance the current dividend payable. These components are summarized in the following table for December 31, 2011 and December 31, 2010.

Working Capital Components
(thousands of dollars)

	2011	2010
Investment in marketable securities (bonds and preferred shares)	$ 16,752	$ 29,375
Cash and cash equivalents held for working capital	106,210	107,755
	122,962	137,130
Cash held for dividends/distributions payable	2,318	2,108
Dividends/distributions payable	(2,318)	(2,108)
Working cash	64,874	107,578
Non-cash net current liabilities	(64,874)	(107,578)
Working capital	$ 122,962	$ 137,130

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

Cash Flow Data
The following table provides an overview of cash flows during the years indicated:

(thousands of dollars)	2011	2010
Cash Flow Data		
Operating activities	$ 15,960	$ 59,197
Investing activities	(60,882)	(20,229)
Financing activities	883	(25,290)
Increase/decrease in cash and cash equivalents	$ (44,039)	$ 13,678

Operating Activities
During the year ended December 31, 2011, operating activities generated cash of $16.0 million. This was comprised of $51.4 million of cash provided by earnings net of non-cash charges to earnings and $35.4 million of cash used to fund an increase in the Company's non-cash working capital position, which represented a normal course fluctuation in the Company's net current liability position. In some periods, this fluctuation will be a use of cash, as in the current period, but in other periods, it will be a source of cash, tending to balance out over time and having no net impact on the Company's working capital.

Investing Activities
During the year ended December 31, 2011, the Company used $60.9 million of cash in investing activities; while in 2010, investing activities used cash of $20.2 million. In 2011, the Company used $65.1 million of net cash to acquire a 100% interest in O'Connell. The $65.1 million was comprised of Bird cash of $37.8 million, net of cash acquired from O'Connell of $3.3 million, combined with net proceeds received from the issuance of debt for $30.6 million. Additionally, in 2011, the Company used $8.9 million to purchase property and equipment and this compares with only $3.1 million in 2010. The increase in capital asset spending relates primarily to purchases of heavy equipment to support the operations of O'Connell. Going forward, the Company will continue to incur a higher level of capital spending on equipment as O'Connell's projects are capital intensive. Partially offsetting the use of cash in 2011 was the net receipt of cash of approximately $12.5 million resulting from the maturity of bonds included in the Company's bond and preferred share investment portfolio. In 2010, the Company used net cash of $19.4 million to acquire the bonds in the Company's portfolio of bonds and preferred shares.

Financing Activities
During the year ended December 31, 2011, financing activities generated $0.9 million of cash compared to a use of cash of $25.3 million in 2010 to finance unitholder distributions. Although in 2011 the amount of dividends on shares and distributions to unitholders of the Company's predecessor totaling $27.6 million exceeded investor distribution in 2010 by $2.3 million, this additional use of cash was more than offset by net debt proceeds of $30.7 million. In 2011, the Company received cash from the issuance of long-term debt of $30.7 million, including capital leases, net of financing related costs of $0.4 million, used primarily to finance the O'Connell acquisition. Approximately $2.2 million of cash was used to repay this debt during the year.

DIVIDENDS AND DISTRIBUTIONS:

The Company intends to declare monthly dividends per common share payable on or about the 20th of the month following the month in which the dividend was declared. The following table outlines the historical dividend/distribution history.

Dividends and Distributions Declared per Share/Unit	
January 1, 2010 to March 31, 2010	$0.150
April 1, 2010 to June 30, 2010	$0.150
July 1, 2010 to September 30, 2010	$0.150
October 1, 2010 to December 31, 2010	$0.150
January 1, 2011 to March 31, 2011	$0.165
April 1, 2011 to June 30, 2011	$0.165
July 1, 2011 to September 30, 2011	$0.165
October 1, 2011 to December 31, 2011	$0.165

Reflects the April 2011 three-for-one stock split.

The Company declared common share dividends of $0.055 per share for January and February 2012. On March 7, 2012, the Company declared dividends of $0.06 per share for the months of March, April and May 2012.

CAPABILITY TO DELIVER RESULTS:

Productive capacity relates to the financial and non-financial resources available to the Company to execute its strategy and achieve planned results. From a financial perspective, the Company believes it has sufficient working capital and access to its operating lines of credit to execute its current operational and growth objectives. The belief is fully explained in sections of this MD&A dealing with financial condition and liquidity.

In addition to financial capacity, the success of the Company is very much dependent upon the management and leadership skills of senior management. The Company prides itself in maintaining a stable workforce. As well, on an annual basis, high-performing candidates are identified for training and progression into more senior critical positions within the Company. The Company's performance management system emphasizes the development of leadership skills. In addition, the Company sponsors internal and external training programs and has more recently launched a leadership program to provide a forum for high potential candidates to develop their leadership skills.

CONTRACTUAL OBLIGATIONS:

At December 31, 2011, the Company has future contractual obligations totaling $382.7 million. Obligations for accounts payable, finance and operating annual lease payment obligations and for principal and interest repayment obligations under long term debt, over the next five years are:

(thousands of dollars)		Accounts Payable	Finance Leases	Operating Leases	Long Term Debt	Total
2012	$	297,715	134	7,794	11,215	316,858
2013		17,220	130	6,508	10,984	34,842
2014		-	231	3,857	10,756	14,844
2015		-	-	1,264	10,527	11,791
2016		-	-	210	4,182	4,392
Thereafter		-	-	-	-	-
	$	314,935	495	19,633	47,664	382,727

OFF BALANCE SHEET ARRANGEMENTS:

The Company has operating lease obligations described under Contractual Obligations noted above ($19.6 million) and surety lien bonds issued on behalf of the Company totaling $7.7 million at December 31, 2011.

CRITICAL ACCOUNTING ESTIMATES:

The accounting principles used by the Company 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 that are derived using 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 unit price contracts conducted in the heavy construction, civil construction and contract mining construction sectors is based on billable work completed. Contract costs in the heavy construction, civil construction and contract surface mining construction sectors are adjusted so the gross profit recognized in the period is based on the percentage of revenue realized relative to total contract value. Any excess of progress billings over earned revenue determined using the percentage of completion method are carried as deferred revenue in the consolidated financial statements. Any excess of cost and estimated earnings over progress billings on construction contracts are 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.

Construction contracts typically extend over several quarters and sometimes over several years. For purposes of quarterly financial reporting, the Company must estimate the cost required to complete each contract to assess the amount of revenue to be recognized for the quarter. Such estimating includes contingencies to allow for certain known and unknown risks. The magnitude of the contingencies will depend on the nature and complexity of the work to be performed. As the contract progresses and the remaining costs to be incurred and risk exposures become more certain, contingencies will typically decline although certain risks will remain until the contract has been completed, and even beyond. As a result of this, earnings may fluctuate significantly from quarter to quarter, depending on whether large and/or complex contracts are completing or nearing completion during the quarter, or have been completed in immediately prior quarters.

The value of many construction contracts increases over the duration of the construction period due to the issue of change orders 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 Company 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.

Allowances for accounts receivable may require an assessment and estimate of the credit-worthiness of the client and the timing of collection. 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 estimate. Similarly, the estimate for warranty claims may differ significantly from actual experience. These adjustments will also impact on the amount of profit recognized in a reporting period.

The acquisition of O'Connell required management to make judgments and estimates regarding the fair value of the identifiable assets and liabilities acquired. The estimated fair value of property and equipment and the intangible assets relating to Backlog, customer relationships and trade names were based on a forecast of future cash flows attributable to the assets, discounted to the present value using a market based cost of capital.

OUTSTANDING COMMON SHARE DATA AND STOCK EXCHANGE LISTING:

The Company is authorized to issue an unlimited number of common shares. The Company has a total of 42,153,846 common shares outstanding at December 31, 2011. On January 1, 2011, the Fund, the predecessor to the Company, converted from a publicly-traded income trust structure to a publicly-traded corporation pursuant to a Plan of Arrangement approved by the unitholders and the Courts. Under the Plan of Arrangement, each income trust unit was exchanged for one common share of the Company.

On March 3, 2011, the Board of Directors approved a three-for-one stock split accomplished by way of a stock dividend. Each shareholder of record on April 14, 2011 received two common shares for each common share held on the record date. The stock dividend was paid on April 22, 2011. Accordingly, on March 7, 2012, the Company has 42,153,846 outstanding common shares.

Under the terms of the Company's Stock Option Plan, on March 7, 2012, the Company's Board of Directors approved the award of 625,000 stock options with a grant date of March 15, 2012 to eligible Company employees. The total number of stock options is exercisable in equal amounts on the first through fourth anniversary dates from the grant date. The exercise price will be based on the weighted average trading price of the Company's common shares on the Toronto Stock Exchange for the five trading days prior to March 15, 2012. All stock options awarded will expire on March 15, 2019.

The common shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol BDT.

CONTROLS AND PROCEDURES:

Disclosure Controls and Procedures

Based on their evaluations as of December 31, 2011, the President and Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have concluded that the Company's disclosure controls and procedures are effective in providing reasonable assurance that information relating to the Company which is required to be disclosed in reports filed under provincial and territorial securities legislation is accumulated, summarized and communicated to the Company's senior management, including the CEO and the CFO of the Company, as appropriate, to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

The Company's management is responsible for designing and maintaining adequate internal control over financial reporting for the Company. 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, 2011, under the supervision of and with the participation of management, including the CEO and CFO, internal controls over financial reporting, including the controls of O'Connell, 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 IFRS.

As of December 31, 2011, under the supervision of and with the participation of management, including the CEO and CFO, the Company has evaluated the effectiveness of internal controls over financial reporting, including the controls of O'Connell, and determined that the internal controls over financial reporting are operating as intended.

During the second quarter of 2011, the Company, except for O'Connell, converted to a new Enterprise Resource Planning ("ERP") system in order to strengthen the control environment relating to financial reporting and to reduce the reliance on Excel spreadsheets previously used in the generation of its quarterly and annual financial statements. The new ERP system was fully designed and tested over the past year. The Company ran the new system with the legacy system together for two quarters with a full reconciliation of the financial statements generated from the old legacy and new ERP system. As a result of the ERP implementation, there were changes to processes and procedures that impact internal controls over financial reporting; however, management believes changes to controls related to financial reporting for affected processes are adequate and effective. Management employed appropriate procedures to ensure internal controls were in place during and after the conversion. There were no other significant changes to internal controls over financial reporting during the quarter ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS RELATING TO THE BUSINESS:

The following discussion addresses the more significant risk factors relating to the business. For a detailed discussion of all risk factors relating to the business, refer to the Company's most recently filed Annual Information Form filed on March 7, 2012, which is available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

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 Company 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 oil sands of northern Alberta. O'Connell operates in the heavy construction, civil construction and contract surface mining construction sectors of the general contracting industry. Investment decisions by our clients are based on the long-term views of the economic viability of their current and future projects. The economic viability of the projects is dependent upon the client's view of the long-term price of commodities which is influenced by many factors. If our clients' outlook for commodity prices is not favourable, this may delay, reduce or cancel capital project spending. A decrease in construction activity in this sector could have an adverse effect on the Company'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.

Competitive Factors

Bird competes with many international, 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 in 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.

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 market and other large projects, 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 climate, competition is more intense than experienced prior to the downturn in late 2008. This presents significant challenges for the Company. 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 combined with a very competitive market, Bird has experienced 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 Company if that business could not be replaced within the public sector. A portion of Bird's construction activity relates to government-funded institutional projects. All levels of government are now expected to come under pressure to address budget deficits and it is expected that governments may reduce their capital spending programs. 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 Company 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 procured a significant value of projects under a PPP contract format, which is an attractive market for the Company. A reduction in the popularity of this procurement method or difficulties in obtaining financing for these projects would have negative consequences for Bird.

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. Erroneous assumptions can result in an incorrect assessment of risks associated with the contract, or its estimates of the project costs may be in error resulting in a loss or lower than anticipated profit. All significant cost estimates are reviewed by senior management prior to submission.

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.

Maintaining Safe Work Sites
In spite of the best efforts of Bird to minimize the risk of incidents, they 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 and offices 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 engage particular 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 incidents. Bird adheres to very rigorous safety policies and procedures which are continually reinforced on its work sites and offices. 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 incidents.

Ability to Hire and Retain Qualified and Capable Personnel
The success of Bird is highly influenced by the efforts of key members of management, including its executive officers and district 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. Bird adheres to a performance management process whereby objectives are established for every employee for the next year and a performance review is completed at least on an annual basis. Bird sponsors both inside and outside training programs to allow its employees the opportunity to advance their career at Bird. Management also updates its succession plan regularly to ensure a continuous supply of qualified candidates is available to perform more senior level positions within the Company.

TERMINOLOGY:

Throughout this report, management uses the following terms not found in GAAP Standards and which do not have a standardized meaning and therefore require definition:

- **"Gross Profit Percentage"** is the percentage derived by dividing gross profit by construction revenue. Gross profit is calculated by subtracting construction costs from construction revenue.
- **"Backlog"** (also referred to in the construction industry as "work on hand") is the total value of all contracts awarded to the Company, 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 Company whether the work has commenced or will commence in the normal course.
- **"Adjusted Net Income Measure (Non-GAAP Information)"** adjusts net income for the amount of amortization expense related to intangible assets resulting from business combinations and transaction expenses relating to the combinations which are expensed in the period incurred.
- **"Lost Time Incident Frequency"** is the number of lost time incidents recorded per 200,000 man-hours of work by Bird employees.

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 Company 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 Company to be materially different from the Company'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. Risks that may impact the Company's future results, performance or achievements include those described under "Risks Relating to the Business: in this MD&A and in the Company's Annual Information Form dated March 7, 2012 filed and available on SEDAR. The Company 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 Shareholders

Management's Responsibility for Financial Reporting

The management of Bird Construction Inc. ("Company") 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 Directors 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 Company's external auditors.

Signed
Paul A. Charette
Chairman of the Board of Directors

Signed
Stephen R. Entwistle
CFO and Assistant Secretary

March 7, 2012

Independent Auditors' Report

To the Shareholders of Bird Construction Inc.

We have audited the accompanying consolidated financial statements of Bird Construction Inc., which comprise the consolidated balance sheets as at December 31, 2011, December 31, 2010 and January 1, 2010, the consolidated statements of income and comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Bird Construction Inc. as at December 31, 2011, December 31, 2010 and January 1, 2010, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

Signed "**KPMG LLP**"

Chartered Accountants
Winnipeg, Canada

March 7, 2012

Consolidated Balance Sheet
(in thousands of Canadian dollars)

	Note	December 31, 2011	December 31, 2010	January 1, 2010
ASSETS				
Current assets:				
Cash	10 and 21	**$ 146,771**	$ 199,441	$ 174,854
Bankers' acceptances and short-term deposits	10 and 21	**26,631**	18,000	28,909
Bonds and preferred share investments	6 and 10	**16,752**	29,375	11,670
Accounts receivable	7	**321,261**	207,141	194,412
Costs and estimated earnings in excess of billings		**21,415**	2,539	4,506
Inventory		**2,166**	-	-
Prepaid expenses and other assets		**2,081**	655	507
Income taxes recoverable		**1,963**	295	7,925
Current assets from discontinued operations		**-**	-	1,004
Total current assets		**539,040**	457,446	423,787
Non-current assets:				
Property and equipment	8	**44,888**	7,487	8,398
Deferred income tax asset	12	**6,130**	4,770	809
Deferred income tax asset from discontinued operations	12	**-**	1,266	1,372
Intangible assets	9	**18,972**	2,718	2,338
Goodwill	9	**23,445**	9,294	9,294
Total non-current assets		**93,435**	25,535	22,211
TOTAL ASSETS		**$ 632,475**	$ 482,981	$ 445,998
LIABILITIES				
Current liabilities:				
Accounts payable		**$ 313,411**	$ 240,789	$ 224,181
Accounts payable of discontinued operations		**-**	633	2,233
Deferred contract revenue		**77,834**	50,078	53,118
Dividends/distributions payable to shareholders/unitholders		**2,318**	2,108	2,108
Income taxes payable		**2,611**	7,189	9,991
Current portion of loans and borrowings	11	**9,795**	-	-
Provisions	15	**7,847**	14,699	6,442
Other liabilities	13	**2,262**	4,820	1,531
Total current liabilities		**416,078**	320,316	299,604
Non-current liabilities:				
Loans and borrowings	11	**33,700**	-	-
Deferred income tax liability	12	**16,487**	91	2,686
Other liabilities	13	**3,797**	1,934	3,953
Total non-current liabilities		**53,984**	2,025	6,639
SHAREHOLDERS' EQUITY				
Shareholders' capital	14	**37,527**	-	-
Unitholders' capital	14	-	37,527	37,527
Retained earnings		**124,886**	123,113	102,228
Total shareholders' equity		**162,413**	160,640	139,755
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 632,475**	$ 482,981	$ 445,998

Subsequent event (note 25 & 28)

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

Consolidated Statements of Income and Comprehensive Income

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

	Note	2011	2010
Construction revenue		**$ 974,470**	$ 842,031
Costs of construction		**894,180**	752,999
Gross profit		**80,290**	89,032
General and administrative expenses		**41,904**	36,665
Income from operations		**38,386**	52,367
Finance income	16	**3,769**	3,853
Finance costs	17	**(1,585)**	(734)
Income before income taxes		**40,570**	55,486
Income tax expense	12	**10,975**	9,311
Net income and comprehensive income for the year		**$ 29,595**	$ 46,175
Basic and diluted earnings per share	3 (h)	**$ 0.70**	$ 1.10

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

Consolidated Statements of Changes in Equity

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

	Shareholders' Capital	Unitholders' Capital	Retained earnings	Total Equity
Balance at January 1, 2010	$ -	$ 37,527	$ 102,228	$ 139,755
Contributions by and distributions to owners				
Distributions declared to unitholders	-	-	(25,290)	(25,290)
Net income and comprehensive income for the year	-	-	46,175	46,175
Balance at December 31, 2010	$ -	$ 37,527	$ 123,113	$ 160,640
Distributions per unit declared during the year ended December 31, 2010			$0.600	
Balance at December 31, 2010	**$ -**	**$ 37,527**	**$ 123,113**	**$ 160,640**
Contributions by and dividends to owners				
Conversion to corporation	**37,527**	**(37,527)**	**-**	**-**
Dividends declared to shareholders	**-**	**-**	**(27,822)**	**(27,822)**
Net income and comprehensive income for the year	**-**	**-**	**29,595**	**29,595**
Balance at December 31, 2011	**$ 37,527**	**$ -**	**$ 124,886**	**$ 162,413**
Dividends per share declared during the year ended December 31, 2011			**$0.660**	

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

Consolidated Statements of Cash Flows

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

	Note	2011	2010
Cash flows from operating activities:			
Net income and comprehensive income for the year		**$ 29,595**	$ 46,175
Items not involving cash:			
Amortization		**3,201**	672
Depreciation		**6,610**	2,316
Loss on sale of property and equipment		**316**	8
Mark-to-market gain on investments	16	**(578)**	(24)
Loss on disposal of investments	16	**713**	83
Interest and dividend income	16	**(3,904)**	(3,912)
Finance costs	17	**1,585**	734
Medium term incentive plan expense		**2,868**	5,437
Income tax expense		**10,975**	9,311
Foreign exchange loss on deferred income tax		**8**	72
		51,389	60,872
Changes in working capital relating to operating activities	21	**(21,551)**	7,023
Dividends and interest received		**2,589**	2,307
Interest paid		**(326)**	-
Income taxes paid		**(16,141)**	(11,005)
Cash flows from operating activities		**15,960**	59,197
Cash flows used in investing activities:			
Acqusition of O'Connell	5	**(65,103)**	-
Additions to property and equipment	8	**(8,077)**	(2,037)
Additions to intangible assets	9	**(867)**	(1,052)
Proceeds on sale of property and equipment		**677**	624
Purchase of investments		**(3,373)**	(24,921)
Proceeds from disposal of investments		**15,861**	7,157
Cash flows used in investing activities		**(60,882)**	(20,229)
Cash flows from (used in) financing activities:			
Dividends paid on shares		**(25,504)**	-
Proceeds from loans and borrowings		**30,744**	-
Repayment of loans and borrowings		**(2,249)**	-
Distributions paid on units		**(2,108)**	(25,290)
Cash flows from (used in) financing activities		**883**	(25,290)
Net increase (decrease) in cash and cash equivalents during the year		**(44,039)**	13,678
Cash and cash equivalents, beginning of the year		**217,441**	203,763
Cash and cash equivalents, end of the year	21	**$ 173,402**	$ 217,441

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

1. Structure of the Company

Bird Construction Inc. (the "Company") is a corporation incorporated in the province of Ontario, Canada. The address of the Company's registered office is 5403 Eglinton Avenue West, Toronto, Ontario, Canada. The Company was created for the purpose of facilitating the conversion of Bird Construction Income Fund (the "Fund"), the predecessor of the Company, from an income trust structure to a corporation. The Company entered into an Arrangement Agreement with the Fund on January 1, 2011, whereby the Fund's unitholders transferred their trust units in the Fund to the Company in exchange for common shares of the Company on a one-for-one basis.

The exchange involved entities under common control in which the entities ultimately are controlled by the same shareholders before and after the exchange. Accordingly, these consolidated financial statements reflect the financial position at December 31, 2011 and results of operations and cash flows for the year ended December 31, 2011, as if the Company had always carried on the business formerly carried on by the Fund with all assets and liabilities recorded at the carrying values of the Fund.

The Company, through its subsidiaries and interests in joint ventures carries on business as a general contractor with offices in Halifax, Saint John, Toronto, Winnipeg, Calgary, Edmonton and Vancouver and with the acquisition of H.J. O'Connell, Limited ("O'Connell"), offices are also located in St. John's, Wabush and Montreal. The Company focuses primarily on projects in the industrial, mining, commercial and institutional sectors of the general contracting industry. The Company serves clients in the industrial, mining, institutional, retail, commercial, multi-tenant residential, light industrial, and renovation and restoration sectors using fixed priced, design-build, unit price, cost reimbursable, guaranteed upset price and construction management contract delivery methods. Management has determined that the Company operates in one reportable segment being the general contracting sector of the construction industry.

2. Basis of Preparation

(a) Authorization of Financial Statements:
These consolidated financial statements were authorized for issue on March 7, 2012 by the Company's Board of Directors.

(b) Statement of Compliance:
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These are the Company's first annual financial statements prepared in accordance with IFRS and IFRS 1 "First-time Adoption of International Financial Reporting Standards" has been applied. Note 27 outlines in detail the impact of the transition to IFRS.

(c) Basis of Measurement:
These consolidated financial statements have been prepared using the historical cost convention, except for the valuation of certain financial assets which have been classified as "fair value through profit and loss" instruments, and accordingly, are measured at fair value, and liabilities for cash settled share-based payment arrangements which are measured at fair value.

(d) Use of estimates and judgments:
The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying amount of an asset or liability and/or the reported amount of revenue and expense in future periods.

Construction revenue, construction costs, deferred contract revenue, and costs and estimated earnings in excess of billings include amounts derived using the percentage of completion method applied to construction contracts. Percentage of completion is calculated based on the costs incurred on each construction contract at the end of the respective accounting period divided by the total estimated costs for the contract. To determine the estimated cost to complete the construction contract, judgment, assumptions and estimates are required to evaluate issues related to schedule, material and labour costs, labour productivity, changes in contract scope and subcontractor costs. Due to the nature of construction, 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 Company 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.

Allowances 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. Judgment and assumptions are required to determine when to record and measure a provision in the financial statements for legal and warranty claims. The outcomes can differ significantly from the estimates used in preparing the financial statements resulting in required adjustments to expenses and liabilities.

The acquisition of O'Connell required management to make judgments and estimates regarding the fair value of the identifiable assets and liabilities acquired. The estimated fair value of property and equipment and the intangible assets relating to backlog, customer relationships and trade names were based on a forecast of future cash flows attributable to the assets, discounted to the present value using a market based cost of capital.

3. Summary of Significant Accounting Policies

The Company has consistently applied the same accounting policies in the preparation of its opening IFRS balance sheet at January 1, 2010 and throughout all periods presented in these financial statements. The significant accounting principles used in these consolidated financial statements are as follows:

(a) Consolidation:
The consolidated financial statements include the accounts of the Company, its subsidiaries and partnerships, as well as its pro rata share of assets, liabilities, revenues, expenses and cash flows from joint venture operations. Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation. The consolidated financial statements include the accounts of the following:

Company:	**December 31, 2011**	December 31, 2010	January 1, 2010
	Ownership/Voting Interest		
Fully consolidated subsidiaries	100%	100%	100%
Bird Construction Inc.	100%	100%	100%
Bird Construction Income Fund	100%	100%	100%
Bird Construction Company Limited	100%	100%	100%
Bird Construction Company (Limited Partnership)	100%	100%	100%
Bird Management Ltd.	100%	100%	100%
Bird Design - Build Limited	100%	100%	100%
Bird Capital Limited	100%	100%	100%
Bird Capital Limited Partnership	100%	-	-
Rideau Construction Incorporated	100%	100%	100%
Bird Industrial Group Limited	100%	100%	100%
Bird Design-Build Construction Inc.	100%	100%	100%
Bird Construction GP Limited	100%	100%	100%
Bird Construction Group	100%	-	-
H.J. O'Connell, Limited	100%	-	-
Les Enterprises de Construction de Québec Ltée	100%	-	-
H.J. O'Connell Construction Ltd.	100%	-	-
Proportionately consolidated joint ventures			
Bird-Graham Schools Joint Venture	50%	50%	50%
Bird-Graham Schools 2 Joint Venture	50%	50%	-
ByBird Joint Venture	50%	50%	50%
Bouygues-Bird RCMP Joint Venture	40%	40%	-
O'Connell, Neilson, EBC Partnership	33.33%	-	-
O'Connell Newfound Partnership	50%	-	-
O'Connell Neilson Partnership	50%	-	-
Restigouche Hospital Centre Joint Venture	30%	-	-

All of the above subsidiaries and joint ventures are incorporated in Canada.

(b) Revenue recognition:

Contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. 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. Revenue from unit price contracts in the heavy construction, civil construction and contract surface mining construction sectors is recognized based on the amount of billable work completed. For agency relationships, such as construction management, where the Company acts as an agent for its clients, fee revenue only is recognized, generally in accordance with the contract terms. If the outcome of a construction contract can not be estimated reliably for management to estimate the ultimate profitability of the contract with a reasonable degree of certainty, no profit is recognized.

Revenue from change orders is recognized to the extent that management estimates that realization is probable. 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.

Losses from any construction contracts are recognized in full in the period the loss becomes apparent.

(c) Construction costs:
Construction costs are expensed as incurred unless they result in an asset related to future contract activity. Construction costs include all expenses that relate directly to execution of the specific contract, including site labour and site supervision, direct materials, subcontractor costs, equipment rentals, design and technical assistance, and warranty claims. Construction costs also include overheads that can be attributed to the project in a systematic and consistent manner and include general insurance and bonding costs, and staff costs relating to project management. Construction costs also include expenditures for services which are specifically recoverable from the customer under the terms of the contract.

(d) Inventory:
Inventory, which consists of certain equipment parts and aggregate materials, is carried at the lower of cost and net realizable value. The cost of inventories of equipment parts and aggregate materials is determined at the weighted average cost to acquire the inventory. Net realizable value is the estimated selling price in the ordinary course of business less applicable selling costs.

(e) Property and equipment:
Property and equipment is measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment includes the purchase price and the directly attributable costs required to bring the asset to the condition necessary for the asset to be capable of operating in the manner intended by management. The cost of replacing or repairing a component of an item of property and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits will occur and the cost can be measured reliably. The cost of routine maintenance of property and equipment are recognized in the statement of income as incurred. Depreciation of property and equipment over the estimated useful lives of the assets is as follows:

i. Diminishing balance method:	
Buildings	5% and 10%
Equipment, trucks and automotive	20% - 40%
Heavy equipment	hours of use
Furniture, fixtures and office equipment	20% - 55%
ii. Straight line method:	
Leasehold improvements	over the lease term

When parts of an item of property and equipment have different useful lives, they are accounted for as separate components of property and equipment and depreciated accordingly. The carrying amount of a replaced component is derecognized. The Company reviews the residual value, useful lives and depreciation methods used on an annual basis and, where revisions are required, the Company applies such changes in estimates on a prospective basis.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of the gain or loss on disposal of property and equipment in the statement of income and comprehensive income.

(f) Foreign currency translation:
Foreign currency transactions and balances are recorded in the accounts 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. Depreciation 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 on the date of the transaction.

(g) Income taxes:
Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit and loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable based on applying enacted income tax rates to the taxable income realized in the current year. Current tax includes adjustments to taxes payable or recoverable in respect of previous years.

Deferred income tax assets and liabilities are recognized for temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes, as well as for the benefit of tax losses available to be carried forward to future years provided they are likely to be realized. Deferred taxes are recognized using enacted or substantively enacted rates expected to apply in the periods in which the asset is realized or the liability is settled. Deferred taxes are measured on an undiscounted basis. Deferred taxes are presented as non-current. Current tax assets and liabilities and deferred taxes and liabilities are offset only when a legally enforceable right exists to offset current tax assets against current tax liabilities relating to the same taxable entity and the same tax authority.

(h) Basic and diluted earnings per share:
The Company's basic and diluted earnings per share calculation are based on the net income and comprehensive income for the period divided by the weighted average number of common shares outstanding for the period. In 2010, as the Company operated under an Income Trust structure, the basic and diluted earnings per unit calculation was based on the weighted average number of units outstanding for the period. The amounts reported in these consolidated financial statements reflect the three-for-one stock split effected by way of a stock dividend on April 22, 2011.

(i) Medium term incentive plan:
The Company's Medium Term Incentive Plan (MTIP) is a cash-settled share based payment plan which provides for the granting of phantom shares. The phantom shares provide the holder with the opportunity to earn a cash benefit in relation to the value of a specified number of underlying notional shares. MTIP awards vest on November 30 of the third year following the year to which the award relates, if the employee has maintained continuous employment with the Company, except upon retirement or death. Annually, the Board of Directors determines the amount of the initial award, which is then used to determine the number of shares allocated to the employee. The total liabilities for this plan are computed based on the estimated number of phantom shares expected to vest at the end of the vesting period. The liability is measured at each reporting date at fair value with changes in fair value recognized in income. The fair value of the phantom shares outstanding at the end of a reporting period is measured based on the quoted market price of the Company's shares. The phantom shares earn notional dividends, equivalent to actual dividends declared on the Company's shares. Compensation expense relating to the initial award, notional dividends and changes in the market price of the phantom shares is recognized on a straight-line basis over the vesting period.

(j) Financial instruments:
Financial assets and liabilities are recognized on the consolidated balance sheet when the Company becomes a party to the contractual provisions of the financial instrument or derivative contract. Financial instruments are initially measured at fair value and are subsequently accounted for based on their classification as described below. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. Financial liabilities are derecognized when their contractual obligations are discharged, cancelled or have expired.

Financial assets at fair value through profit or loss
Financial assets are classified as financial assets at fair value through profit or loss if they are classified as held-for trading or are designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented investment policy. Financial assets classified as fair value through profit or loss instruments are measured at fair value at each reporting period with any changes in fair value during the reporting period being included in income. The Company's financial assets at fair value through profit and loss include bonds and preferred share investments (see notes 6 and 22). The fair value of bonds and preferred share investments are based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Transactions costs are expensed as incurred.

Loans and receivables
Loans and receivables are non-derivative assets with fixed or determinable payments that are not quoted on an active market. Financial assets classified as loans and receivables are initially measured at fair value adjusted for directly attributable transaction costs, and subsequently are measured at amortized cost, using the effective interest rate method, which approximates fair value. The Company 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. Loans and receivables are generally comprised of accounts receivable.

Financial liabilities
Financial liabilities are initially recognized at fair value adjusted for transaction costs directly attributable to the liability except for financial liabilities classified as fair value through profit or loss. Financial liabilities classified as other liabilities are subsequently measured at amortized cost using the effective interest method. The Company's financial liabilities include accounts payable, dividends payable and loans and borrowings.

The Company has not classified any financial assets or liabilities as held-to-maturity or available-for-sale (see note 22).

Financial assets and liabilities are offset and the net amount presented on the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company had no "other comprehensive income or loss" transactions during the period and no opening or closing balances for accumulated other comprehensive income or loss.

(k) Goodwill:
Goodwill is the excess of the fair value of consideration transferred for acquired operations over the fair value of the net assets acquired. Subsequently, goodwill is measured at cost less any accumulated impairment losses.

(l) Intangible assets:
Non-competition agreements, customer relationships, backlog and trade names represent intangible assets acquired in business acquisitions that meet the specified criteria for recognition. These assets are initially recorded at fair value.

Trade names are intangible assets with indefinite useful lives which are not amortized, but are tested for impairment annually. Intangible assets with finite lives are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss over the estimated useful lives as noted below. The estimated useful lives for the current and comparative periods are as follows:

i.	Non-competition agreements	5 years
ii.	Customer relationships	5 – 8 years
iii.	Software	2 – 5 years
iv.	Contract backlog	as backlog revenue is realized in earnings

The Company reviews the residual value, useful lives, and amortization methods used on an annual basis.

(m) Provisions:
Provisions are recognized when, at the balance sheet date, the Company has a present obligation as a result of a past event, and it is more likely than not that the Company will be required to settle that obligation and the outflow can be estimated reliably. The amount recognized for provisions is the best estimate of the expenditure to be incurred. Where the Company expects some or all of the provision to be reimbursed, for example through insurance, the reimbursement is recognized as an asset only when it is virtually certain of realization. The recoverable amount will not exceed the amount of the provision.

Provisions include:

i. Provisions for potential legal claims relating to the Company's performance and completion of construction contracts. The Company attempts to settle claims within the construction period of the contracts, but a

legal claim may take years to settle. A provision is recognized when it is more likely than not that a claim will require settlement. The amount recognized is the best estimate of the settlement amount.

ii. Provisions for potential warranty claims relating to construction projects. These claims are usually settled during the project's warranty period. A provision is recognized when it is more likely than not that a warranty claim will arise. The amount recognized is the best estimate of the amount required to settle the warranty issue.

(n) Impairment:

Property and Equipment:

The carrying amounts of items included in property and equipment are reviewed for impairment at the end of each reporting period to determine whether there are indicators of impairment. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded in profit and loss to reflect the asset at the lower amount. For property and equipment, the recoverable amount is usually determined by the selling price of the asset less the costs to sell. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

Intangible Assets and Goodwill:

Intangible assets and goodwill resulting from business combinations are reviewed for impairment when there are indicators of impairment or at least annually. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The value in use is determined by the cash flows expected to arise from the CGU discounted using a pre-tax discount rate, which reflects the current market assessments of the time value of money and asset-specific risk. Intangible assets and goodwill are assigned to the CGUs associated with the related acquisition. An impairment loss is recognized if the carrying amount of an asset or its CGUs exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amount of the other assets in the CGUs.

(o) Jointly controlled entities:

Joint ventures are those entities over whose activities the Company has joint control, established by contractual agreements. The Company'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, from the date that joint control commences until the date that joint control ceases.

(p) Finance income and finance costs:

Finance income comprises interest earned on cash and cash equivalents and bonds, interest accretion on holdbacks receivable, dividend income, gains on disposal of investments and changes in the fair value of financial assets classified as fair value through profit and loss. Interest income is recognized as it accrues in the income statement. Dividend income is recognized in the income statement on the date the Company's right to receive the payment is established. Interest income related to holdbacks receivable is recognized in the income statement using the effective interest rate method.

Finance costs comprise interest expense related to holdbacks payable and loans and borrowings using the effective interest rate method.

(q) Business combinations:

The Company uses the acquisition method of accounting for business combinations. The purchase price includes the fair value of the assets transferred to acquire a subsidiary, the liabilities assumed and the fair value of any equity interest issued by the Company. Acquisition related costs are expensed as incurred. Any excess of the fair value of the consideration transferred over the Company's share of the fair value of net identifiable assets acquired, all measured as of the acquisition date, is recorded as goodwill. For the acquisition made prior to the January 1, 2010 transition to IFRS, under IFRS 1, the Company has elected not to restate business combinations and accordingly,

goodwill is included on the balance sheet on the basis of its deemed cost, which represents the amount recorded under previous Canadian GAAP.

(r) Leases:
Leases which transfer substantially all the benefits and risks of ownership of the asset are recognized as finance leases. The asset is capitalized at the commencement of the lease at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The asset is depreciated on a basis consistent with similar owned assets. The related lease obligation is recorded on the balance sheet. The interest element of the lease payments is charged to profit or loss over the term of the lease.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments required under operating leases are charged to income on a straight line basis over the life of the lease.

(s) Cash and cash equivalents:
The Company considers cash, bank indebtedness, if any, bankers' acceptances and short-term deposits with original maturities of three months or less, as cash and cash equivalents.

4. Future Accounting Changes

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these consolidated financial statements.

IFRS 9, *Financial Instruments*, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, *Financial Instruments – Recognition and Measurement*, for debt instruments with a new mixed measurement model having only two categories: amortized costs and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. In January 2012, the effective date was revised to January 1, 2015 with earlier application permitted.

In May 2011, the IASB issued IFRS 10 *Consolidated Financial Statements*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRS 10 replaces the guidance in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*. IAS 27 (2008) survives as IAS 27 (2011) *Separate Financial Statements*, only to carry forward the existing accounting requirements for separate financial statements. IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008). The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 10 has not yet been determined.

In May 2011, the IASB issued IFRS 11 *Joint Arrangements*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this Standard earlier, it shall also apply IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011) at the same time. IFRS 11 replaces the guidance in IAS 31 *Interests in Joint Ventures*. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11, there is no longer a free choice of equity accounting or proportionate consolidation for joint ventures; the equity method is now required. Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated

net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 (2011) and IAS 36 *Impairment of Assets*. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 11 has not yet been determined.

In May 2011, the IASB issued IFRS 12 *Disclosure of Interests in Other Entities*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. If an entity applies this Standard earlier, it need not apply IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011) at the same time. IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interest in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 12 to have a material impact on the financial statements.

In May 2011, the IASB published IFRS 13 *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 13 to have a material impact on the financial statements.

5. Acquisition of O'Connell

On August 31, 2011, the Company acquired 100% of the outstanding shares of O'Connell. The cost of the acquisition was $85,493, which includes adjustments for working capital, plus the fair value of the obligation for the contingent consideration. The purchase price was comprised of $37,777 cash, $15,000 of vendor take-back notes, $30,649 of equipment financing on the current O'Connell equipment fleet, and estimated contingent consideration of $2,067 for future earn-out payments. The purchase price is subject to certain adjustments for potential future earn-out payments and for the final profit earned on contracts in progress at the date of acquisition.

O'Connell, its subsidiaries and jointly controlled entities operate in the heavy construction, civil construction and contract surface mining construction sectors. The products and services offered by Bird and O'Connell complement each other. There are opportunities for O'Connell to apply their earth moving expertise to Bird projects and for Bird to offer their building expertise to O'Connell projects.

The fair value of the identifiable assets and liabilities of O'Connell, as at the date of acquisition and details of the major classes of consideration transferred were as follows:

			Fair value recognized
Identifiable assets acquired and liabilities assumed			
Cash		$	3,323
Accounts receivable			65,950
Prepaid expenses			312
Costs and estimated earnings in excess of billings			1,335
Inventory			1,572
Property and equipment			36,927
Intangibles			
Customer relationships			8,423
Trade names			4,173
Backlog			5,992
Accounts payable			(28,087)
Income taxes payable			(1,125)
Deferred contract revenue			(13,364)
Deferred income tax liability			(14,089)
Net identifiable assets			71,342
Goodwill			14,151
		$	**85,493**
Cash consideration		$	37,777
Vendor take-back notes	11		15,000
Equipment debt	11		30,649
Estimated contingent consideration			2,067
Total Consideration		$	**85,493**
Cash and cash equivalents acquired		$	(3,323)
Vendor take-back notes	11		(15,000)
Estimated contingent consideration	13		(2,067)
Cash outflow on acquisition		$	**65,103**
Acquisition costs expensed		$	756
Financing costs included in loans and borrowings		$	404

The Purchase Agreement includes a provision recognizing the possibility for an additional payment to the vendors of O'Connell on the fifth anniversary date of the closing of the acquisition, should the annual net income of O'Connell in each of the next five years exceed annual net income thresholds. On each anniversary date subsequent to August 31, 2011, to the extent net income exceeds the annual net income thresholds, a portion of the excess net income will accrue to the benefit of the vendors. On the fifth anniversary date, the net cumulative balance owing, if any, is paid in cash to the vendors. On each anniversary date, interest at 5% per annum is applied to the outstanding cumulative amount owing and is paid in cash annually to the vendors. Management has prepared estimates of the amounts owing and probability-weighted the various outcomes. The probability-weighted outcome has been discounted using a discount rate appropriate for the acquisition. A range of possible outcomes on an undiscounted basis is between nil and $3,797. The amount for the contingent consideration will be adjusted in each of the next five years as the net income of O'Connell is realized and any excess purchase price is determined. Any difference between the initial estimate of the contingent consideration and the actual amount owing will be recorded in the net earnings of that future period. At the acquisition date, the fair value of contingent consideration was estimated at $2,067.

The fair value of the trade receivables amounts to $65,950. The gross amount of trade receivables is $66,347, of which $397 was expected to be uncollectible at acquisition date.

The goodwill recognized on the acquisition is attributable mainly to the skills and technical knowledge of the acquired business's work force, and the synergies expected from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

Acquisition costs of $756 have been included in general and administrative expenses in the Company's consolidated statements of income.

From the date of acquisition, O'Connell has contributed $66,449 of revenue and $5,195 of net income to the Company. If the acquisition had occurred on January 1, 2011, management estimates that the consolidated revenue for the Company would have been $1,094,046 and consolidated net income would have been $36,083. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2011.

The fair values of the net identifiable assets were determined provisionally at September 30, 2011. During the fourth quarter of 2011, an adjustment was recorded to increase accounts receivable and accordingly reduced goodwill by $1,200. The fair values of the net identifiable assets will continue to be reviewed and adjusted during the measurement period to reflect any new information obtained about facts and circumstances that existed as of the acquisition date.

6. Bonds and Preferred Share Investments

	December 31, 2011	December 31, 2010	January 1, 2010
Investments:			
Preferred shares	**$ 16,752**	$ 13,362	$ 8,721
Corporate bonds	**-**	16,013	2,949
	$ 16,752	$ 29,375	$ 11,670

7. Accounts Receivable

	December 31, 2011	December 31, 2010	January 1, 2010
Progress billings on construction contracts	**$ 226,678**	$ 140,242	$ 116,633
Holdbacks receivable	**83,869**	64,510	76,480
Other	**10,714**	2,389	1,299
	$ 321,261	$ 207,141	$ 194,412

Accounts receivable are reported net of an allowance for doubtful accounts of $997 as at December 31, 2011 ($129 – December 31, 2010).

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.

8. Property and Equipment

	2011					
	Land	Buildings	Leasehold improvements	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost						
Balance January 1, 2011	$ 172	2,565	2,386	10,903	1,765	$ 17,791
Acquisitions through business combinations (note 5)	5	4,716	-	32,136	70	36,927
Additions		1,045	676	5,641	248	7,610
Additions under finance leases	-	-	-	467	-	467
Disposals	-	-	-	(3,001)	(92)	(3,093)
Balance December 31, 2011	$ 177	8,326	3,062	46,146	1,991	$ 59,702
Accumulated depreciation						
Balance January 1, 2011	$ -	451	1,628	7,038	1,187	$ 10,304
Disposals	-	-	-	(2,019)	(81)	(2,100)
Depreciation expense	-	351	385	5,715	159	6,610
Balance December 31, 2011	$ -	802	2,013	10,734	1,265	$ 14,814
Net book value	$ 177	7,524	1,049	35,412	726	$ 44,888

	2010					
	Land	Buildings	Leasehold improvements	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost						
Balance January 1, 2010	$ 172	2,565	2,407	9,865	1,746	$ 16,755
Additions	-	535	5	1,368	129	2,037
Disposals	-	(535)	(26)	(330)	(110)	(1,001)
Balance December 31, 2010	$ 172	2,565	2,386	10,903	1,765	$ 17,791
Accumulated depreciation						
Balance January 1, 2010	$ -	403	1,326	5,551	1,077	$ 8,357
Disposals	-	(31)	(26)	(232)	(80)	(369)
Depreciation expense	-	79	328	1,719	190	2,316
Balance December 31, 2010	$ -	451	1,628	7,038	1,187	$ 10,304
Net book value	$ 172	2,114	758	3,865	578	$ 7,487

There are no events or circumstances requiring an impairment loss to be recognized in the year ending December 31, 2011.

The carrying value of equipment, trucks and automotive held under finance leases at December 31, 2011 is $426 (December 31, 2010 - $nil).

9. Intangible Assets and Goodwill

	2011						
	Backlog	Non-competition agreements	Customer relationships	Trade names	Computer software	Total Intangible assets	Goodwill
Cost							
Balance January 1, 2011	$ -	900	1,900	-	1,664	$ 4,464	$ 9,294
Acquisitions through business combinations (note 5)	5,992	-	8,423	4,173	-	18,588	14,151
Additions	-	-	-	-	867	867	-
Balance December 31, 2011	$ 5,992	900	10,323	4,173	2,531	$ 23,919	$ 23,445
Accumulated amortization							
Balance January 1, 2011	$ -	525	1,109	-	112	$ 1,746	$ -
Amortization expense	1,736	180	732	-	553	3,201	-
Balance December 31, 2011	$ 1,736	705	1,841	-	665	$ 4,947	$ -
Net book value	$ 4,256	195	8,482	4,173	1,866	18,972	$ 23,445

	2010						
	Backlog	Non-competition agreements	Customer relationships	Trade names	Computer software	Total Intangible assets	Goodwill
Cost							
Balance January 1, 2010	$ -	900	1,900	-	612	$ 3,412	$ 9,294
Additions	-	-	-	-	1,052	1,052	-
Balance December 31, 2010	$ -	900	1,900	-	1,664	$ 4,464	$ 9,294
Accumulated amortization							
Balance January 1, 2010	$ -	345	729	-	-	$ 1,074	$ -
Amortization expense	-	180	380	-	112	672	-
Balance December 31, 2010	$ -	525	1,109	-	112	$ 1,746	$ -
Net book value	$ -	375	791	-	1,552	$ 2,718	$ 9,294

Goodwill consists of $9,294 relating to the acquisition of Rideau Construction in 2008 and the remaining $14,151 relates to the acquisition of O'Connell (see note 5). There are no events or circumstances requiring an impairment loss to be recognized in the year ending December 31, 2011.

Backlog and customer relationships are expected to be fully amortized by 2014 and 2019, respectively.

For the purpose of impairment testing, goodwill and intangible assets acquired in a business combination are allocated to the CGU, or the group of CGU's, that is expected to benefit from the synergies of the combination.

The aggregate carrying amounts of goodwill and intangible assets allocated to each unit are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Saint John & Halifax districts	**$ 9,900**	$ 10,460	$ 11,020
O'Connell district	**30,651**	-	-
	$ 40,551	$ 10,460	$ 11,020

The recoverable amounts of both the Rideau Construction and O'Connell units were determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. Cash flows for a further five-year period were extrapolated using nominal growth rates. A pre-tax discount rate of 15%, which is based on a market based cost of capital, was applied in determining the recoverable amounts.

10. Operating Lines of Credit

Letters of credit facilities:
The Company has authorized operating lines of credit totaling $131,500 with two Canadian chartered banks, maintained for the primary purpose of issuing letters of credit. At December 31, 2011, the lines were drawn for outstanding letters of credit of $42,750 (December 31, 2010 - $43,159).

The letters of credit represent performance guarantees primarily issued in connection with design-build construction contracts related to Public Private Partnership projects. These letters of credit are supported through the hypothecation of certain financial instruments having a market value at December 31, 2011 of $52,685 (December 31, 2010 - $50,456).

	Expiry date					
	2012	**2013 to 2015**	**2016 and greater**	**December 31, 2011**	December 31, 2010	January 1, 2010
Letters of credit	**$ 8,458**	**32,292**	**2,000**	**$ 42,750**	$ 43,159	$ 15,421

Revolving demand credit facility:
On August 31, 2011, coincident with the acquisition of O'Connell, the subsidiary obtained a revolving demand credit facility of up to $15,000 during the period September 1 to January 31 and $7,500 during the period February 1 to August 31, to be used to finance normal course operations of the subsidiary. As at December 31, 2011, the subsidiary has not drawn on the facility. Borrowings under the facility are secured by a first charge against accounts receivable, and borrowings are limited to 75% of the net receivables of the subsidiary. Interest is charged at a rate per annum equal to the Canadian prime rate plus a spread. A commitment fee of 0.20% is due on the unutilized portion of the facility.

Committed term facility:
On August 31, 2011, coincident with the acquisition of O'Connell, the subsidiary obtained a one-year committed term credit facility of up to $10,000 to be used to finance equipment purchases of the subsidiary. As at December 31, 2011, the subsidiary has not drawn on the facility. Borrowings under the facility are secured by a first charge against certain of the subsidiary's equipment, and interest is charged at a rate per annum equal to the Canadian prime rate plus a spread.

Committed revolving credit facility:
On August 31, 2011, the Company obtained a $30,000, three-year unsecured revolving credit facility. The facility matures on August 31, 2014. As at December 31, 2011, the Company has not drawn on the facility. Borrowings under the facility bear interest at a rate per annum equal to the Canadian prime rate plus a spread. A commitment fee of 0.25% is due on the unutilized portion of the facility. The Company is in compliance with the working capital and debt-to-equity covenants of this facility.

Equipment lease line of credit:
A subsidiary has established an operating lease line of credit of $42.5 million with the financing arm of a major heavy equipment supplier to finance operating equipment leases. Draws under this facility are generally recognized as operating leases (see note 18).

11. Loans and Borrowings

	Maturity	Interest rate		2011	2010
Term Facility 1 (a)	October 1, 2016	Fixed	3.57%	**$ 9,842**	$ -
Term Facility 2 (a)	October 1, 2016	Variable	3.14%	**9,799**	-
Term Facility 3 (b)	September 30, 2016	Fixed	4.24%	**4,707**	-
Term Facility 4 (b)	September 30, 2016	Variable	4.19%	**4,071**	-
Vendor Take-Back Notes (c)	August 31, 2015	Fixed	5.00%	**15,000**	-
				43,419	-
Finance lease liabilities				**450**	-
Transaction costs, net of amortization of $30				**(374)**	-
				43,495	-
Less: current portion of long-term debt				**9,683**	-
Less: current portion of finance lease liabilities				**112**	-
Current portion of loans and borrowings				**9,795**	-
Non-current portion of loans and borrowings				**$ 33,700**	$ -

(a) Term Facility 1 & 2:
On August 31, 2011, the Company obtained two five-year secured term facilities, which were used to fund the acquisition of O'Connell (see note 5). Both facilities mature on October 1, 2016. Term Facility 1 was for an initial principal amount of $10,315 and bears interest at a fixed rate of 3.57%. The principal of Term Facility 1, together with interest is to be paid in sixty blended equal installments in the amount of $188, which are payable monthly. Term Facility 2 was for an initial principal amount of $10,315 and bears interest at the 30-day bankers' acceptance rate plus a spread. Principal repayments under Term Facility 2 in the amount of $172 are payable monthly. Interest on Term Facility 2 is paid monthly in arrears. Both facilities are secured by certain of the Company's equipment.

(b) Term Facility 3 & 4:
On August 31, 2011, the Company obtained two five-year secured term facilities, which were used to fund the acquisition of O'Connell (see note 5). Both facilities mature on September 30, 2016. Term Facility 3 was for an initial principal amount of $5,009 and bears interest at a fixed rate of 4.24%. The principal of Term Facility 3, together with interest is to be paid in sixty blended equal installments in the amount of $93, which are payable monthly. Term Facility 4 was for an initial principal amount of $5,009 and bears interest at the three-month bankers' acceptance rate plus a spread. Principal repayments under Term Facility 4 in the amount of $83 are payable monthly. Interest on Term Facility 4 is paid monthly in arrears. Both facilities are secured by certain of the Company's equipment.

(c) Vendor Take-Back Notes:
On August 31, 2011, Vendor Take-Back Notes ("Notes") of $15,000 were assumed by the Company on the acquisition of O'Connell. The Notes bear interest at 5% per annum, payable annually. The principal amount of the Notes is repayable in annual installments of $3,750 on the first through fourth anniversary dates of the acquisition. The Notes mature on August 31, 2015.

(d) Finance lease liabilities:
Finance leases relate to automotive equipment and mature between September 2014 and December 2014 and bear interest at the 30-day bankers' acceptance rate plus a spread. The Corporation has the option to purchase the automotive equipment under lease at the conclusion of the lease agreements.

The aggregate amount of principal repayments for all long-term debt in each of the next five years is as follows:

Within 1 year	$	9,683
Year 2		9,793
Year 3		9,908
Year 4		10,027
Year 5		4,008
	$	43,419

Future minimum lease payments under finance leases with the present value of the net minimum lease payments are as follows:

		December 31, 2011
Within one year	**$**	**134**
After one year but not more than five years		**361**
More than five years		**-**
Total minimum lease payments		**495**
Less amounts representing interest		**45**
Present value of minimum lease payments		**450**
Less: current portion of finance lease liabilities		**112**
Non-current portion	**$**	**338**

12. Income Taxes

		2011		2010
Provision for income taxes				
Income tax expense is comprised of:				
Current income taxes	**$**	**8,734**	$	15,833
Deferred income taxes (reduction)		**2,241**		(6,522)
	$	**10,975**	$	9,311
Income tax rate reconciliation				
Combined federal and provincial income tax rate		**27.8%**		29.4%
Increases (reductions) applicable to:				
Income of the Fund taxed directly to unitholders		**-**		(12.8)
Future rate changes		**(0.2)**		0.7
Dividend income		**(0.5)**		(0.3)
Other		**-**		(0.2)
Effective rate		**27.1%**		16.8%

Composition of deferred income tax assets and liabilities

	December 31, 2011	December 31, 2010	January 1, 2010
Provisions and accruals	**$ 4,157**	$ 5,585	$ 3,700
Timing of recognition of construction profits	**(6,576)**	(1,067)	(5,516)
Property and equipment	**(4,352)**	61	169
Intangible assets	**(4,974)**	(300)	(443)
Other	**(192)**	24	252
Tax loss carry forward	**1,580**	1,642	1,333
	$ (10,357)	$ 5,945	$ (505)
Balance sheet presentation			
Deferred income tax asset	**6,130**	4,770	809
Deferred income tax asset from discontinued operations	**-**	1,266	1,372
Deferred income tax liability	**(16,487)**	(91)	(2,686)
	$ (10,357)	$ 5,945	$ (505)

The tax loss carry forward expires in 2029. The Company has deferred tax assets in the amount of $94 that have not been recognized in these financial statements in respect of capital losses realized on the disposal of bonds and preferred share investments in 2011. A deferred tax asset has not been recognized because it is not probable the Company will generate future taxable capital gains.

Movement in temporary differences for the year ended December 31, 2011

	Balance January 1, 2011	**Acquisition (see note 5)**	**Recognized in profit or loss**	**Foreign Currency Adjustment**	**Balance December 31, 2011**
Provisions and accruals	**$ 5,585**	**2,443**	**(3,871)**	**-**	**$ 4,157**
Timing of recognition of construction profits	**(1,067)**	**(5,212)**	**(297)**	**-**	**(6,576)**
Intangible assets	**(300)**	**(5,292)**	**618**	**-**	**(4,974)**
Capital assets	**61**	**(5,340)**	**927**	**-**	**(4,352)**
Other	**24**	**(688)**	**472**	**-**	**(192)**
Tax loss carryforward	**1,642**	**-**	**(90)**	**28**	**1,580**
	$ 5,945	**(14,089)**	**(2,241)**	**28**	**$ (10,357)**

Movement in temporary differences for the year ended December 31, 2010

	Balance January 1, 2010	Recognized in profit or loss	Foreign Currency Adjustment	Balance December 31, 2010
Timing of recognition of offering costs	$ 200	(200)	-	$ -
Provisions and accruals	3,700	1,885	-	5,585
Timing of recognition of construction profits	(5,516)	4,449	-	(1,067)
Intangible assets	(443)	143	-	(300)
Capital assets	169	(108)	-	61
Other	52	(28)	-	24
Tax loss carryforward	1,333	381	(72)	1,642
	$ (505)	6,522	(72)	$ 5,945

13. Other Liabilities

	December 31, 2011	December 31, 2010	January 1, 2010
Estimated contingent consideration (see note 5)	**$ 2,154**	$ -	$ -
MTIP liability	**3,905**	6,754	5,484
	6,059	6,754	5,484
Less: current portion - MTIP	**2,262**	4,820	1,531
Non-current portion	**$ 3,797**	$ 1,934	$ 3,953

	MTIP 2011	
	# of Shares	**Value**
Balance January 1, 2011	**544,842**	**$ 6,754**
Annual award of phantom shares	**225,778**	**1,977**
Cash payments of vested shares	**(479,344)**	**(5,717)**
Shares awarded - notional distributions	**42,226**	**545**
Change in fair value of phantom shares		**346**
Balance December 31, 2011	**333,502**	**$ 3,905**
	Less: current portion	**2,262**
		$ 1,643

	MTIP 2010	
	# of Shares	Value
Balance January 1, 2010	481,641	$ 5,484
Annual award of phantom units	392,367	3,519
Cash payments of vested units	(380,493)	(4,167)
Units awarded - notional distributions	51,327	550
Change in fair value of phantom units		1,368
Balance December 31, 2010	544,842	$ 6,754
	Less: current portion	4,820
		$ 1,934

As at December 31, 2011, a total of 615,500 unvested phantom shares are outstanding valued at $7,335 of which $3,905 has been recorded in the accounts of the Company. The number of shares and per share amounts reflect the three-for-one stock split.

14. Shareholders' Capital

The Company is authorized to issue an unlimited number of common shares and has issued and outstanding 42,153,846 common shares as of December 31, 2011. The Company is authorized to issue preference shares in series with rights set by the Board of Directors, up to a balance not to exceed 35% of the outstanding common shares.

	Number of Shares		Amount
Balance, January 1, 2011	-	$	-
Converted on January 1, 2011 from trust units	14,051,282		37,527
Issued pursuant to stock dividend, April 14, 2011	28,102,564		-
Balance, December 31, 2011	42,153,846	$	37,527

On March 3, 2011, the Board of Directors approved a three-for-one stock split to be effected by way of a stock dividend. Each shareholder of record of the Company on April 14, 2011 received two additional common shares for each common share held on that date. The additional shares were distributed on April 22, 2011.

On May 6, 2011, at the Annual and Special Meeting of Shareholders, the Shareholders of the Company approved the implementation of the Company's Stock Option Plan. The Board of Directors in their sole discretion, select eligible employees to be granted options, the number of options granted, the exercise price, the term of the option and the vesting periods. The number of common shares issuable under the Stock Option Plan shall not exceed 10% of the number of common shares outstanding. At December 31, 2011, no options have been granted under the plan.

In 2010, the Company was structured as an unincorporated open-ended, limited purpose investment trust called "Bird Construction Income Fund". The issued and fully paid trust units of the Fund were included in shareholders' equity on the balance sheet and are summarized as follows:

	Number of Units		Amount
Balance, December 31, 2010	14,051,282	$	37,527
Converted on January 1, 2011 to share capital	14,051,282		37,527
Balance, December 31, 2011	-	$	-

15. Provisions

	Warranty Claims	Legal	Total
Balance January 1, 2011	$ 7,886	6,813	$ 14,699
Provisions made during the year	2,621	1,100	3,721
Provisions used during the year	(1,839)	(847)	(2,686)
Provisions reversed during the year	(4,876)	(3,011)	(7,887)
Balance December 31, 2011	$ 3,792	4,055	$ 7,847

	Warranty Claims	Legal	Total
Balance January 1, 2010	$ 4,762	1,680	$ 6,442
Provisions made during the year	5,627	7,139	12,766
Provisions used during the year	(813)	(996)	(1,809)
Provisions reversed during the year	(1,690)	(1,010)	(2,700)
Balance December 31, 2010	$ 7,886	6,813	$ 14,699

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 Company.

16. Finance Income

	2011	2010
Interest and dividend income	$ 2,591	$ 2,537
Interest income relating to accretion on holdbacks receivables	1,313	1,375
Realized loss on investments	(713)	(83)
Unrealized gain on investments	578	24
	$ 3,769	$ 3,853

17. Finance Costs

	2011	2010
Interest on long-term debt	$ 649	$ -
Accretion of accounts payable and other liabilities	936	734
	$ 1,585	$ 734

18. Leases

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

	Maturities			
	Within 2012	From 2013 to 2016	Beyond 2016	December 31, 2011
Operating leases	$ 7,794	11,839	-	$ 19,633

Expenses under lease commitments on buildings and equipment are $7,773 (December 31, 2010 - $1,815).

19. Commitments and Contingent Liabilities

(a) Commitments:
Outstanding surety lien bonds issued on behalf of the Company in connection with liens by subcontractors and suppliers at December 31, 2011 totaled $7,741 (December 31, 2010 - $7,297).

(b) Contingencies:
i. The Company is contingently liable for the usual contractor's obligations relating to performance and completion of construction contracts. These include the Company's contingent liability for the performance obligations of its subcontractors. Where possible and appropriate, the Company obtains performance bonds or alternative security from subcontractors. However, where this is not possible, the Company is exposed to the risk that subcontractors will fail to meet their performance obligations. In that eventuality, the Company 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 Company makes appropriate provision in the financial statements for all known liabilities relating to subcontractor defaults.

20. Related Party Transactions

Compensation of key management personnel represents the aggregate amounts paid and accrued to members of the Company's Executive and the Company's Board of Directors.

	2011				
	Base Salary	MTIP	Annual Profit Sharing	Other Taxable Benefits	Total
Executive & Directors	$ 2,219	2,341	2,886	141	$ 7,587

	2010				
	Base Salary	MTIP	Annual Profit Sharing	Other Taxable Benefits	Total
Executive & Directors	$ 1,968	4,351	4,472	107	$ 10,898

The Executive comprises the following positions

- President & CEO
- CFO and Assistant Secretary
- Vice Chair
- Senior Vice President
- Vice President Operations Central
- Vice President Operations Pacific & Branch Manager
- Vice President Operations Atlantic
- Vice President & Branch Manager
- Vice President Finance

Directors and executive officers of the Company control 6% of the voting shares of the Company.

21. Other Cash Flow Information

		2011		2010
Changes in non-cash working capital:				
Accounts receivable	**$**	**(46,855)**	$	(11,124)
Costs and estimated earnings in excess of billings		**(17,541)**		1,967
Prepaid expenses and other assets		**(1,114)**		(148)
Inventory		**(594)**		-
Accounts payable		**43,363**		15,874
Deferred contract revenue		**14,392**		(3,040)
Provisions		**(6,852)**		8,257
Medium term incentive plan		**(5,717)**		(4,167)
Operating cash flows from discontinued operations		**(633)**		(596)
	$	**(21,551)**		7,023
Cash and cash equivalents				
Cash	**$**	**146,771**	$	199,441
Bankers' acceptances and short-term deposits		**26,631**		18,000
	$	**173,402**	$	217,441

22. Financial Instruments

The Company's cash, bankers' acceptances, and short-term deposits, bond and preferred share investments have been classified as fair value through profit and loss. Accounts receivable are classified as loans and receivables. The Company's bank overdraft, if any, accounts payable, dividends payable to shareholders and long-term debt have been classified as other financial liabilities. The basis of the determination of the fair value of the Company's financial instruments is more fully described in note 3(j).

A. Classification and Fair Value of Financial Instruments:

Financial Assets at Fair Value through profit or loss	December 31, 2011	December 31, 2010	January 1, 2010
Cash and Cash Equivalents:			
Cash	**$ 146,771**	$ 199,441	$ 174,854
Bankers' acceptances and short-term deposits	**26,631**	18,000	28,909
	173,402	217,441	203,763
Bonds and Preferred Share Investments:	**16,752**	29,375	11,670
	$ 190,154	$ 246,816	$ 215,433
Loans and Receivables and Other Financial Liabilities:			
Loans and Receivables:			
Accounts receivable	**$ 321,261**	$ 207,141	$ 194,412
Other Financial Liabilities:			
Accounts payable	**313,411**	240,789	224,181
Accounts payable of discontinued operations	**-**	633	2,233
Dividends payable to shareholders	**2,318**	2,108	2,108
Loans and borrowings	**43,495**	-	-
Other	**-**	-	8
	359,224	243,530	228,530
Total Financial Instruments	**$ 152,191**	$ 210,427	$ 181,315

The following table presents information about the Company's financial assets measured at fair value as at December 31, 2011 and December 31, 2010 and indicates the fair value hierarchy of inputs utilized by the Company to determine such fair value. 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.

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
		December 31, 2011		
Cash	**$ 146,771**	**$ -**	**$ -**	**$ 146,771**
Bankers' acceptances and short-term deposits		**26,631**	**-**	**26,631**
Preferred shares	**16,752**	**-**	**-**	**16,752**
Total Financial Assets through profit and loss	**$ 163,523**	**$ 26,631**	**$ -**	**$ 190,154**
		December 31, 2010		
Cash	$ 199,441	$ -	$ -	$ 199,441
Bankers' acceptances and short-term deposits	-	18,000	-	18,000
Preferred shares	13,362	-	-	13,362
Bonds	-	16,013	-	16,013
Total Financial Assets through profit and loss	$ 212,803	$ 34,013	$ -	$ 246,816
		January 1, 2010		
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 through profit and loss	$ 183,575	$ 31,858	$ -	$ 215,433

There were no transfers between levels during the year.

The fair value of the loans and borrowings approximate their carrying values on a discounted cash flow basis as the majority of these obligations bear interest at market rates.

B. Risk Management:

In the normal course of business, the Company 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 Company 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 entering into any construction contract and during the course of the construction project, the Company goes to considerable lengths to satisfy itself that the customer has adequate resources to fulfil its contractual payment obligations as construction work is completed. If a customer was unable or unwilling to pay the amount owing, the Company will generally have a right to register a lien against the project that will 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 Company's exposure to a default by any one financial institution.

Accounts receivable outstanding for greater than 90 days and considered past due by the Company's management represent 3.5% (December 31, 2010 – 6.2%) of the balance of progress billings on construction contracts receivable at December 31, 2011. Management has recorded an allowance of $997 (December 31, 2010 - $129) against these past due receivables, net of amounts recoverable from others.

	Amounts past due				
	Up to 12 months	**Over 12 months**	**December 31, 2011**	December 31, 2010	January 1, 2010
Trade receivables	**$ 6,082**	**$ 1,573**	**$ 7,655**	$ 8,756	$ 8,734
Impairment	**(12)**	**(985)**	**(997)**	(129)	(48)
Total Trade receivables	**$ 6,070**	**$ 588**	**$ 6,658**	$ 8,627	$ 8,686

The movement in the allowance for impairment in respect of loans and receivables during the period was as follows:

	2011	2010
Balance, beginning of period	**$ 129**	$ 48
Impairment loss recognized	**868**	81
	$ 997	$ 129

ii.) Liquidity Risk:

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

As a component of working capital, the Company maintains significant balances of cash and cash equivalents and investments in liquid securities. These investments exceed net current liabilities and support surety and contract security requirements related to construction projects. In addition, the Company has authorized lines of credit totaling $186,500, supported by hypothecation of certain financial instruments, with three Canadian chartered banks, as well as long-term debt facilities. The Company believes it has access to sufficient funding through the use of these facilities to meet foreseeable operating requirements.

Principal repayments due on the loans and borrowings are disclosed in note 11. As disclosed in note 13, payments required pursuant to the Company's Medium Term Incentive Plan granted in 2009, 2010 and 2011 are due on the vesting dates of November 2012, November 2013 and November 2014 respectively, or upon retirement if earlier.

The following are the contractual maturities of financial liabilities, including estimated interest payments as at December 31, 2011.

	Carrying amount	Contractual cashflows	Up to 12 months	1-2 years	2-5 years
Trade payables	$ 313,411	$ 314,935	$ 297,715	$ 17,220	$ -
Dividends payable	2,318	2,318	2,318	-	-
Finance lease liabilities	450	495	134	361	-
Long-term debt	43,045	47,664	11,215	21,740	14,709
	$ 359,224	**$ 365,412**	**$ 311,382**	**$ 39,321**	**$ 14,709**

iii.) Market Risk:

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

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent that its credit facilities are based on variable rates of interest. The Company has the option to convert all variable rate term facilities to fixed rate term facilities.

At December 31, 2011, the interest rate profile of the Company's long-term debt was as follows:

Fixed rate facilities	$	29,549
Variable rate facilities		13,870
Total long-term debt	$	43,419

As at December 31, 2011, a one-percent change in the interest rate applied to the Company's variable rate long-term debt will change annual income before income taxes by approximately $139.

The Company has exposure to fluctuations in the market prices of its preferred shares portfolio. Investments are made only in securities authorized in the investment guidelines approved by the Company's Board of Directors. The Company's CFO and CEO must authorize all transactions and detailed reports summarizing the performance of the investment portfolio are made to the Board of Directors quarterly. As at December 31, 2011, a one-percent change in the market price of the investments will change income before income taxes by approximately $167 (December 31, 2010 - $134).

23. Capital Disclosures

The Company's capital management objectives are to:

- Ensure that the Company 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 Company 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 shareholder dividends and payments on long-term debt.

In the management of capital, the Company defines capital as Shareholders' equity and loans and borrowings. Loans and borrowings includes bank indebtedness and the current and non-current portions of long-term debt and finance leases.

The Company manages its capital within the investment policy approved by the Board of Directors. The Company 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 Company may adjust the amount of dividends paid to Company Shareholders, issue new debt or repay existing debt, issue new Company shares, and to a lesser degree, may adjust capital expenditures.

As a component of working capital, the Company maintains significant balances of cash and cash equivalents and investments in liquid securities. These cash, cash equivalents and investment balances are intended to cover net current liabilities, fund current dividends payable to shareholders 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 Company, 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 Company whether the work has commenced or will commence in the normal course.

The amounts of Shareholders' equity, working capital and loans and borrowings at December 31, 2011, December 31, 2010 and January 1, 2010 are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Shareholders' equity	**$ 162,413**	$ 160,640	$ 139,755
Working capital	**$ 122,962**	$ 137,130	$ 124,183
Loans and borrowings	**$ 43,495**	$ -	$ -

24. Joint Ventures

The consolidated financial statements include the proportionate share in joint ventures before inter-party eliminations as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Balance Sheet:			
Current assets	**$ 60,133**	$ 39,137	$ 76,952
Property and equipment	**142**	88	613
Current liabilities	**35,180**	25,891	48,833
Retained earnings	**25,095**	13,334	28,732

	December 31, 2011	December 31, 2010
Income and Comprehesive Income:		
Construction revenue	**$ 105,827**	$ 107,122
Finance income	**266**	740
Cost of construction	**(95,323)**	(80,760)
Net income	**$ 10,770**	$ 27,102
Statement of Cash Flow:		
Cash flow from operating activities	**$ 11,291**	$ 26,884
Changes in non-cash working capital	**(12,733)**	2,329
Cash flow used in investing activities	**216**	452
Cash flow from financing activities	**(11,081)**	(42,500)
Net (decrease)/increase in cash flow	**$ (12,307)**	$ (12,835)

The Company 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. At December 31, 2011, the Company has issued letters of credit in the amount of $21,605 (December 31, 2010 - $21,559).

The Company 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 Company provides services of its employees, management services, parental guarantees and letters of credit to the joint ventures. These services were transferred at the exchange amount, agreed to between the parties. The value of services provided by the Company for the years ended December 31, 2011 and December 31, 2010 is as follows:

2011			
Employee Services	**Management Services and Parental Guarantee**	**Other**	**Total**
$ 6,251	**$ 4,348**	**$ 307**	**$ 10,906**

2010			
Employee Services	Management Services and Parental Guarantee	Other	Total
$ 5,789	$ 6,856	$ 260	$ 12,905

The Company has accounts receivable from the joint ventures at December 31, 2011 totaling $3,551 (December 31, 2010 - $830).

25. Dividends Declared with a Record Date Subsequent to the Balance Sheet Date

The Board of Directors has declared dividends for the months of January 2012, February 2012, March 2012, April 2012 and May 2012 as follows:

i) the January dividend of $0.055 per share will be paid February 17, 2012 to the Shareholders of record as of the close of business on January 31, 2012;
ii) the February dividend of $0.055 per share will be paid March 20, 2012 to the Shareholders of record as of the close of business on February 29, 2012;
iii) the March dividend of $0.06 per share will be paid April 20, 2012 to the Shareholders of record as of the close of business on March 30, 2012;
iv) the April dividend of $0.06 per share will be paid May 18, 2012 to the Shareholders of record as of the close of business on April 30, 2012; and
v) the May dividend of $0.06 per share will be paid June 20, 2012 to the Shareholders of record as of the close of business on May 31, 2012.

These dividends were not recorded in the consolidated financial statements for the year ended December 31, 2011.

26. Personnel Costs

Salary and benefits expense of the Company included in costs of construction and general and administrative expense is:

	2011	2010
Wages, salaries and profit sharing	$ 123,593	$ 81,728
Benefits	20,875	12,749
MTIP	2,868	5,437
Total	$ 147,336	$ 99,914

27. Explanation of Transition to IFRS

The accounting policies set out in note 3 have been used to prepare the consolidated financial statements for the year ended December 31, 2011, the comparative information presented in these financial statements for the year ended December 31, 2010 and in the preparation of the balance sheet at January 1, 2010.

In preparing these consolidated financial statements, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance, and cash flows is set out in the following tables and the notes that accompany the tables.

A summary of the change in Shareholders' Equity is:

	December 31, 2010	January 1, 2010
Equity – as previously reported under Canadian GAAP	$ 157,374	$ 135,349
MTIP adjustment	4,417	6,179
Income tax impact	(1,151)	(1,773)
Equity – as reported under IFRS	$ 160,640	$ 139,755

Reconciliation of Shareholders' Equity and Balance Sheet

(In thousands of Canadian dollars)	Note	Previous Canadian GAAP January 1, 2010	Effects of transition to IFRS Presentation	Effects of transition to IFRS Measurement	IFRS January 1, 2010
ASSETS					
Current assets:					
Cash		$ 174,854	$ -	$ -	$ 174,854
Bankers' acceptances and short-term deposits		28,909	-	-	28,909
Bonds and preferred share investments		11,670	-	-	11,670
Accounts receivable		194,412	-	-	194,412
Costs and estimated earnings in excess of billings		4,506	-	-	4,506
Prepaid expenses and other assets		507	-	-	507
Income taxes recoverable	27 b (iii)	-	7,925	-	7,925
Current assets from discontinued operations	27 b (ii)	2,376	(1,372)	-	1,004
Total current assets		417,234	6,553	-	423,787
Non-current assets					
Property and equipment		8,398	-	-	8,398
Deferred income tax asset	27 b (ii), c	2,750	(168)	(1,773)	809
Deferred income tax asset from discontinued operations	27 b (ii)	-	1,372	-	1,372
Intangible assets		2,338	-	-	2,338
Goodwill		9,294	-	-	9,294
Non-current assets		22,780	1,204	(1,773)	22,211
TOTAL ASSETS		$ 440,014	$ 7,757	$ (1,773)	$ 445,998
LIABILITIES					
Current liabilities:					
Accounts payable	27 b (i)	$ 230,622	$ (6,441)	$ -	$ 224,181
Accounts payable from discontinued operations		2,233	-	-	2,233
Deferred contract revenue		53,118	-	-	53,118
Dividends payable to shareholders		2,108		-	2,108
Income taxes payable	27 b (iii)	2,066	7,925	-	9,991
Deferred income tax liability	27 b (ii)	2,855	(2,855)	-	-
Provisions	27 b (i)	-	6,442	-	6,442
Other liabilities	27 c	2,072	-	(541)	1,531
Total current liabilities		295,074	5,071	(541)	299,604
Non-current liabilities					
Deferred income tax liability	27 b (ii)	-	2,686	-	2,686
Other liabilities	27 c	9,591	-	(5,638)	3,953
Total non-current liabilities		9,591	2,686	(5,638)	6,639
UNITHOLDERS' EQUITY					
Unitholders' capital		37,527	-	-	37,527
Retained earnings	27 c	97,822	-	4,406	102,228
Total Unitholders' equity		135,349	-	4,406	139,755
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY		$ 440,014	$ 7,757	$ (1,773)	$ 445,998

Reconciliation of Shareholders' Equity and Balance Sheet

(In thousands of Canadian dollars)	Note	Previous Canadian GAAP December 31, 2010	Effects of transition to IFRS Presentation	Effects of transition to IFRS Measurement	IFRS December 31, 2010
ASSETS					
Current assets:					
Cash		$ 199,441	$ -	$ -	$ 199,441
Bankers' acceptances and short-term deposits		18,000	-	-	18,000
Bonds and preferred share investments		29,375	-	-	29,375
Accounts receivable		206,109	1,032	-	207,141
Costs and estimated earnings in excess of billings		2,539	-	-	2,539
Prepaid expenses and other assets		655	-	-	655
Income taxes recoverable	27 b (iii)	-	295	-	295
Deferred income tax	27 b (ii)	4,265	(4,265)	-	-
Current assets from discontinued operations	27 b (ii)	1,266	(1,266)	-	-
Total current assets		461,650	(4,204)	-	457,446
Non-current assets					
Property and equipment		7,487	-	-	7,487
Deferred income tax asset	27 b (ii), c	1,565	4,356	(1,151)	4,770
Deferred income tax asset from discontinued operations	27 b (ii)	-	1,266	-	1,266
Intangible assets		2,718	-	-	2,718
Goodwill		9,294	-	-	9,294
Non-current assets		21,064	5,622	(1,151)	25,535
TOTAL ASSETS		$ 482,714	$ 1,418	$ (1,151)	$ 482,981
LIABILITIES					
Current liabilities:					
Accounts payable	27 b (i)	$ 254,456	$ (13,667)	$ -	$ 240,789
Accounts payable from discontinued operations		633	-	-	633
Deferred contract revenue		50,078	-	-	50,078
Dividends payable to shareholders		2,108		-	2,108
Income taxes payable	27 b (iii)	6,894	295	-	7,189
Provisions	27 b (i)	-	14,699	-	14,699
Other liabilities	27 c	5,689	-	(869)	4,820
Total current liabilities		319,858	1,327	(869)	320,316
Non-current liabilities					
Deferred income tax liability	27 b (ii)	-	91	-	91
Other liabilities	27 c	5,482	-	(3,548)	1,934
Total non-current liabilities		5,482	91	(3,548)	2,025
UNITHOLDERS' EQUITY					
Unitholders' capital		37,527	-	-	37,527
Retained earnings	27 c	119,847	-	3,266	123,113
Total Unitholders' equity		157,374	-	3,266	160,640
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY		$ 482,714	$ 1,418	$ (1,151)	$ 482,981

Reconciliation of income and comprehensive income for the year ended December 31, 2010

(In thousands of dollars)

	Note	Canadian GAAP	Effect of transition to IFRS		IFRS
			Presentation	Measurement	
Construction revenue		$ 842,031	$ -	$ -	$ 842,031
Investment and other income	27 b (v)	3,853	(3,853)	-	-
Cost of construction	27 b (iv)	-	750,468	2,531	752,999
Gross profit			(754,321)	(2,531)	89,032
Construction costs and general and administrative expenses	27 b (iv)	785,647	(785,647)	-	-
Amortization	27 b (iv)	2,990	(2,990)	-	-
General and administrative expenses	27 b (iv), c	-	37,435	(770)	36,665
		57,247	(3,119)	(1,761)	52,367
Finance income	27 b (v)	-	3,853	-	3,853
Finance costs	27 b (v)	-	(734)	-	(734)
Income before income taxes		57,247	-	(1,761)	55,486
Income tax expense	27 c	9,930	-	(619)	9,311
Net income and comprehensive income for the period		$ 47,317	-	$ (1,142)	$ 46,175
Basic and diluted earnings per unit [1]		$ 1.12	$ -	$ (0.02)	$ 1.10

[1] adjusted for the April, 2011 three-for-one stock split

Notes to the reconciliations:

(a) IFRS 1 Election

Under IFRS 1, the Company has elected not to restate business combinations that occurred before the date of transition. Accordingly, transactions costs have not been expensed but continue to be recognized as part of the consideration paid. As a condition of this exemption, goodwill relating to business combinations that occurred prior to the date of transition was tested for impairment. No impairment existed at the date of transition.

(b) Presentation differences:

i. In accordance with IAS 37 – Provisions; Warranty and legal provisions previously included in accounts payable are now separately disclosed on the balance sheet.

ii. In accordance with IAS 12 – Income Taxes; Deferred taxes previously shown as a net asset or net liability on a consolidated basis are now presented as a non-current asset or a non-current liability grouped by net position by legal entity.

iii. In accordance with IAS 12 – Income Taxes; Current taxes previously shown as a net asset or net liability on a consolidated basis are now presented as a current asset or a current liability grouped by net position by legal entity.

iv. In accordance with IAS 11 – Construction Contracts; Construction costs, general and administration expenses were previously combined in the income statement. Construction costs and general and administration expenses are now separately disclosed in the income statement. Gross profit is now shown. Amortization costs are now included in general and administration expenses.

v. In accordance with IAS 1 – Presentation of Financial Statements; Finance income and finance costs are now separately disclosed in the income statement.

(c) Measurement differences:

The Company's MTIP program is a cash settled award based on the market price of the phantom shares accumulated under the terms of the plan.

Compensation expense relating to the MTIP is measured based on the fair value of the phantom shares which is not significantly different than the intrinsic method utilized under previous Canadian GAAP. Compensation expense in aggregate is comprised of the value of the phantom units on grant date plus changes in the market price of the Company's shares and notional distributions awarded over the vesting period. The compensation expense relating to the MTIP, under IFRS, is amortized on a straight-line basis over the vesting period. Under previous Canadian GAAP, compensation expense was recognized in the period that performance was rendered by the employee except for changes in future market price changes and notional distributions awarded which were recognized in the period they occurred.

(d) Consistent with the Company's accounting policy choice under IAS 7, Statement of Cash Flows, income taxes paid in the year ended December 31, 2010 of $11,005 are presented within cash flows from operating activities on the Statement of Cash Flows, whereas they were previously disclosed as supplementary information. There are no other material differences between the statement of cash flows presented under IFRS and the statement of cash flows presented under previous Canadian GAAP.

28. Subsequent Event

Under the terms of the Company's Stock Option Plan, on March 7, 2012, the Company's Board of Directors approved the award of 625,000 stock options with a grant date of March 15, 2012 to eligible Company employees. The total number of stock options is exercisable in equal amounts on the first through fourth anniversary dates from the grant date. The exercise price will be based on the weighted average trading price of the Company's common shares on the Toronto Stock Exchange for the five trading days prior to March 15, 2012. All stock options awarded will expire on March 15, 2019.

Five Year Summary

(in thousands of Canadian dollars, except Other Information)

		2011	2010	2009	2008	2007
OPERATING RESULTS:						
Revenue ……	$	**974,470**	842,031	877,859	1,036,288	753,905
Income before income taxes ……	$	**40,570**	55,486	71,592	71,214	51,342
Income taxes ……..		**10,975**	9,311	14,679	10,354	17,930
Net income …….	$	**29,595**	46,175	56,913	60,860	33,412
Distributions …….	$	**n/a**	25,290	23,248	20,354	18,637
Dividends ……..	$	**27,822**	n/a	n/a	n/a	n/a
FINANCIAL POSITION:						
Current assets ……..	$	**539,040**	457,446	423,787	505,882	335,160
Current liabilities ……..		**416,078**	320,316	299,604	422,417	285,396
Working capital ……	$	**122,962**	137,130	124,183	83,465	49,764
Property and equipment ……..	$	**44,888**	7,487	8,398	9,306	5,022
Shareholders'/Unitholders' equity	$	**162,413**	160,640	139,755	101,684	53,273
BACKLOG:						
Firm price ……..	$	**1,235,551**	1,229,554	901,352	1,104,700	969,266
Construction management ……	$	**136,383**	126,581	112,645	105,503	89,625
OTHER INFORMATION:						
Number of shares/units outstanding (restated for split) ……		**42,153,846**	42,153,846	42,153,846	42,153,846	41,367,540
Return on revenue ……..	%	**3.04**	5.48	6.48	5.87	4.43
Return on prior year shareholders'/unitholders' equity	%	**18.42**	33.04	55.97	114.24	86.84
Net income per share/unit ……..	$	**0.70**	1.10	1.35	1.44	0.81
Book value per share/unit …….....	$	**3.85**	3.81	3.32	2.41	1.29

Note: Per share/unit amounts have been retroactively restated for the effect of the exchange of three shares for each share in April 2011. The balances have not been restated to reflect the closure of the Seattle branch as discontinued operations. The 2010 financial position and operating results and the 2009 financial position balances have been retroactively restated to appropriately reflect IFRS adjustments. All other amounts are stated under previous Canadian generally accepted accounting principles.

Eligible Dividends

Bird Construction Inc. 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

Management and Office Directory

CORPORATE OFFICES TORONTO

Tim J. Talbott, P. Eng. – President & CEO
Paul R.Raboud, P. Eng., M.Sc., MBA – Vice Chair
Stephen R. Entwistle, CA – CFO & Assistant Secretary
Jason C. Trumbla, CA, MAcc – VP Finance
Charles J. Caza, BA Sc Eng., LL.B. – VP Risk Management & General Counsel
Charmane L. Morrow – Corporate Secretary & Manager of Executive Administrative Services
Jim J. Brennan, P. Eng. – Senior VP *(located in our Halifax office)*
Ian J. Boyd, P. Eng. – Senior VP *(located in our Saint John office)*
Ken W. McClure – Senior VP
Matt D. Ainley – VP National & Strategic Development

5403 Eglinton Avenue West
Toronto, ON Canada M9C 5K6
Tel: (416) 620-7122
Fax: (416) 620-1516

ACCOUNTING OFFICES WINNIPEG

Susan L. McLean, CA – Controller
1151 Sherwin Road
Winnipeg, MB Canada R3H 0V1
Tel: (204) 775-7141
Fax: (204) 775-9508

CONSTRUCTION OFFICES

Bird Construction Company

HALIFAX
Rene J. Cox, P. Eng. – District Manager
Suite 201, 20 Duke Street
Bedford, NS B4A 2Z5
Tel: (902) 835-8205 Fax: (902) 835-8245

SAINT JOHN
Durck A. deWinter, P. Eng. – District Manager
120 Millennium Drive
Quispamsis, NB E2E 0C6
Tel: (506) 849-2473 Fax: (506) 847-0270

TORONTO
Richard J. Ellis-Smith – VP & District Manager
5403 Eglinton Avenue West
Toronto, ON M9C 5K6
Tel: (416) 620-7122 Fax: (416) 620-7121

WINNIPEG
J. Paul Bergman, CET – District Manager
1055 Erin Street
Winnipeg, MB R3G 2X1
Tel: (204) 775-7141 Fax: (204) 783-8119

CALGARY
Ian F. Reid – District Manager
106, 12143 – 40th Street SE
Calgary, AB T2Z 4E6
Tel: (403) 319-0470 Fax: (403) 319-0476

EDMONTON – Industrial
Gilles R. Royer, P. Eng. – Senior VP
Arthur G. Krehut, CET – District Manager
16815 – 117th Avenue
Edmonton, AB T5M 3V6
Tel: (780) 452-8770 Fax: (780) 455-2807

VANCOUVER
Ken J. Nakagawa – VP Pacific & District Manager
220 – 21320 Gordon Way
Richmond, BC V6W 1J8
Tel: (604) 271-4600 Fax: (604) 271-1850

H.J. O'Connell, Limited

MONTREAL
Brian S. Lemessurier, P. Eng. – President
1870 boul. des Sources, Suite 200
Pointe-Claire, QC H9R 5N4
Tel: (514) 426-1333 Fax: (514) 426-1339

ST. JOHN'S
Leonard P. Knox, P. Eng. – VP, Major Projects/Eastern
Willie C. Keats, P. Eng. – VP, Operations
59 Pippy Place, Suite 2A
St. John's, NL A1B 4N1
Tel: (709) 726-9095 Fax: (709) 726-9106

WABUSH
Terry P. Curran, P. Eng. – VP, Mining/Labrador West
Old Airport Road
P.O. Box 209
Wabush, NL A0R 1B0
Tel: (709) 282-5633 Fax: (709) 282-3500

bird.ca

Trust Service Tradition Value