BIRD
CONSTRUCTION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED JUNE 30, 2013

Management's Discussion and Analysis

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, 2012 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 12, 2013. This MD&A has been prepared as of August 12, 2013. 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").

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EXECUTIVE SUMMARY:

(thousands of dollars, except per share amounts)	For the six months ended June 30 2013	2012
Income Statement Data		
Revenue	**$ 600,729**	$ 637,737
Net income (1)	**2,758**	15,437
Basic and diluted earnings per share	**0.06**	0.37
Adjusted Net Income (3)		
Adjusted net income	**4,155**	17,082
Adjusted net income per share	**0.10**	0.41
Cash Flow Data		
Cash flows from operations before changes in non-cash working capital	**14,324**	34,230
Cash flows from operations	**(46,692)**	(37,049)
Additions to property and equipment (2)	**(10,855)**	(20,211)
Cash dividends paid	**(15,705)**	(14,543)
Cash dividends declared per share	**0.37**	0.35
	June 30, 2013	December 31, 2012
Balance Sheet Data		
Total assets	**646,448**	718,147
Working capital	**134,420**	154,427
Loans and borrowings (including current portion)	**42,844**	48,174
Shareholders' equity	**183,832**	191,565

(1) includes comprehensive income, hereafter referred to as net income

(2) computer software purchases included in intangible assets

(3) adjusted net income is a non-GAAP measure and does not have standardized meaning. See page 4.

RECENT HIGHLIGHTS:

- During the six months ended June 30, 2013, the Company generated revenues of $600.7 million and net income of $2.8 million, compared with revenues of $637.7 million and net income of $15.4 million in the first half of 2012. The reduction in net income in 2013 is a result of lower gross profit combined with higher general and administrative expenses. The reduction in the amount of 2013 gross profit is in large part attributable to a loss on one fixed price construction project which has experienced execution issues. The project incurred a pre-tax loss of $10.0 million in the period and an after-tax loss of $7.3 million, which is included in the determination of 2013 net income.

- For the six months ended June 30, 2013, the Company's adjusted net income (non-GAAP measure) was $4.2 million, compared with $17.1 million in 2012. The adjusted net income per share for the six months ended June 30, 2013 was $0.10, compared with $0.41 in the first half of 2012. The 2013 adjusted net income was similarly adversely affected by the project construction loss noted above. Excluding the after-tax loss on this project, adjusted net income in 2013 would have been $11.5 million or $0.27 per common share.

- On January 17, 2013, the Company completed the acquisition of Nason Contracting Group Ltd. ("Nason"). The purchase price for the acquisition was $12.4 million, which includes estimated post-closing purchase price adjustments, plus the fair value of the obligation for the contingent consideration. Nason is a recognized leader in the construction of water and wastewater facilities in western Canada. Nason has a 40-year track record of successful construction projects throughout Alberta, British Columbia, Saskatchewan, Yukon and the Northwest Territories. Nason's head office, shops and yard are located in St. Albert, Alberta. Nason performs the majority of its work with its own forces, having particular strength in the execution of mechanical, electrical and instrumentation work.

- The Company's Board of Directors approved a 5.5% increase in the monthly dividend from $0.060 to $0.063 per share effective with the March 2013 dividend.

- During the first half of 2013, the Company secured $583.0 million of new construction contracts including change orders on existing contracts. The Company acquired $8.2 million of Backlog resulting from the Nason acquisition, and put in place work valued at $600.7 million. The Company has in place Backlog at June 30, 2013 of $1,064.4 million, compared to $1,073.9 million as at December 31, 2012.

- The Company has recently been awarded a number of construction contracts totalling approximately $100.0 million. The projects involve both civil and building construction activity to serve the needs of industrial customers in northern Alberta. The awards will be added to the Company's Backlog in the third quarter of 2013.

ADJUSTED NET INCOME MEASURE (NON-GAAP INFORMATION):

As disclosed in note 5 to the annual consolidated financial statements for the year ended December 31, 2012, $6.0 million of the total purchase price attributable to the H.J. O'Connell, Limited ("O'Connell") acquisition was allocated to the value of the Backlog acquired, $8.4 million was allocated to the value attributed to customer relationships and $0.8 million of transaction costs was expensed in the period. In addition, $0.9 million was allocated to the value of the Backlog acquired through the Nason acquisition in January of this year. 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 acquisitions to the Company immediately. Management believes that this principle is not consistent with the economics used by it to support the O'Connell and Nason acquisitions, 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 incurred in 2013 associated with the acquisition of Nason 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)

	For the three months ended June 30		For the six months ended June 30	
	2013	2012	**2013**	2012
Net income as reported in financial statements (GAAP)	$ **327**	$ 9,002	$ **2,758**	$ 15,437
Add: Amortization of intangible assets	**873**	1,159	**1,745**	2,253
Add: Transaction costs	**-**	-	**166**	-
Add: Associated tax effect	**(236)**	(321)	**(514)**	(608)
Adjusted net income (Non-GAAP Measure)	$ **964**	$ 9,840	$ **4,155**	$ 17,082
Adjusted net income per share (Non-GAAP Measure)	$ **0.02**	$ 0.24	$ **0.10**	$ 0.41

Both in the second quarter and for the six month results, 2013 adjusted net income was significantly lower than amounts reported in 2012. The reduction in the amount of 2013 gross profit and net income is in large part attributable to a loss on one fixed price construction project which has experienced execution issues. Excluding the after-tax loss on this project, adjusted net income in the six months ended June 30, 2013, would have been $11.5 million or $0.27 per common share, and $7.1 million or $0.17 per common share in the second quarter of 2013.

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, St. Albert and Vancouver. The Company and its predecessors have been in operation for over 90 years and focus 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.

While Bird self-performs some scopes of work on its projects, particularly in the industrial market sector, 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 construction activities for clients in the industrial, commercial and institutional market sectors. The Company will continue to utilize a range of contract formats and will also continue to pursue design-build projects across all 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 outsource 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 Public Private Partnership ("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 accumulated 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. During the second quarter of 2013, the Company submitted a proposal on the Sheppard Maintenance and Storage Facility in Toronto but have yet to be informed of a decision on the project. The Company is part of consortia short-listed to submit proposals for the North Island Hospitals project located on Vancouver Island and the East Rail Maintenance Facility and the ErinoakKids Centre, both located in Toronto. The Company is pursuing a minority equity position on the North Island Hospitals, East Rail Maintenance Facility and ErinoakKids Centre projects in addition to serving as a member of the respective design-build team, should the securement be successful.

The Company has developed expertise in the construction of water and wastewater treatment facilities and will continue to capitalize on this expertise. On January 17, 2013, the Company acquired all of the outstanding shares of Nason as part of its strategy in this market. Nason has a 40-year track record and is a recognized leader in the construction of water and wastewater facilities in western Canada. Nason performs the majority of its work with its own forces and has particular strength in the execution of mechanical, electrical and instrumentation work.

While there has been some recent signs of uncertainty in the industrial market, the Company is still well positioned to capitalize on numerous construction activities in northern Alberta. 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. With oil sands production methods becoming increasingly more environmentally friendly, the Company will seek to develop construction expertise in the area of steam-assisted gravity drainage ("SAGD") as the industry moves in this direction. 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.

Bird has secured several heavy civil construction contracts with earth moving components in northern Alberta and the Company will continue to pursue these opportunities in the future.

Bird will continue its efforts to attract and retain a highly skilled professional work force to increase its capacity and productivity to deliver increasing revenues and earnings in the future. Bird prides itself in providing a working environment for its employees based on the principles of honesty, integrity, excellence and professionalism. We support 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 organization.

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 in the construction industry generally improved in the latter half of 2011 and throughout the first half of 2012, with this improvement being reflected in the Company's revenues and gross margins reported throughout 2012. Economic conditions generally weakened in the latter half of 2012 and there are now some indications that conditions may be improving. However, the market for construction services continues to be very competitive which may impact the level of new securements and/or have the potential to reduce gross margins on new awards.

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. The following table shows the Company's Backlog at the end of the comparative reporting periods. The Company's current level of Backlog of $1,064.4 million is comparable with the balance at December 31, 2012; however, it has declined from the record level achieved at June 30, 2012. The decline in the amount of Backlog compared to June 30, 2012, is primarily due to a very competitive construction marketplace that has not permitted the replacement of contracts relative to the work put in place over the intervening 12-month period. The Company must be successful in securing additional projects to achieve its strategic objectives.

Backlog (thousands of dollars)	**June 30, 2013**	June 30, 2012	December 31, 2012
Backlog	$ **1,064,400**	$ 1,359,100	$ 1,073,900

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 Profit Percentage realized by the Company in the comparative periods.

Six months ended June 30, 2013	Six months ended June 30, 2012	Year ended December 31, 2012
5.7%	7.6%	9.8%

In the first half of 2013 the Company realized a Gross Profit Percentage of 5.7%. The decline in the Gross Profit Percentage in the first six months of 2013 compared to 2012 is for the most part attributable to a loss on one fixed price construction project which has experienced execution issues. If the amount of this project loss was excluded from the 2013 results to date, the Gross Profit Percentages earned in the first half of 2013 would be comparable to that earned in the first half of 2012. The Gross Profit Percentages realized in the last half of 2012 reflect the additional profit earned on a number of construction projects which were completed in the last half of 2012.

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)	**June 30, 2013**	June 30, 2012	December 31, 2012
Working capital	$ **134,420**	$ 128,845	$ 154,427
Shareholders' equity	$ **183,832**	$ 163,403	$ 191,565

The $20.0 million decline in the amount of working capital in the six-month period ended June 30, 2013 is primarily a result of $5.6 million of net cash used to acquire Nason, $10.3 million of cash used to purchase property and equipment and $5.5 million of cash used to repay long-term debt.

The change in amount of shareholders' equity from December 31, 2012 represents the extent to which dividends declared exceeded earnings in the six months ended June 30, 2013, offset to some extent by the issuance of 363,007 common shares valued at $5.0 million as part of the acquisition of Nason.

The Company believes it has sufficient working capital and equity to conduct its business in the ordinary course plus an amount to accommodate potential strategic initiatives.

Safety

At Bird, we recognize that safety and production are neither mutually exclusive nor competing priorities wherein one is necessarily compromised for the sake of the other. Rather, we are committed to safe production, putting our people first and ensuring their safety so that they can work effectively and productively, expecting to go home at the end of the day as healthy as when they arrived.

On a construction site, the difference between being fully committed to people and to safe production and not being fully committed can often be measured in life-altering injuries or lives. As such, we believe that safe production is everybody's responsibility, every minute of every day on every job – from the workers on our project sites to the leadership of the organization.

Our goal is to create and sustain an environment and culture where everybody understands, accepts and actively shares in this responsibility. To this end, we will collaborate with our employees, our subcontractors, our clients and our suppliers in a spirit of consultation and cooperation to achieve this goal.

In the first half of 2013, Bird executed almost 2,000,000 manhours of work, incurring two lost time incidents (LTI) for an LTI frequency of 0.21.

Lost Time Incident Frequency

Six months ended June 30, 2013	Six months ended June 30, 2012	Year ended December 31, 2012
0.21	0.56	0.50

RESULTS OF OPERATIONS:

SIX MONTHS ENDED JUNE 30, 2013 COMPARED WITH SIX MONTHS ENDED JUNE 30, 2012

In the first half of 2013, the Company generated net income of $2.8 million on construction revenue of $600.7 million compared with $15.4 million and $637.7 million, respectively, in 2012. The reduction in the amount of net income in 2013 is in large part attributable to a loss on one fixed price construction project that has experienced execution issues resulting in an after-tax loss of approximately $7.3 million. Excluding the after-tax impact of this project loss, net income in 2013 would have been approximately $5.3 million lower than the 2012 results, primarily due to lower construction revenues combined with higher general and administrative expenses.

In the first half of 2013, the Company generated adjusted net income (non-GAAP measure) of $4.2 million compared with $17.1 million in 2012. The 2013 adjusted net income was similarly adversely affected by the project construction loss noted above. Excluding the after-tax loss on this project, adjusted net income in the six months ended June 30, 2013, would have been $11.5 million or $0.27 per common share.

Construction revenue for the six months ended June 30, 2013 decreased by 5.8% to $600.7 million compared with $637.7 million recorded in the first half of 2012. A reduction in the amount of 2013 construction revenue of $37.0 million is primarily due to lower construction revenue derived from our industrial clients in 2013, offset to some extent by higher construction revenues originating from our commercial operations.

During the first half of 2013, the Company's gross profit of $34.1 million compares with $48.8 million recorded a year ago. A $14.7 million reduction in the amount of 2013 gross profit is for the most part due to a loss on one fixed price construction project which has experienced execution issues which resulted in a $10.0 million expense. The remainder of the reduction in 2013 gross profit is primarily attributable to lower construction revenues resulting from a reduction in the level of construction activity from our industrial clients.

General and administrative expenses of $30.2 million (5.0% of revenue) in the first half of 2013 compares with $28.0 million (4.4% of revenue) in 2012. The increase is primarily attributable to the inclusion of the Nason general and administrative costs in 2013 and an increase in staff costs needed to support the Company's long-term growth strategy.

Finance income of $1.8 million in the six months ended June 30, 2013 was $0.3 million lower than the amount recorded in 2012. The decrease is primarily due to a reduction in interest and dividend income, as the cash available to invest has decreased in 2013 relative to 2012.

Finance costs of $1.9 million were comparable to the $1.7 million recorded in 2012.

In 2013, income tax expense of $1.0 million was $4.7 million lower than 2012, consistent with lower pre-tax earnings to date.

THREE MONTHS ENDED JUNE 30, 2013 COMPARED WITH THREE MONTHS ENDED JUNE 30, 2012

In the second quarter of 2013, the Company generated net income of $0.3 million on quarterly construction revenue of $312.3 million compared with $9.0 million and $343.1 million, respectively, in 2012. The reduction in 2013 second quarter net income is primarily attributable to a loss on one fixed price construction project which has experienced execution issues resulting in a charge in the period of approximately $8.4 million ($6.1 million after-tax). Similar to the year-to-date results, if this after-tax loss was excluded from the 2013 second quarter earnings, net income would have been $6.4 million compared to $9.0 million of net income earned in the second quarter of 2012. The remainder of the difference in net income compared with a year ago is primarily due to lower construction revenues and the related affect on gross profit combined with higher general and administrative expenses.

In the second quarter of 2013, the Company generated adjusted net income (non-GAAP measure) of $1.0 million compared with $9.8 million in 2012. Adjusted net income was similarly adversely affected by the project construction loss noted above. Excluding the after-tax loss on this project, adjusted net income in the second quarter of 2013 would have been $7.1 million or $0.17 per common share.

Construction revenue of $312.3 million in the three months ended June 30, 2013 was $30.8 million or 9.0% lower than the amount recorded in 2012. As is the case with the year-to-date results, the decline is primarily due to lower construction revenue derived from our industrial clients; however, this reduction was partially offset by higher construction revenues from our commercial operations.

In the second quarter of 2013, the Company's gross profit of $16.5 million compares with $26.8 million recorded a year ago, a 38.4% decrease. The decrease in the amount of 2013 gross profit is primarily attributable to a loss on one fixed price construction project which has experienced execution issues. If this $8.3 million project loss was excluded from the second quarter 2013 results, the Gross Profit Percentage in 2013 would have been 7.9% comparable with the percentage earned in the second quarter of 2012.

General and administrative expenses of $15.6 million (5.0% of revenue) in the quarter were $1.0 million higher than the $14.6 million (4.3% of revenue) recorded in 2012. The increase is primarily attributable to the inclusion of Nason's general and administrative costs in 2013 combined with an increase in staff costs needed to support the Company's long-term growth strategy.

Finance income in the second quarter of 2013 of $0.4 million compares to $1.1 million reported in 2012. The reduction in the amount of 2013 finance income is primarily due to the recording of a $0.5 million unrealized loss on our preferred share investments combined with lower interest and dividend income resulting from lower amounts of cash available to invest in 2013.

Finance costs of $0.9 million were comparable to that reported in 2012.

In 2013, income tax expense of $0.1 million was $3.3 million lower than 2012, consistent with lower pre-tax earnings in 2013.

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. At June 30, 2013 the Company's Backlog stands at $1.064 billion, roughly the same as the amount reported at the end of March 31, 2013 and December 31, 2012, reinforcing the fact that Bird's business remains strong and relatively stable in light of competitive and uncertain market conditions. Management remains cautiously optimistic that improving market conditions may have a positive impact on the level of contract awards in the next few quarters, which could favourably impact the Company's operating results in the second half of 2013 and beyond. The Company has and will continue to bid on a substantial volume of new business and believes that this effort will likely generate an increase in new contract awards in the last half of the year.

The Company is pursuing larger scale and self-performed heavy civil opportunities in Canada's commodity, mining and hydro power markets. Recent volatility in commodity pricing has caused some of our clients to re-examine their project plans, which to-date has resulted in uncertain timing for future large scale construction prospects. However, the Company is well positioned to capitalize on many smaller to medium size opportunities which continue to come to market and, more recently, we have seen evidence that some larger scale projects are being issued for proposal calls by our clients.

The industrial market contributed 43% of 2012 revenues (31% in 2011). Although the outlook for the level of 2013 oil sands activity has been somewhat uncertain due to a combination of constraints surrounding pipeline capacity and volatile commodity pricing, more recently, we have seen heightened activity in addition to the smaller to medium size projects which have continued to be available even in light of uncertain market conditions. Bird is very well positioned to capitalize on an increasing number of opportunities in this sector. Mining sector activity has also been somewhat uncertain, making it difficult to produce the results that we experienced in 2012. However, the Company is currently pursuing a number of other civil and industrial work programs which may contribute to results in the last half of 2013 and into 2014.

The institutional sector represented 37% of 2012 revenues (58% in 2011). The Company anticipates that institutional spending will be at reduced levels, as all levels of government are still under pressure to address budget deficits. However, the Company will continue to be active in the PPP sector and will be submitting proposals for projects of this nature in 2013 and beyond. Competition for these projects will continue to be intense. It is anticipated that the results in 2013 will be somewhat less than those produced in 2012 in this sector.

The retail and commercial sector represented 20% of 2012 revenues (11% in 2011). In 2013, the Company expects this sector to remain consistent with 2012, with a reasonable number of prospects coming to market, although this sector will remain very competitive.

While we remain confident in our longer-term prospects, our 2013 financial results will be substantially lower than 2012, due to the adverse impact of the project loss recorded in the first half of the year and based on the level of profitability we anticipate our Backlog will produce in the remainder of 2013. We continue to remain cautiously optimistic about new contract awards in the second half of 2013. Any such contracts awarded will have limited financial impact on the performance of the Company in the remainder of 2013, but will likely have a more meaningful impact on results beyond the current year.

Backlog

During the six months ended June 30, 2013, the Company secured $583.0 million in new construction contracts (including change orders to existing contracts) and acquired $8.2 million of Backlog resulting from the Nason acquisition on January 17, 2013. The Company's Backlog of $1,064.4 million at June 30, 2013, compares with $1,073.9 million at December 31, 2012. With respect to the current Backlog, $643.6 million is expected to be put in place during 2013, leaving $420.8 million to carry forward to 2014 and beyond. The following table outlines the changes in the amount of the Company's Backlog throughout the current period and with a comparison to the prior year.

Backlog (millions of dollars)		
December 31, 2011	$	1,235.6
Securements and Change Orders in 2012		1,293.2
Realized in construction revenues in 2012		(1,454.9)
December 31, 2012	$	1,073.9
Securements and Change Orders in Q1 2013		235.0
Acquisition of Nason		8.2
Realized in construction revenues in Q1 2013		(288.5)
March 31, 2013		1,028.6
Securements and Change Orders in Q2 2013		348.0
Realized in construction revenues in Q2 2013		(312.2)
June 30, 2013	**$**	**1,064.4**

In addition to Backlog, at June 30, 2013, the value of uncompleted construction management contract work, for which the Company acts as an agent for the customer, is $68.2 million, compared with $96.0 million at December 31, 2012.

ACCOUNTING POLICIES:

The Company's significant accounting policies are outlined in the notes to the June 30, 2013 Unaudited Condensed Consolidated Interim Financial Statements. The Unaudited Condensed Consolidated Interim Financial Statements were prepared using the same accounting policies as our most recent annual consolidated financial statements, except for the adoption of new standards effective as of January 1, 2013. The adoption of these new standards did not have a material impact on the methods of computation or on the presentation of the Company's 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. The extent of the impact of adoption of IFRS 9 (2010) has not yet been determined.

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)	2011		2012				2013	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	**Q2**
Revenue	278,561	332,002	294,654	343,083	396,840	420,292	288,464	**312,265**
Net income	9,549	12,924	6,435	9,002	18,104	24,704	2,431	**327**
Earnings per share	0.23	0.30	0.15	0.22	0.43	0.58	0.06	**0.00**

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY:

The Company believes that its strong balance sheet, including equity of $183.8 million and $134.4 million of working capital, provides it with the financial capacity to support all of our contract security requirements, including the ability to secure performance bonds, issue labour and material bonds, issue letters of credit to support contract requirements and provide parent company performance guarantees. Although the Company introduced long-term debt into its capital structure to finance the acquisition of O'Connell and later to finance the purchase of equipment, management believes that the amount of long-term debt totalling $42.8 million at June 30, 2013 is manageable in light of the level of expected future earnings of the Company combined with the Company's strong financial position, including access to a number of unutilized credit facilities. 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 June 30, 2013, June 30, 2012 and December 31, 2012.

Financial Condition table (thousands of dollars)		**June 30, 2013**		June 30, 2012		December 31, 2012
Shareholders' equity	**$**	**183,832**	$	163,403	$	191,565
Working capital	**$**	**134,420**	$	128,845	$	154,427
Long-term debt	**$**	**42,844**	$	55,786	$	48,174
Backlog	**$**	**1,064,414**	$	1,359,100	$	1,073,900

During the first half of 2013, the Company made $5.5 million of principal repayments on outstanding debt. No new debt was issued in the first six months of 2013. The following table provides details of outstanding debt as at June 30, 2013 and principal repayments due over the next five years, excluding the amortization of debt financing costs of $0.2 million.

Debt (thousands of dollars)	Amount	Year 1	Year 2	Year 3	Year 4	Year 5
Loans and borrowings	$ 41,617	$ 13,625	$ 13,833	$ 12,807	$ 1,352	$ -

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 primarily 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)		**June 30, 2013**		June 30, 2012		December 31, 2012
Operating line of credit	**$**	**131,500**	$	131,500	$	131,500
Letters of credit issued	**$**	**31,723**	$	38,828	$	31,561
Collateral pledged to support letters of credit	**$**	**41,400**	$	53,405	$	40,215

At June 30, 2013, the amount of outstanding letters of credit remained relatively consistent with the balance at December 31, 2012.

Operating Lines of Credit

(a) Committed revolving line of credit:

The Company has a committed unsecured revolving line of credit for $30.0 million with a Canadian chartered bank. The facility expires on September 28, 2017. 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 June 30, 2013, 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) Committed revolving line of credit:
A subsidiary of the Company has a committed revolving credit facility of $20.0 million, maturing on May 31, 2015. The facility may be used to finance normal course operations of the subsidiary. Borrowings under this facility are secured by a first charge against the accounts receivable of the subsidiary. At June 30, 2013, the Company had no outstanding amounts due 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 June 30, 2013, 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) A subsidiary of the Company has an equipment financing facility with a Canadian chartered bank for $20.0 million for the purpose of financing future equipment purchases. At June 30, 2013, the Company has drawn $2.7 million under this facility. Draws under this facility are permitted until May 31, 2015. The facility 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 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 June 30, 2013, the Company has used $22.8 million under this facility. The Company's total lease commitments are outlined under Contractual Obligations.

Liquidity

A manageable amount of long-term debt, 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.

	June 30, 2013	December 31, 2012
Financial Position Data		
Cash and cash equivalents	**$ 99,612**	$ 183,079
Investment in marketable securities	**15,860**	15,956
Working capital	**134,420**	154,427
Long-term debt	**42,844**	48,174
Shareholders' equity	**183,832**	191,565

As a component of working capital, the Company maintains significant balances of cash and cash equivalents and investments in liquid securities. At June 30, 2013, these balances consisted of $99.6 million of cash and cash equivalents and $15.9 million of liquid securities for a total of $115.5 million. The $115.5 million is comprised of the Company's $134.4 million of working capital plus a negative working cash balance of $(21.6) million, and $2.7 million of cash held to finance the current dividend payable. These components are summarized in the following table for June 30, 2013 and June 30, 2012.

Working Capital Components

(thousands of dollars)		June 30, 2013		June 30, 2012
Investment in marketable securities (preferred shares)	$	15,860	$	15,922
Cash and cash equivalents held for working capital		118,560		112,923
		134,420		128,845
Cash held for dividends payable		2,691		2,529
Dividends payable		(2,691)		(2,529)
Working cash		(21,639)		(703)
Non-cash net current assets		21,639		703
Working capital	$	134,420	$	128,845

The Company's non-cash net current asset/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, 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 to the Company's net working capital position or ability to access surety support. During the first half of 2013, there has been a reduction in the amount of working cash, resulting primarily from the use of cash to fund the acquisition of Nason, fund additions to property and equipment, to repay long-term debt and fund changes in other working capital balances.

Cash Flow Data

The following table provides an overview of cash flows during the periods indicated:

(thousands of dollars)	Six months ended June 30,			
		2013		2012
Cash Flow Data				
Cash flows from operations before changes in non-cash working capital	$	14,324	$	34,230
Cash flows used in operating activities	$	(46,692)	$	(37,049)
Investing activities		(15,580)		(19,308)
Financing activities		(21,195)		(2,296)
Increase/decrease in cash and cash equivalents	$	(83,467)	$	(58,653)

Operating Activities

During the six months ended June 30, 2013, the Company used cash in operating activities of $46.7 million compared with a use of cash of $37.0 million in the first half of last year. In 2013, cash flow used in operations was comprised of $14.3 million of cash from operating activities before changes in non-cash working capital and $61.0 million of cash used to fund an increase in the Company's non-cash working capital position. In 2012, the comparative amounts were $34.2 million of cash from operations and a use of cash of $71.2 million, respectively. Changes in non-cash working capital amounts represent normal course fluctuations in the Company's net current liability position. In some periods, this fluctuation will be a use of cash, as in the current periods, 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

In the first half of 2013, the Company used $15.6 million of cash in investing activities compared with $19.3 million in 2012. The reduction in the amount of cash used in investing activities in 2013 compared to 2012 is primarily attributable to a decrease in purchases of property and equipment, offset to some extent in 2013 by the use of $5.6 million of cash to acquire Nason. In the first half of 2013, the Company made purchases of property and equipment of $10.3 million compared with $20.0 million in 2012. Property and equipment expenditures primarily relate to purchases of heavy equipment to support our construction operations in the industrial market sector. The decline in equipment purchases in 2013 is a result of an expected short-term reduction in construction revenues derived from the Company's industrial customers.

Financing Activities

During the six months ended June 30, 2013, $21.2 million of cash was used in financing activities compared with a use of cash of $2.3 million in 2012. The increase in the amount of cash used in 2013 is primarily due to a reduction in the amount of cash received in 2013 from new debt financing. In 2012, the Company received $15.4 million from the issuance of long-term debt used to finance the purchases of heavy equipment to support our construction operations in the industrial market sector. No new debt was raised in 2013. The remainder of the increase in cash outflow in 2013 is a result of higher cash dividends and debt repayments in the current year.

DIVIDENDS:

The Company declared monthly dividends on common shares 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 history:

January 1, 2012 to March 31, 2012	$0.170
April 1, 2012 to June 30, 2012	$0.180
October 1, 2012 to December 31, 2012	$0.180
January 1, 2013 to March 31, 2013	$0.184
April 1, 2013 to June 30, 2013	$0.190

Effective March 12, 2013, the Company increased its monthly dividend by 5.5%, bringing the monthly dividend rate to $0.0633 per common share compared to $0.060 per common share, previously.

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. 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, including a Bird leadership program to provide a forum for high potential candidates to develop their leadership skills.

CONTRACTUAL OBLIGATIONS:

At June 30, 2013, the Company has future contractual obligations of $393.6 million. Obligations for accounts payable, finance and operating annual lease payments and for principal repayments, including interest, under long-term debt over the next five years are:

(thousands of dollars)		Accounts Payable	Finance Leases	Operating Leases	Long-Term Debt	Total
2013	$	318,863	262	5,512	9,903	334,540
2014		2,809	626	7,146	14,880	25,461
2015		-	593	3,794	14,116	18,503
2016		-	77	1,780	5,811	7,668
2017		-	-	1,100	-	1,100
Thereafter		-	-	6,296	-	6,296
	$	321,672	1,558	25,628	44,710	393,568

OFF BALANCE SHEET ARRANGEMENTS:

The Company has operating lease obligations described under Contractual Obligations noted above and surety lien bonds issued on behalf of the Company valued at $7.4 million at June 30, 2013.

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 for unit price contracts, including 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 is carried as deferred revenue in the consolidated financial statements. Any excess of cost and estimated earnings over progress billings on construction contracts is carried as costs and estimated earnings in excess of billings in the consolidated financial statements.

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

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 income 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 issuance 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.

OUTSTANDING COMMON SHARE DATA AND STOCK EXCHANGE LISTING:

The Company is authorized to issue an unlimited number of common shares. The Company had a total of 42,153,846 common shares outstanding at December 31, 2012. Subsequently, on January 17, 2013, in conjunction with the acquisition of Nason, the Company issued 363,007 common shares from treasury as partial consideration of the total purchase price. Therefore, the total number of outstanding common shares has increased to 42,516,853 which remain issued and outstanding at June 30, 2013.

The Company's Board of Directors has previously 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. No stock options were exercised at June 30, 2013.

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 June 30, 2013, 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 June 30, 2013, under the supervision of and with the participation of management, including the CEO and CFO, internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.

There have been no material changes in the Company's internal control over financial reporting during the six months ended June 30, 2013 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company is reviewing the internal controls over financial reporting of Nason Contracting Group Ltd., recently acquired by the Company on January 17, 2013.

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 12, 2013, 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. Investment decisions by our industrial 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 intense. 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. 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 manhours 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 12, 2013 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.