



MANAGEMENT'S DISCUSSION AND ANALYSIS
QUARTER ENDED MARCH 31, 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 May 13, 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").

TABLE OF CONTENTS

EXECUTIVE SUMMARY:	3
RECENT HIGHLIGHTS:.....	ERROR! BOOKMARK NOT DEFINED.
ADJUSTED NET INCOME MEASURE (NON-GAAP INFORMATION):	4
NON-GAAP MEASURE:.....	4
NATURE OF THE BUSINESS:.....	4
MISSION STATEMENT:.....	5
STRATEGY:	5
KEY PERFORMANCE DRIVERS:	6
RESULTS OF OPERATIONS:	8
FUTURE OPERATING PERFORMANCE:.....	9
ACCOUNTING POLICIES:	10
SUMMARY OF QUARTERLY RESULTS:	10
FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY:	11
DIVIDENDS AND DISTRIBUTIONS:.....	14
CAPABILITY TO DELIVER RESULTS:	15
CONTRACTUAL OBLIGATIONS:	15
OFF BALANCE SHEET ARRANGEMENTS:	15
CRITICAL ACCOUNTING ESTIMATES:	15
OUTSTANDING COMMON SHARE DATA AND STOCK EXCHANGE LISTING:.....	16
CONTROLS AND PROCEDURES:.....	17
RISKS RELATING TO THE BUSINESS:.....	17
TERMINOLOGY:	19
FORWARD LOOKING INFORMATION:	19

EXECUTIVE SUMMARY:

(thousands of dollars, except per share amounts)	For the three months ended March 31	
	2013	2012
Income Statement Data		
Revenue	\$ 288,464	\$ 294,654
Net income ⁽¹⁾	2,431	6,435
Basic and diluted earnings per share	0.06	0.15
Adjusted Net Income ⁽³⁾		
Adjusted net income	3,191	7,242
Adjusted net income per share	0.08	0.17
Cash Flow Data		
Cash flows from operations before changes in non-cash working capital	8,361	15,755
Cash flows from operations	(20,266)	(14,699)
Additions to property and equipment ⁽²⁾	6,745	5,375
Cash dividends paid	7,631	6,955
Cash dividends declared per share	0.18	0.17
Balance Sheet Data		
Total assets	661,428	718,147
Working capital	140,260	154,427
Loans and borrowings (including current portion)	45,737	48,174
Shareholders' equity	191,440	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.

HIGHLIGHTS DURING THE QUARTER:

- During the first quarter of 2013, the Company generated quarterly revenues of \$288.5 million and quarterly net income of \$2.4 million, compared with revenues of \$294.7 million and net income of \$6.4 million in the first quarter of 2012. The reduction in net income in 2013 is a result of lower gross profit margins, combined with higher general and administrative expenses.
- For the first quarter of 2013, the Company's adjusted net income (non-GAAP measure) was \$3.2 million, compared with \$7.2 million in 2012. The first quarter adjusted net income per share was \$0.08 in 2013 compared with \$0.17 in 2012.
- 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 2013, the Company secured \$235.0 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 \$288.5 million. The Company has in place backlog at March 31, 2013 of \$1,028.6 million, compared to \$1,073.9 million as at December 31, 2012.

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. 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 March 31	
	2013	2012
Net income as reported in financial statements (GAAP)	\$ 2,431	\$ 6,435
Add: Amortization of intangible assets	872	1,094
Add: Transaction costs	166	-
Add: Associated tax effect	(278)	(287)
Adjusted net income (Non-GAAP Measure)	<u>\$ 3,191</u>	<u>\$ 7,242</u>
Adjusted net income per share (Non-GAAP Measure)	<u>\$ 0.08</u>	<u>\$ 0.17</u>

In the first quarter of 2013, adjusted net income of \$3.2 million (\$0.08 per share) compares to \$7.2 million (\$0.17 per share) in 2012.

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 also will 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. In 2012, the Company was part of consortia short-listed to proceed to prepare bids for the Iqaluit International Airport Improvement project and the North Island Hospitals project located on Vancouver Island. These two projects have yet to be awarded. In addition, the Company is submitting a bid for the East Rail Maintenance Facility in Toronto. The Company will have a minority equity position in these 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 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, 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 reporting periods. The Company's current level of backlog of \$1,028.6 million is substantial, but the Company must be successful in securing additional projects to achieve its strategic objectives.

Backlog (thousands of dollars)	March 31, 2013	March 31, 2012	December 31, 2012
Backlog	\$ 1,028,600	\$ 1,165,900	\$ 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 margin percentage realized by the Company in the comparative periods.

Three months ended March 31, 2013	Three months ended March 31, 2012	Year ended December 31, 2012
6.1%	7.4%	9.8%

In the first quarter of 2013, the Company realized a gross profit percentage of 6.1%. The decline in the gross profit percentage for the quarter is a result of the timing and mix of construction projects combined with operational challenges on a couple of projects which resulted in lower productivity and schedule delays serving to increase construction costs in the quarter. The gross margin percentages recognized in the first quarter of 2012 and throughout 2012 reflected improved market conditions that were experienced in the last half of 2011 and the first two quarters 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)	March 31, 2013	March 31, 2012	December 31, 2012
Working capital	\$ 140,260	\$ 125,711	\$ 154,427
Shareholders' equity	\$ 191,440	\$ 161,728	\$ 191,565

The \$14.2 million decline in the amount of working capital in the quarter ended March 31, 2013 is primarily a result of \$5.6 million of cash applied to the acquisition of Nason, \$6.3 million invested in property and equipment, and \$2.5 million applied to the repayment of debt.

The change in amount of shareholders' equity from December 31, 2012 represents the extent to which dividends declared exceeded earnings in the current quarter, offset to some extent by the issuance of 363,007 common shares valued at \$5 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 on a construction site, the difference between being fully committed to people and safety and not being fully committed can often be measured in life-altering injuries or lives. As such, we believe that safety 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, Bird will continue to commit every reasonable effort in the interest of incident prevention and to ensure that all workers on our projects and in our offices can expect to go home at the end of the work day as healthy as when they arrived. We will collaborate with our employees, our subcontractors, our clients and our suppliers in a spirit of consultation and cooperation to achieve this.

In the first quarter of 2013, Bird executed over 800,000 manhours of work, incurring a single lost time incident (LTI) for an LTI frequency of 0.24.

Lost Time Incident Frequency		
Three months ended March 31, 2013	Three months ended March 31, 2012	Year ended December 31, 2012
0.24	0.61	0.50

RESULTS OF OPERATIONS:

THREE MONTHS ENDED MARCH 31, 2013 COMPARED WITH THREE MONTHS ENDED MARCH 31, 2012

In the first quarter of 2013, the Company generated quarterly earnings of \$2.4 million on quarterly construction revenue of \$288.5 million compared with \$6.4 million and \$294.7 million, respectively, in 2012. The decrease in current quarter earnings is a result of a decrease in the Company's gross profit recognized on projects combined with higher general and administrative expenses. The decrease in earnings is in part attributable to lower margins, primarily due to a change in the timing and mix of work executed in the respective periods.

In the first quarter of 2013, the Company generated adjusted net income (non-GAAP measure) of \$3.2 million compared with \$7.2 million in 2012.

Construction revenue of \$288.5 million was comparable to the \$294.7 million recorded in the first quarter of 2012.

In the first quarter of 2013, the Company's gross profit of \$17.6 million compares with \$21.9 million recorded a year ago. The reduction in the Company's gross profit as compared with the prior year is attributable to lower gross profit margins as a result of the timing and mix of construction projects executed in the respective periods. In the first quarter of 2013, the gross profit margin was 6.1% compared with 7.4% in 2012. Furthermore, the Company was impacted by operational challenges that affected schedule and productivity on a couple of projects which resulted in an increase to costs on those projects.

General and administrative expenses of \$14.7 million in the quarter were \$1.3 million higher than the amount recorded 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

strategy. General and administrative costs represent 5.1% of construction revenues in 2013 compared with 4.5% of construction revenues in 2012. The increase in the percentage of general and administrative costs is due to the addition of Nason general and administrative costs and the requirement for additional staff to support higher construction activity projected in the Company's long-term strategy.

Finance income of \$1.4 million in the quarter was \$0.4 million higher than the amount recorded in 2012. The increase is due to the recording of a \$0.4 million unrealized gain on our portfolio investments.

Finance costs of \$0.9 million were comparable to the \$0.8 million recorded in the first quarter of 2012.

In 2013, income tax expense of \$0.9 million was \$1.4 million lower than 2012, consistent with lower pre-tax earnings in the first quarter of 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 March 31, 2013, the Company's backlog stands at \$1.03 billion. Management is cautiously optimistic that improving market conditions may have a positive impact on the level of contract awards in the next few quarters, which could impact the Company's operating results late in 2013 and beyond.

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 capital spending plans, which 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.

The industrial market contributed 43% of 2012 revenues (31% in 2011). Although the outlook for the level of 2013 oil sands activity remains somewhat uncertain due to a combination of constraints surrounding pipeline capacity and volatile commodity pricing, reasonable amounts of oil sands activity is expected to continue into 2013, and Bird has the capacity to participate successfully in this sector moving forward. The Company is seeing an increase in the level of engineering and procurement activity related to a number of projects in the industrial market and these opportunities are expected to come to market in the near future. Mining sector activity is also expected to be somewhat uncertain, making it difficult to produce the results that the Company desires. However, the Company is currently pursuing a number of other civil and industrial work programs which could contribute to results in 2013 and beyond.

The institutional sector represented 37% of 2012 revenues (58% in 2011). The Company anticipates that institutional spending will be limited, 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 and there can be no assurance that the Company will be successful in achieving contract awards. It is anticipated that the results in 2013 will be close to that produced in 2012 in the institutional 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, the 2013 results will be lower than 2012, based on the level of profitability we anticipate our backlog will produce and the anticipated market conditions for the remainder of the year. We are cautiously optimistic that improving conditions will prevail late in 2013 to support improved results in the following year.

Backlog

During the first quarter, the Company secured \$235.0 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 is \$1,028.6 million at March 31, 2013, compared to \$1,073.9 million

as at December 31, 2012. With respect to the current backlog, \$748.1 million is expected to be put in place during 2013, leaving \$280.5 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 fiscal period and with a comparison to the prior year.

Backlog	
(thousands of dollars)	
December 31, 2011	\$ 1,235.6
Securement and Change Orders in 2012	1,293.2
Realized in construction revenues in 2012	(1,454.9)
December 31, 2012	<u>\$ 1,073.9</u>
Securement and Change Orders in 2013	235.0
Acquisition of Nason	8.2
Realized in construction revenues in 2013	(288.5)
	<u><u>\$ 1,028.6</u></u>

In addition to backlog, at March 31, 2013, the value of uncompleted construction management contract work, for which the Company acts as an agent for the customer, is \$87.5 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 March 31, 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
	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>
Revenue ⁽¹⁾	192,752	278,561	332,002	294,654	343,083	396,840	420,292	288,464
Net income ⁽¹⁾	3,013	9,549	12,924	6,435	9,002	18,104	24,704	2,431
Earnings per share ⁽²⁾	0.07	0.23	0.30	0.15	0.22	0.43	0.58	0.06

⁽¹⁾ Revenue and net income include the contribution of O'Connell from August 31, 2011, the date of acquisition

⁽²⁾ Adjusted for the April 2011 three-for-one stock split

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY:

The Company believes that its strong balance sheet, including equity of \$191.4 million and \$140.3 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 \$45.8 million at March 31, 2013 is manageable in light of the level of earnings of the Company to support interest and principal payments under the debt, combined with the amount of shareholders' equity retained in the business. 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 March 31, 2013, March 31, 2012 and December 31, 2012.

Financial Condition table (thousands of dollars)	March 31, 2013		March 31, 2012		December 31, 2012	
Shareholders' equity	\$	191,440	\$	161,728	\$	191,565
Working capital	\$	140,260	\$	125,711	\$	154,427
Long-term debt	\$	45,737	\$	44,422	\$	48,174
Backlog	\$	1,028,600	\$	1,165,900	\$	1,073,900

During the first quarter of 2013, the Company made \$2.5 million of principal repayments on outstanding debt and issued no new debt. The following table provides details of outstanding debt as at March 31, 2013 and principal repayments due over the next five years, excluding the amortization of debt financing costs of \$0.3 million.

Debt	Amount	Year 1	Year 2	Year 3	Year 4	Year 5
(thousands of dollars)						
Loans and borrowings	\$ 44,447	\$ 13,574	\$ 13,780	\$ 13,616	\$ 3,477	\$ -

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)	March 31, 2013	March 31, 2012	December 31, 2012
Operating line of credit	\$ 131,500	\$ 131,500	\$ 131,500
Letters of credit issued	\$ 31,823	\$ 43,176	\$ 31,561
Collateral pledged to support letters of credit	\$ 40,660	\$ 53,229	\$ 40,215

At March 31, 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 March 31, 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 March 31, 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 March 31, 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 March 31, 2013, the Company has drawn \$2.9 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 March 31, 2013, the Company has drawn \$23.1 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.

Financial Position Data	March 31, 2013	December 31, 2012
Cash and cash equivalents	\$ 141,099	\$ 183,079
Investment in marketable securities	16,330	15,956
Working capital	140,260	154,427
Long-term debt	45,737	48,174
Shareholders' equity	191,440	191,565

As a component of working capital, the Company maintains significant balances of cash and cash equivalents and investments in liquid securities. At March 31, 2013, these balances consisted of \$141.1 million of cash and cash equivalents and \$16.3 million of liquid securities for a total of \$157.4 million. The \$157.4 million is comprised of the Company's \$140.2 million of working capital plus a working cash balance of \$14.5 million, and \$2.7 million of cash held to finance the current dividend payable. These components are summarized in the following table for March 31, 2013 and March 31, 2012.

Working Capital Components (thousands of dollars)	March 31, 2013	March 31, 2012
Investment in marketable securities (preferred shares)	\$ 16,330	\$ 16,043
Cash and cash equivalents held for working capital	123,930	109,668
	140,260	125,711
Cash held for dividends payable	2,691	2,529
Dividends payable	(2,691)	(2,529)
Working cash	14,478	35,972
Non-cash net current liabilities	(14,478)	(35,972)
Working capital	\$ 140,260	\$ 125,711

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.

Cash Flow Data

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

(thousands of dollars)	Three months ended March 31,	
	2013	2012
Cash Flow Data		
Cash flows from operations before changes in non-cash working capital	\$ 8,361	\$ 15,755
Cash flows used in operating activities	(20,266)	(14,699)
Investing activities	(11,537)	(4,506)
Financing activities	(10,177)	(6,028)
Increase/decrease in cash and cash equivalents	<u>\$ (41,980)</u>	<u>\$ (25,233)</u>

Operating Activities

During the three months ended March 31, 2013, the Company used cash in operating activities of \$20.3 million compared with a use of cash of \$14.7 million in the first quarter of last year, consistent with a decline in 2013 net earnings compared to last year. In the current quarter, cash flow from operations was comprised of \$8.4 million of cash from operating activities before changes in non-cash working capital and \$28.7 million of cash used to fund an increase in the Company's non-cash working capital position, which represents 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

In the first quarter of 2013, the Company used \$11.5 million of cash in investing activities. The higher level of investing activity in 2013 in large part represents the cash required to fund the Nason acquisition in January of this year. The Company used \$5.6 million of net cash to acquire a 100% interest in Nason. In 2013, the Company used \$6.3 million to purchase property and equipment. These property and equipment expenditures primarily relate to purchases of heavy equipment to support our construction operations in the industrial market sector.

In 2012, investing activities used cash of \$4.5 million. In 2012, the Company used \$5.3 million to purchase property and equipment, partially offset by the receipt of cash of approximately \$0.8 million resulting from the redemption of preferred share investments.

Financing Activities

During the three months ended March 31, 2013, \$10.2 million of cash was used in financing activities. The Company paid monthly dividends totalling \$7.6 million and used \$2.5 million to repay long-term debt.

In the first quarter of 2012, \$6.0 million of cash was used in financing activities. The Company paid \$7.0 million in dividends and approximately \$1.6 million of cash was used to repay long-term debt. Partially offsetting these cash outflows was the receipt of \$2.5 million of cash from the issuance of long-term debt used primarily to finance the purchases of heavy equipment to support our construction operations in the industrial market sector.

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
July 1, 2012 to September 30, 2012	\$0.180
October 1, 2012 to December 31, 2012	\$0.180
January 1, 2013 to March 31, 2013	\$0.183

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 March 31, 2013, the Company has future contractual obligations totalling \$403.0 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	\$ 317,167	387	6,739	12,539	336,832
2014	11,096	618	6,952	14,899	33,565
2015	90	607	3,590	14,608	18,895
2016	-	44	1,576	5,795	7,415
2017	-	-	904	-	904
Thereafter	-	-	5,401	-	5,401
	\$ 328,353	1,656	25,162	47,841	403,012

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 totalling \$6.1 million at March 31, 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 March 31, 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 March 31, 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 March 31, 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 March 31, 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 three months ended March 31, 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 Cyclicalities

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.



Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2013

Notice required under National Instrument 51-102, "Continuous Disclosure Obligations" Part 4.3 (3) (a).

The attached condensed consolidated interim financial statements have been prepared by management of Bird Construction Inc. and have not been reviewed by the Company's independent external auditors.

BIRD CONSTRUCTION INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(in thousands of Canadian dollars)
(unaudited)

	Note	March 31, 2013	December 31, 2012
ASSETS			
Current assets:			
Cash	9 and 21	\$ 111,963	\$ 151,836
Bankers' acceptances and short-term deposits	9 and 21	29,136	31,243
Preferred share investments		16,330	15,956
Accounts receivable	6	373,870	403,013
Costs and estimated earnings in excess of billings		6,798	8,764
Inventory		3,486	3,389
Prepaid expenses and other assets		2,179	1,908
Income taxes recoverable		7,761	2,329
Total current assets		<u>551,523</u>	<u>618,438</u>
Non-current assets:			
Property and equipment	7	57,049	53,503
Deferred income tax asset	11	7,281	7,999
Intangible assets	8	15,035	14,762
Goodwill	8	30,540	23,445
Total non-current assets		<u>109,905</u>	<u>99,709</u>
TOTAL ASSETS		<u>\$ 661,428</u>	<u>\$ 718,147</u>
LIABILITIES			
Current liabilities:			
Accounts payable		\$ 327,330	\$ 369,037
Deferred contract revenue		49,913	53,416
Dividends payable to shareholders		2,691	2,529
Income taxes payable		5,212	12,862
Current portion of loans and borrowings	10	14,030	13,957
Provisions	15	9,818	9,875
Other liabilities	12	2,269	2,335
Total current liabilities		<u>411,263</u>	<u>464,011</u>
Non-current liabilities:			
Loans and borrowings	10	31,707	34,217
Deferred income tax liability	11	19,688	22,480
Other liabilities	12	7,330	5,874
Total non-current liabilities		<u>58,725</u>	<u>62,571</u>
SHAREHOLDERS' EQUITY			
Shareholders' capital	13	42,527	37,527
Contributed surplus		1,073	836
Retained earnings		147,840	153,202
Total shareholders' equity		<u>191,440</u>	<u>191,565</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>\$ 661,428</u>	<u>\$ 718,147</u>

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

BIRD CONSTRUCTION INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(in thousands of Canadian dollars, except per share amounts)
(unaudited)

	Note	For the three months ended March 31,	
		2013	2012
Construction revenue		\$ 288,464	\$ 294,654
Costs of construction		<u>270,876</u>	<u>272,722</u>
Gross profit		<u>17,588</u>	<u>21,932</u>
General and administrative expenses		<u>14,674</u>	<u>13,376</u>
Income from operations		2,914	8,556
Finance income	16	1,373	949
Finance costs	17	<u>(933)</u>	<u>(782)</u>
Income before income taxes		3,354	8,723
Income tax expense	11	<u>923</u>	<u>2,288</u>
Net income and comprehensive income for the period		<u>\$ 2,431</u>	<u>\$ 6,435</u>
Basic and diluted earnings per share	14	<u>\$ 0.06</u>	<u>\$ 0.15</u>

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

BIRD CONSTRUCTION INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands of Canadian dollars, except per share amounts)
(unaudited)

	Note	Shareholders' Capital	Contributed surplus	Retained earnings	Total Equity
Balance at December 31, 2011		\$ 37,527	\$ -	\$ 124,886	\$ 162,413
<i>Contributions by and dividends to owners</i>					
Stock-based compensation expense	13	-	46	-	46
Dividends declared to shareholders		-	-	(7,166)	(7,166)
Net income and comprehensive income for the period		-	-	6,435	6,435
Balance at March 31, 2012		<u>\$ 37,527</u>	<u>\$ 46</u>	<u>\$ 124,155</u>	<u>\$ 161,728</u>
Dividends per share declared during the three month period ended March 31, 2012				\$0.170	
Balance at December 31, 2012		\$ 37,527	\$ 836	\$ 153,202	\$ 191,565
Shares issued pursuant to acquisition of Nason Contracting Group Ltd.	5	5,000			5,000
<i>Contributions by and dividends to owners</i>					
Stock-based compensation expense	13	-	237	-	237
Dividends declared to shareholders		-	-	(7,793)	(7,793)
Net income and comprehensive income for the period		-	-	2,431	2,431
Balance at March 31, 2013		<u>\$ 42,527</u>	<u>\$ 1,073</u>	<u>\$ 147,840</u>	<u>\$ 191,440</u>
Dividends per share declared during the three month period ended March 31, 2013				\$0.184	

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

BIRD CONSTRUCTION INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of Canadian dollars)
(unaudited)

	Note	For the three months ended March 31,	
		2013	2012
Cash flows from operating activities:			
Net income and comprehensive income for the period		\$ 2,431	\$ 6,435
Items not involving cash:			
Amortization		1,071	1,236
Depreciation		3,401	3,909
Gain on sale of property and equipment		(6)	(2)
Finance income	16	(1,373)	(949)
Finance costs	17	933	782
Deferred compensation plan expense		744	2,010
Income tax expense	11	923	2,288
Stock-based compensation expense	13	237	46
Cash flows from operations before changes in non-cash working capital		<u>8,361</u>	<u>15,755</u>
Changes in non-cash working capital relating to operating activities	21	(12,905)	(26,501)
Dividends and interest received		566	486
Interest paid		(306)	(252)
Income taxes paid		(15,982)	(4,187)
Cash flows used in operating activities		<u>(20,266)</u>	<u>(14,699)</u>
Cash flows from (used in) investing activities:			
Acquisition of Nason Contracting Group Ltd.	5	(5,550)	-
Additions to property and equipment		(6,301)	(5,335)
Additions to intangible assets		(444)	(40)
Proceeds on sale of property and equipment		758	119
Proceeds from disposal of investments		-	750
Cash flows used in investing activities		<u>(11,537)</u>	<u>(4,506)</u>
Cash flows from (used in) financing activities:			
Dividends paid on shares		(7,631)	(6,955)
Proceeds from loans and borrowings		-	2,512
Repayment of loans and borrowings		(2,546)	(1,585)
Cash flows used in financing activities		<u>(10,177)</u>	<u>(6,028)</u>
Net decrease in cash and cash equivalents during the period		(41,980)	(25,233)
Cash and cash equivalents, beginning of the period		<u>183,079</u>	<u>173,402</u>
Cash and cash equivalents, end of the period	21	<u>\$ 141,099</u>	<u>\$ 148,169</u>

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

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

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 5700 Explorer Drive, Suite 400, Mississauga, Ontario, Canada.

The Company, through its subsidiaries and interests in joint arrangements carries on business as a general contractor with offices in St. John's, Wabush, Halifax, Saint John, Montreal, Toronto, Winnipeg, Calgary, Edmonton, St. Albert and Vancouver. 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 unaudited condensed consolidated interim financial statements were authorized for issue on May 13, 2013 by the Company's Board of Directors.

(b) Statement of compliance:

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*.

(c) Changes in accounting policies:

The unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements. These 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 Company adopted IFRS 10 *Consolidated financial statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of interests in other entities* and IFRS 13 *Fair value measurement*. IFRS 10, IFRS 11 and IFRS 12 replace parts of IAS 27 *Consolidated and separate financial statements* and IAS 28 *Investments in associates and joint ventures* and relate to the accounting and disclosure for interests in other entities. IFRS 13 provides guidance on how to measure assets and liabilities at fair value as well as the disclosure required with respect to management's assumptions. The adoption of these new standards did not have a material impact on the methods of computation or presentation of the Company's consolidated financial statements.

The determination as to whether a joint arrangement is a joint venture or a joint operation requires significant judgment based on the structure of the arrangement, the legal form of any separate vehicle, the contractual terms of the arrangement and other facts and circumstances. Management completed an analysis of all of the Company's current joint arrangements to determine the appropriate accounting treatment under IFRS 11 and to assess whether there would be any changes required to the Company's previous accounting policy of using proportionate consolidation for jointly controlled entities. Based on the analysis, management concluded that all of the current joint arrangements are joint operations under IFRS 11 and, accordingly, the Company has continued to record its interest in the assets, liabilities, revenues and expenses of the joint operations in the consolidated financial statements.

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

(d) Basis of measurement:

These unaudited condensed consolidated interim 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.

(e) 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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, 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. In addition, there may be disputes or claims regarding additional amounts owing as a result of changes in contract scope, delays, additional work or changed conditions. Construction work related to a change order or claim may proceed, and costs may be incurred, in advance of final determination of the value of the change order. Revenue on change orders and claims is recognized by the Company to the extent that management estimates that realization is probable and amounts can be reliably measured. As many change orders and claims are settled at the end of the construction project, significant increases or decreases in revenue and income may arise during any particular accounting period.

Provisions involve the use of estimates, as determined by management. Estimates 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.

Impairment testing is performed annually for indefinite-lived intangible assets and goodwill resulting from business combinations, by comparing the recoverable amount of the cash generating unit ("CGU"), or groups of CGUs to its carrying amount. The recoverable amounts of the CGU has been determined based on a value in use calculation. There is a significant amount of uncertainty with respect to the estimates of recoverable amounts of the CGUs' assets given the necessity of making key economic projections which employ the following key assumptions: future cash flows, growth opportunities, including economic risk assumptions and estimates of achieving key operating metrics and drivers; and the discount rate.

Information about significant judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the significant

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

accounting policies note related to revenue recognition (note 3 (b)), joint arrangements (note 3 (q)), and the classification of leases (note 3 (t)).

3. Summary of significant accounting policies

The significant accounting principles used in these consolidated financial statements are as follows:

(a) Consolidation:

The unaudited condensed consolidated interim 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 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.

(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, established by surveys of work performed. 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 cannot 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 and claims is recognized to the extent that management estimates that realization is probable and amounts can be measured reliably. 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.

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

(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 costs 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 general and administrative expenses 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. 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

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

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 earnings per share calculation is based on the net income available to common shareholders for the period divided by the weighted average number of common shares outstanding for the period. Diluted earnings per share is calculated by dividing the net income available to common shareholders for the period by the weighted average number of common shares outstanding for the period, adjusted for the effects of all dilutive potential common shares, which comprise stock options granted to employees.

(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) Stock option plan:

The Company's Stock Option Plan, as described in note 13, is a share-based payment plan which provides for the granting of stock options. The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in contributed surplus, on a straight-line basis over the vesting period. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

(k) Deferred share unit plan:

The Company has a Deferred Share Unit Plan ("DSU Plan"), which is a cash-settled share-based payment plan providing for the granting of phantom shares. The fair value of the amount payable to eligible Directors in respect of Deferred Share Units ("DSUs"), is equivalent to the cash value of the common shares at the reporting date. The phantom shares earn notional dividends, equivalent to actual dividends declared on the Company's shares. DSUs are cash settled when the eligible Director ceases to hold any position within the Company. The liability associated with the DSU Plan is recalculated at each reporting date and at settlement. Any change in the fair value of the liability is recognized as an expense in general and administrative expenses.

(l) 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

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

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 preferred share investments. The fair value of preferred share investments are based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Transaction 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 cash and cash equivalents and accounts receivable.

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.

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 other 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.

(m) Goodwill:

Goodwill that arises on the acquisition of subsidiaries is presented separately on the balance sheet. For the measurement of goodwill at initial recognition refer to note 3(s). Subsequently, goodwill is measured at cost less any accumulated impairment losses.

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

(n) 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. Amortization of intangible assets is included in general and administrative expenses in the statements of income and comprehensive income.

(o) 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 cash 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.

(p) 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 there is an indicator of impairment and 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").

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

Intangible assets and goodwill

Intangible assets and goodwill resulting from business combinations are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite lived intangible assets are tested annually for impairment. 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.

(q) Joint arrangements:

A joint arrangement is an arrangement in which the Company has joint control, established by contractual agreements requiring unanimous consent for decisions about activities that significantly affect the arrangement's returns. Joint arrangements are classified as either a joint operation or a joint venture. A joint operation is an arrangement where the joint controlling parties have direct rights to the assets and obligations in respect of the liabilities of the arrangement in the normal course of business. Interests in a joint operation are accounted for by recognizing the Company's share of assets, liabilities, revenues and expenses. A joint venture is an arrangement where the joint controlling parties have rights to the net assets of the arrangement. Interests in a joint venture are recognized as an investment and accounted for using the equity method. The determination as to whether a joint arrangement is a joint venture or a joint operation requires significant judgment based on the structure of the arrangement, the legal form of any separate vehicle, the contractual terms of the arrangement and other facts and circumstances. The joint arrangements in which Bird participates are typically formed to undertake a specific construction project, are jointly controlled by the parties and are dissolved upon completion of the project.

(r) Finance income and finance costs:

Finance income comprises interest earned on cash and cash equivalents, 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 accretion on holdbacks payable, accretion of the contingent consideration and interest on loans and borrowings using the effective interest rate method.

(s) Business combinations:

The Company uses the acquisition method of accounting for business combinations. The consideration transferred 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. If the fair value of the consideration transferred is less than the fair value of the net identifiable assets acquired, such as in the case of a bargain purchase, the difference is recognized directly in profit or loss.

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

(t) 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 finance costs 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. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

4. Future accounting changes

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2013, 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. The extent of the impact of adoption of IFRS 9 (2010) has not yet been determined.

5. Acquisition of Nason

On January 17, 2013, the Company acquired 100% of the outstanding shares of Nason Contracting Group Ltd. ("Nason"). The cost of the acquisition was \$12,428, which includes estimated post-closing adjustments, plus the fair value of the obligation for the contingent consideration. The purchase price was comprised of \$7,847 cash, \$5,000 of common shares from treasury, estimated contingent consideration of \$741 for future earn-out payments and a post-closing purchase price adjustment of (\$1,160). 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.

Nason is a recognized leader in the construction of water and wastewater facilities in western Canada. Nason operates throughout Alberta, British Columbia, Saskatchewan, Yukon and Northwest Territories. Nason performs the majority of its work with its own forces and has particular strength in the execution of mechanical, electrical and instrumentation works. Nason's expertise in mechanical, electrical and instrumentation aspects of water and wastewater projects in remote locations will complement Bird's general contracting and civil construction knowledge. This synergy will provide further growth opportunities for the Company.

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

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

	<u>Fair value recognized</u>
Identifiable assets acquired and liabilities assumed	
Cash	\$ 2,297
Accounts receivable	3,136
Income taxes receivable	557
Prepaid expenses	104
Property and equipment	1,310
Intangibles - Backlog	900
Accounts payable and other liabilities	(1,898)
Deferred contract revenue	(613)
Deferred income tax liability	<u>(460)</u>
Net identifiable assets	5,333
Goodwill	<u>7,095</u>
	\$ <u>12,428</u>
Consideration	Note
Cash consideration	\$ 7,847
Post-closing adjustment receivable	(1,160)
Shares issued	13 5,000
Estimated contingent consideration	<u>741</u>
Total Consideration	\$ 12,428
Cash and cash equivalents acquired	\$ (2,297)
Post-closing adjustment receivable	1,160
Shares issued	13 (5,000)
Estimated contingent consideration	<u>(741)</u>
Cash outflow on acquisition	\$ <u>5,550</u>
Acquisition costs expensed	\$ 485

The Purchase Agreement includes a provision for a post-closing purchase price adjustment for the difference, if any, between the actual shareholders' equity of Nason at close and the target level established in the Purchase Agreement. The post-closing purchase price adjustment is estimated at (\$1,160), which serves to reduce the overall share purchase price. This amount is recoverable from the vendors and is included in Accounts Receivable - Other at March 31, 2013.

The Purchase Agreement includes a provision recognizing the possibility for an additional payment to the vendors of Nason on the third anniversary date of the closing of the acquisition, should the cumulative net

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

income of Nason in the next three years exceed a net income threshold. On the third anniversary date, the net cumulative balance owing, if any, will be paid in cash to the vendors. Interest at 4% per annum will be applied to the outstanding cumulative amount owing and will be 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. The initial range of possible outcomes on an undiscounted basis is between nil and \$1,281. The amount for the contingent consideration may be adjusted as the net income of Nason 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 period. At the acquisition date, the fair value of contingent consideration was estimated at \$741.

The fair value of the trade receivables amounts to \$3,136. The gross amount of trade receivables is \$3,195, of which \$59 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.

From the date of acquisition on January 17, 2013, Nason has contributed \$3,517 of revenue and a net loss of \$317 to the Company. If the acquisition had occurred on January 1, 2013, management estimates that the consolidated revenue for the Company and consolidated net income would not be materially different. 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, 2013.

The fair values of the net identifiable assets were determined provisionally at March 31, 2013. The fair values of the net identifiable assets will continue to be reviewed and may be adjusted during the one-year measurement period to reflect any new information obtained about facts and circumstances that existed as of the acquisition date.

6. Accounts receivable

	March 31, 2013	December 31, 2012
Progress billings on construction contracts	\$ 265,686	\$ 300,250
Holdbacks receivable (due within one operating cycle)	102,226	100,227
Other	5,958	2,536
	\$ 373,870	\$ 403,013

Accounts receivable are reported net of an allowance for doubtful accounts of \$1,111 as at March 31, 2013 (\$1,111 - December 31, 2012).

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.

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

7. Property and equipment

March 31, 2013						
	Land	Buildings	Leasehold improvements	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost	\$ 177	8,653	2,500	74,252	2,145	\$ 87,727
Accumulated depreciation	-	(1,512)	(1,849)	(26,067)	(1,250)	(30,678)
Balance March 31, 2013	\$ 177	7,141	651	48,185	895	\$ 57,049

December 31, 2012						
	Land	Buildings	Leasehold improvements	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost						
Balance January 1, 2012	\$ 177	8,326	3,062	46,146	1,991	\$ 59,702
Additions	-	574	484	23,152	172	24,382
Additions under finance leases	-	-	-	1,472	-	1,472
Disposals	-	(247)	(932)	(1,801)	(247)	(3,227)
Balance December 31, 2012	\$ 177	8,653	2,614	68,969	1,916	\$ 82,329
Accumulated depreciation						
Balance January 1, 2012	\$ -	802	2,013	10,734	1,265	\$ 14,814
Disposals	-	(110)	(819)	(1,188)	(240)	(2,357)
Depreciation expense	-	662	541	14,980	186	16,369
Balance December 31, 2012	\$ -	1,354	1,735	24,526	1,211	\$ 28,826
Net book value	\$ 177	7,299	879	44,443	705	\$ 53,503

There were no events or circumstances requiring an impairment loss to be recognized in the period ending March 31, 2013.

The carrying value of equipment, trucks and automotive held under finance leases at March 31, 2013 is \$1,667 (December 31, 2012 - \$1,582).

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

8. Intangible assets and goodwill

	March 31, 2013						
	Backlog	Non-competition agreements	Customer relationships	Trade names	Computer software	Total Intangible assets	Goodwill
Cost	\$ 6,892	900	10,323	4,173	4,236	\$ 26,524	\$ 30,540
Accumulated amortization	(5,493)	(900)	(3,572)	-	(1,524)	(11,489)	-
Balance March 31, 2013	<u>\$ 1,399</u>	<u>-</u>	<u>6,751</u>	<u>4,173</u>	<u>2,712</u>	<u>\$ 15,035</u>	<u>\$ 30,540</u>
	December 31, 2012						
	Backlog	Non-competition agreements	Customer relationships	Trade names	Computer software	Total Intangible assets	Goodwill
Cost							
Balance January 1, 2012	\$ 5,992	900	10,323	4,173	2,531	\$ 23,919	\$ 23,445
Additions	-	-	-	-	1,261	1,261	-
Balance December 31, 2012	<u>\$ 5,992</u>	<u>900</u>	<u>10,323</u>	<u>4,173</u>	<u>3,792</u>	<u>\$ 25,180</u>	<u>\$ 23,445</u>
Accumulated amortization							
Balance January 1, 2012	\$ 1,736	705	1,841	-	665	\$ 4,947	\$ -
Amortization expense	3,195	180	1,436	-	660	5,471	-
Balance December 31, 2012	<u>\$ 4,931</u>	<u>885</u>	<u>3,277</u>	<u>-</u>	<u>1,325</u>	<u>\$ 10,418</u>	<u>\$ -</u>
Net book value	<u>\$ 1,061</u>	<u>15</u>	<u>7,046</u>	<u>4,173</u>	<u>2,467</u>	<u>\$ 14,762</u>	<u>\$ 23,445</u>

Goodwill consists of \$9,294 related to the acquisition of Rideau Construction in 2008, \$14,151 related to the acquisition of H.J. O'Connell, Limited ("O'Connell") and \$7,095 related to the recent acquisition of Nason (see note 5). There were no events or circumstances requiring an impairment loss to be recognized in the period ending March 31, 2013.

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

9. Operating lines of credit

Letters of credit facilities:

The Company has authorized operating lines of credit totalling \$131,500 with two Canadian chartered banks, maintained for the primary purpose of issuing letters of credit. At March 31, 2013, the lines were drawn for outstanding letters of credit of \$31,823 (December 31, 2012 - \$31,561).

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

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 March 31, 2013 of \$40,660 (December 31, 2012 - \$40,215).

	Expiry date			March 31, 2013	December 31, 2012
	2013	2014 to 2016	2017 and greater		
Letters of credit	\$ 14,597	17,226	-	\$ 31,823	\$ 31,561

Committed revolving credit facility:

A subsidiary of the Company has a committed revolving credit facility of \$20,000, to be used to finance normal course operations of the subsidiary. As at March 31, 2013, 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. The facility expires on May 31, 2015.

Committed revolving credit facility:

The Company has a \$30,000, unsecured revolving credit facility. The facility matures on September 28, 2017. As at March 31, 2013, 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 \$42,500 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).

10. Loans and borrowings

	Maturity	Interest rate		March 31, 2013	December 31, 2012
Term Facility 1 (a)	October 1, 2016	Fixed	3.57%	\$ 7,411	\$ 7,906
Term Facility 2 (a)	October 1, 2016	Variable	3.27%	7,220	7,736
Term Facility 3 (b)	September 30, 2016	Fixed	4.24%	3,616	3,776
Term Facility 4 (b)	September 30, 2016	Variable	4.13%	2,731	3,068
Term Facility 5 (c)	June 15, 2016	Fixed	3.27%	9,268	9,941
Vendor take-back notes (d)	August 31, 2015	Fixed	5.00%	11,250	11,250
Committed Term Facility (e)	April 26, 2016	Fixed	3.90%	2,951	3,203
				44,447	46,880
Finance lease liabilities (f)				1,555	1,580
Transaction costs, net of amortization of \$139				(265)	(286)
				45,737	48,174
Less: current portion of long-term debt				13,574	13,526
Less: current portion of finance lease liabilities				456	431
Current portion of loans and borrowings				14,030	13,957
Non-current portion of loans and borrowings				\$ 31,707	\$ 34,217

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

(a) Term Facilities 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. 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 60 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 specific equipment of a subsidiary of the Company.

(b) Term Facilities 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. 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 60 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 specific equipment of a subsidiary of the Company.

(c) Term Facility 5:

On June 15, 2012, a subsidiary of the Company obtained a four-year secured term facility which was used to finance equipment purchases. The facility matures on June 15, 2016. Term Facility 5 was for an initial principal amount of \$11,270 and bears interest at a fixed rate of 3.27%. The principal of Term Facility 5, together with interest, is to be paid in 48 blended equal instalments in the amount of \$251, which are payable monthly. The facility is secured by specific equipment of a subsidiary of the Company.

(d) 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.

(e) Committed term facility:

A subsidiary of the Company has a committed term credit facility of up to \$20,000 to be used to finance equipment purchases of the subsidiary. The subsidiary has drawn on the facility and the outstanding balance at March 31, 2013 is \$2,951. Principal repayments in the amount of \$84 are payable monthly. Interest is paid monthly in arrears. 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. Draws under this facility are permitted until May 31, 2015.

(f) Finance lease liabilities:

Finance leases relate to automotive equipment and mature between September 2014 and January 2016, 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.

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

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

Within 1 year	\$ 13,574
Year 2	13,780
Year 3	13,616
Year 4	<u>3,477</u>
	<u>\$ 44,447</u>

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

	March 31, 2013
Within one year	\$ 516
After one year but not more than five years	1,140
More than five years	-
Total minimum lease payments	<u>1,656</u>
Less amounts representing interest	<u>101</u>
Present value of minimum lease payments	1,555
Less: current portion of finance lease liabilities	<u>456</u>
Non-current portion	<u>\$ 1,099</u>

11. Income taxes

	Three months ended March 31, 2013	Three months ended March 31, 2012
Provision for income taxes		
Income tax expense (recovery) is comprised of:		
Current income taxes	\$ 3,457	\$ (37)
Deferred income taxes	<u>(2,534)</u>	<u>2,325</u>
	<u>\$ 923</u>	<u>\$ 2,288</u>
Income tax rate reconciliation		
Combined federal and provincial income tax rate	26.8%	26.3%
Increases (reductions) applicable to:		
Non-deductible adjustments	1.2	-
Future rate changes	-	0.1
Dividend income	(1.4)	(0.5)
Other	<u>0.9</u>	<u>0.3</u>
Effective rate	<u>27.5%</u>	<u>26.2%</u>

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

Composition of deferred income tax assets and liabilities

	March 31, 2013	December 31, 2012
Provisions and accruals	\$ 3,776	3,570
Timing of recognition of construction profits	(11,059)	(13,459)
Property and equipment	(3,170)	(2,169)
Intangible assets	(4,286)	(4,275)
Other	115	81
Tax loss carry forward	2,217	1,771
	<u>\$ (12,407)</u>	<u>(14,481)</u>
Balance sheet presentation		
Deferred income tax asset	7,281	7,999
Deferred income tax liability	(19,688)	(22,480)
	<u>\$ (12,407)</u>	<u>(14,481)</u>

The Company's statutory tax rate is the combined federal and provincial tax rates in the jurisdictions in which the Company operates.

Movement in temporary differences for the year ended December 31, 2012

	Balance December 31, 2011	Recognized in profit or loss	Balance December 31, 2012
Provisions and accruals	\$ 4,157	(587)	\$ 3,570
Timing of recognition of construction profits	(6,576)	(6,883)	(13,459)
Property and equipment	(4,352)	2,183	(2,169)
Intangible assets	(4,974)	699	(4,275)
Other	(192)	273	81
Tax loss carryforward	1,580	191	1,771
	<u>\$ (10,357)</u>	<u>(4,124)</u>	<u>\$ (14,481)</u>

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

12. Other liabilities

	March 31, 2013	December 31, 2012
Estimated contingent consideration	\$ 4,644	\$ 3,724
MTIP liability	4,898	4,485
DSU liability	57	-
	<u>9,599</u>	<u>8,209</u>
Less: current portion - MTIP	<u>2,269</u>	<u>2,335</u>
Non-current portion	<u>\$ 7,330</u>	<u>\$ 5,874</u>

As at March 31, 2013, a total of 672,618 unvested phantom shares of the MTIP are outstanding and valued at \$8,912, of which \$4,898 has been recognized to date in the accounts of the Company.

13. Shareholders' capital

The Company is authorized to issue an unlimited number of common shares and has issued an outstanding 42,516,853 common shares as of March 31, 2013. 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. During the quarter, the Company issued 363,007 common shares from treasury, valued at \$5,000, as part of the acquisition of Nason (see Note 5).

	Number of shares	Amount
Balance, December 31, 2012	42,153,846	\$ 37,527
Issued pursuant to acquisition of Nason	363,007	5,000
Balance, March 31, 2013	<u>42,516,853</u>	<u>\$ 42,527</u>

Stock options:

The Company has a Stock Option Plan that provides all option holders the right to receive common shares in exchange for the options exercised. The Board of Directors, in their sole discretion, selects 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.

Details of changes in the balance of stock options outstanding are as follows:

	Number of share options outstanding	Weighted average exercise price
Outstanding at December 31, 2012	625,000	\$ 13.98
Granted during the period	-	\$ -
Outstanding at March 31, 2013	<u>625,000</u>	<u>\$ 13.98</u>

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

The following table summarizes information about stock options outstanding and exercisable as at March 31, 2013:

Number of stock options issued and outstanding	Number of stock options exercisable	Exercise price	Weighted average fair value of the option	Expiry Date	Remaining contractual life (years)
625,000	156,250	\$ 13.98	\$ 3.25	March 15, 2019	5.9

The expense recognized during the three month period ended March 31, 2013 for stock-based compensation is \$237 (March 31, 2012 - \$46).

14. Earnings per share

Details of the calculation of earnings per share are as follows:

	Three months ended March 31, 2013	Three months ended March 31, 2012
Profit attributable to shareholders (basic and diluted)	\$ 2,431	\$ 6,435
Average number of common shares outstanding	42,452,318	42,153,846
Effect of stock options on issue	-	-
Weighted average number of common shares (diluted)	42,452,318	42,153,846
Basic earnings per share	\$ 0.06	\$ 0.15
Diluted earnings per share	\$ 0.06	\$ 0.15

At March 31, 2013 and March 31, 2012, 625,000 options were excluded from the diluted weighted average number of common share calculation as their effect would have been anti-dilutive.

15. Provisions

	March 31, 2013	December 31, 2012
Warranty Claims	\$ 7,449	\$ 6,895
Legal Claims	2,369	2,980
	\$ 9,818	\$ 9,875

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	Warranty Claims	Legal	Total
	<u> </u>	<u> </u>	<u> </u>
Balance January 1, 2012	\$ 3,792	4,055	\$ 7,847
Provisions made during the year	5,934	3,219	9,153
Provisions used during the year	(1,225)	(1,016)	(2,241)
Provisions reversed during the year	<u>(1,606)</u>	<u>(3,278)</u>	<u>(4,884)</u>
Balance December 31, 2012	<u>\$ 6,895</u>	<u>2,980</u>	<u>\$ 9,875</u>

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

	Three months ended March 31, 2013	Three months ended March 31, 2012
	<u> </u>	<u> </u>
Interest and dividend income	\$ 605	\$ 573
Interest income relating to accretion on holdbacks receivables	394	335
Realized loss on investments	-	(1)
Unrealized gain on investments	<u>374</u>	<u>42</u>
	<u>\$ 1,373</u>	<u>\$ 949</u>

17. Finance costs

	Three months ended March 31, 2013	Three months ended March 31, 2012
	<u> </u>	<u> </u>
Interest on long-term debt	\$ 472	\$ 458
Accretion of accounts payable and other liabilities	<u>461</u>	<u>324</u>
	<u>\$ 933</u>	<u>\$ 782</u>

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

18. Leases

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

	Maturities			Total
	Within 2013	From 2014 to 2017	Beyond 2017	
Operating leases	\$ 6,739	13,022	5,401	\$ 25,162

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 March 31, 2013 totalled \$6,099 (December 31, 2012 - \$5,440).

(b) Contingencies:

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.

	December 31, 2012					Total
	Base Salary	MTIP	Stock-based compensation	Annual Profit Sharing	Other Taxable Benefits	
Executive & Directors	\$ 2,987	2,945	448	5,501	179	\$ 12,060

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

The Executive comprises the following positions:

- President & Chief Executive Officer
- Chief Financial Officer and Assistant Secretary
- Vice Chair
- Senior Vice President(s)
- Vice President Operations Pacific & District Manager
- Vice President & District Manager
- Vice President Finance
- Vice President Risk Management and General Counsel
- Vice President National Strategic Development
- Vice President Human Resources

21. Other cash flow information

	Three months ended March 31, 2013	Three months ended March 31, 2012
Changes in non-cash working capital		
Accounts receivable	\$ 33,872	\$ (17,635)
Costs and estimated earnings in excess of billings	1,966	(7,608)
Prepaid expenses and other assets	(167)	(32)
Inventory	(97)	250
Accounts payable	(44,033)	(1,785)
Deferred contract revenue	(4,116)	753
Provisions	(57)	(444)
Medium term incentive plan	(273)	-
	\$ (12,905)	(26,501)
 Cash and cash equivalents		
Cash	\$ 111,963	\$ 125,239
Bankers' acceptances and short-term deposits	29,136	28,129
Bank indebtedness	-	(5,199)
	\$ 141,099	\$ 148,169

Bankers' acceptances and short-term deposits include cash that was deposited as collateral for letters of credit issued by the Company. As such, these amounts are not available for general operating purposes.

22. Financial instruments

The Company's preferred share investments and contingent consideration have been classified as fair value through profit and loss. The Company's cash, bankers' acceptances, short-term deposits, bank overdraft, if any, and accounts receivable are classified as loans and receivables. The Company's accounts payable, dividends payable to shareholders and long-term debt have been classified as other financial liabilities.

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

The basis of the determination of the fair value of the Company's financial instruments is more fully described in note 3(l).

A. Classification and fair value of financial instruments:

	<u>March 31, 2013</u>	<u>December 31, 2012</u>
Financial Instruments at Fair Value through profit or loss		
Preferred Share Investments	\$ 16,330	\$ 15,956
Contingent consideration	<u>(4,644)</u>	<u>(3,724)</u>
	11,686	12,232
Loans and Receivables and Other Financial Liabilities		
Loans and Receivables		
Cash	\$ 111,963	\$ 151,836
Bankers' acceptances and short-term deposits	29,136	31,243
Accounts receivable	<u>373,870</u>	<u>403,013</u>
	\$ 514,969	\$ 586,092
Other Financial Liabilities		
Accounts payable	(327,330)	(369,037)
Dividends payable to shareholders	(2,691)	(2,529)
Loans and borrowings	<u>(45,737)</u>	<u>(48,174)</u>
	<u>(375,758)</u>	<u>(419,740)</u>
Total Financial Instruments	<u>\$ 150,897</u>	<u>\$ 178,584</u>

The following table presents information about the Company's financial instruments measured at fair value as at March 31, 2013 and December 31, 2012, 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.

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
March 31, 2013				
Preferred shares	16,330	-	-	16,330
Total Financial Assets through profit and loss	\$ 16,330	\$ -	\$ -	\$ 16,330
Contingent consideration	-	-	(4,644)	(4,644)
Total Financial Liabilities through profit and loss	\$ -	\$ -	\$ (4,644)	\$ (4,644)
December 31, 2012				
Preferred shares	15,956	-	-	15,956
Total Financial Assets through profit and loss	\$ 15,956	\$ -	\$ -	\$ 15,956
Contingent consideration	-	-	(3,724)	(3,724)
Total Financial Liabilities through profit and loss	\$ -	\$ -	\$ (3,724)	\$ (3,724)

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 and short-term deposits are subject to minimal credit risk as they are placed with only major Canadian financial institutions. 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.

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

Accounts receivable outstanding for greater than 90 days and considered past due by the Company's management, represent 7.5% (December 31, 2012 - 5.1%) of the balance of progress billings on construction contracts receivable at March 31, 2013. Management has recorded an allowance of \$1,111 (December 31, 2012 - \$1,111) against these past due receivables, net of amounts recoverable from others.

	Amounts past due			
	Up to 12 months	Over 12 months	March 31, 2013	December 31, 2012
Trade receivables	\$ 14,668	\$ 4,928	\$ 19,596	\$ 14,859
Impairment	-	(1,111)	(1,111)	(1,111)
Total Trade receivables	\$ 14,668	\$ 3,817	\$ 18,485	\$ 13,748

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

	March 31, 2013	December 31, 2012
Balance, beginning of period	\$ 1,111	\$ 997
Impairment loss recognized	-	155
Amounts written off	-	(41)
	\$ 1,111	\$ 1,111

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.

The Company has working capital of \$140,260 which is available to support surety requirements related to construction projects. As a component of working capital, the Company maintains significant balances of cash and cash equivalents and investments in liquid securities. These investments, less \$40,660 hypothecated to support outstanding letters of credit, are available to meet the financial obligations of the Company as they come due.

The Company has committed lines of credit totalling \$50,000 available to finance operations and \$20,000 available to finance equipment purchases. Draws on these lines, together, at March 31, 2013 totalled \$2,951. In addition, the Company has a line of credit totalling \$131,500 available for issuing letters of credit for which \$31,823 was drawn at March 31, 2013. Additional draws on this line require hypothecation of additional securities or cash deposits. 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 10. As disclosed in note 12, payments required pursuant to the Company's Medium Term Incentive Plan granted in 2010, 2011 and 2012 are due on the vesting dates of November 2013, November 2014 and November 2015, respectively, or upon retirement, if earlier. Payments pursuant to the Company's DSU Plan are cash settled when the eligible Director ceases to hold any position within the Company.

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

iii. Market risk:

Market risk is the risk that changes in market prices, such as interest rates and equity prices, 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 March 31, 2013, the interest rate profile of the Company's long-term debt was as follows:

Fixed-rate facilities	\$	34,496
Variable-rate facilities		<u>9,951</u>
Total long-term debt	\$	<u>44,447</u>

As at March 31, 2013, 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 \$99.

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 March 31, 2013, a one percent change in the market price of the investments will change income before income taxes by approximately \$163 (December 31, 2012 - \$159).

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 include 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

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

capital to support surety and contract security requirements, including issuing letters of credit relating 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 March 31, 2013 and December 31, 2012 are as follows:

	March 31, 2013	December 31, 2012
Shareholders' equity	\$ 191,440	\$ 191,565
Working capital	\$ 140,260	\$ 154,427
Loans and borrowings	\$ 45,737	\$ 48,174

24. Dividends declared with a record date subsequent to the balance sheet date

The Board of Directors has declared dividends for the months of April 2013, May 2013, June 2013, July 2013, and August 2013 as follows:

- i. the April dividend of \$0.0633 per share will be paid May 20, 2013 to the Shareholders of record as of the close of business on April 30, 2013.
- ii. the May dividend of \$0.0633 per share will be paid June 20, 2013 to the Shareholders of record as of the close of business on May 31, 2013.
- iii. the June dividend of \$0.0633 per share will be paid July 19, 2013 to the Shareholders of record as of the close of business on June 28, 2013.
- iv. the July dividend of \$0.0633 per share will be paid August 20, 2013 to the Shareholders of record as of the close of business on July 31, 2013.
- v. the August dividend of \$0.0633 per share will be paid September 20, 2013 to the Shareholders of record as of the close of business on August 30, 2013.

These dividends were not recorded in the consolidated financial statements for the period ended March 31, 2013.

BIRD CONSTRUCTION INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2013
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

25. Personnel costs

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

	Three months ended March 31, 2013	Three months ended March 31, 2012
	<u> </u>	<u> </u>
Wages, salaries and profit sharing	\$ 39,874	\$ 44,653
Benefits	8,580	10,407
MTIP	687	2,010
Stock-based compensation	<u>237</u>	<u>46</u>
Total	<u>\$ 49,378</u>	<u>\$ 57,116</u>