BIRD CONSTRUCTION INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015

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, 2014 consolidated financial statements of Bird Construction Inc. 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, 2015. This MD&A has been prepared as of November 10, 2015. 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.

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EXECUTIVE SUMMARY

(thousands of dollars, except per share amounts)	For the nine months ended September 30, 2015	2014
Income Statement Data		
Revenue	$ **1,031,363**	$ 973,891
Net income (1)	**9,926**	23,355
Basic and diluted earnings per share	**0.23**	0.55
Adjusted Net income (3)		
Adjusted Net income	**30,246**	23,355
Adjusted Net income per share	**0.71**	0.55
Cash Flow Data		
Cash flows from operations before changes in non-cash working capital	**53,598**	43,680
Cash flows from operations	**35,145**	2,324
Additions to property and equipment (2)	**(5,111)**	(13,866)
Cash dividends paid	**(24,223)**	(24,223)
Cash dividends declared per share	**0.57**	0.57

	September 30, 2015	December 31, 2014
Balance Sheet Data		
Total assets	**696,160**	637,283
Working capital	**114,338**	104,027
Loans and borrowings (including current portion)	**25,102**	28,203
Shareholders' equity	**167,365**	181,587

(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

RECENT HIGHLIGHTS

- During the nine months ended September 30, 2015 the Company generated net income of $9.9 million on construction revenue of $1,031.4 million compared with net income of $23.4 million and construction revenue of $973.9 million in 2014. The reduction in 2015 earnings is primarily attributable to a non-cash charge to earnings of $22.4 million ($20.3 million after deferred tax reversal) for the impairment of goodwill and intangible assets relating to the Company's investment in its wholly owned subsidiary H.J. O'Connell Limited.

- Adjusting net income for the non-cash after-tax impairment charge of $20.3 million, the Company would have recorded adjusted net income of $30.2 million (a non-GAAP measure) on construction revenue of $1,031.4 million in 2015. The increase in the 2015 adjusted net income is a result of higher construction revenue combined with a marginally higher gross profit percentage and lower general and administrative expenses.

- During the third quarter of 2015, the Company generated a net loss of $5.6 million on construction revenue of $389.9 million compared with net income of $12.4 million and $370.4 million of construction revenue, respectively in 2014. The reduction in third quarter 2015 net income is primarily attributable to a non-cash charge to earnings of $22.4 million ($20.3 million after deferred tax reversal) for the impairment of goodwill and intangible assets relating to the Company's investment in its wholly owned subsidiary H.J. O'Connell Limited.

- Adjusting net income for the non-cash impairment charge, the Company would have recorded adjusted net income of $14.7 million (a non-GAAP measure) on construction revenue of $389.9 million in the third quarter of 2015. The increase in adjusted quarterly earnings is a result of marginally higher construction revenue and related gross margins and lower general and administrative expenses.

- In the first nine months of 2015, the Company secured $1,716.7 million of new contract awards which contributed to a record level of Backlog of $1,835.0 million at September 30, 2015, compared with $1,149.7 million at December 31, 2014.

- During the third quarter of 2015, the Company successfully achieved financial close on a number of significant PPP projects, including;

    1. Saskatchewan Schools
    The Company executed two contracts with the Province of Saskatchewan to design, build, finance and maintain 18 elementary schools on nine joint use sites in the Province of Saskatchewan. The design and construction of the schools will be executed using a joint venture in which Bird will have a 70% interest in and is the managing partner of the construction joint venture. In addition to its role as design builder, Bird acquired a minority equity interest in the concession responsible for the design, build, finance and maintenance of the schools.

    2. Stanton Territorial Hospital Renewal Project
    The Company, as part of the Boreal Health Partnership consortium was awarded a contract to design, build, finance, and maintain the Stanton Territorial Hospital Project located in Yellowknife, Northwest Territories. The Company is the managing partner and has a 50% interest in the construction joint venture that will design and build the project. In addition to its role as design builder, Bird will also hold a minority equity interest in the concession responsible for the design, build, finance and maintenance of the hospital.

    3. Moncton Downtown Centre
    During the third quarter of 2015, the Company executed a contract to design, build and short term finance the Moncton Downtown Centre, a nine thousand seat arena complex located in Moncton, New Brunswick.

- During the first half of 2015, the Company, as part of a joint venture executed a design, build contract with Plenary Infrastructure ERMF GP Inc. to design and construct the East Rail Maintenance Facility located in Whitby, Ontario for GO Transit. In addition, the Company, as part of the Chinook Resources Management Group consortium executed a contract to design, build and operate a composting facility for The City of Calgary. The Company also executed a build and finance contract with the Ontario Government for the Casey House Hospice located in Toronto, Ontario.

- The Company's Board of Directors declared monthly dividends of $0.0633 per share for November, December 2015 and January, February and March 2016.

NATURE OF THE BUSINESS

The Company operates as a general contractor in the Canadian construction market 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 95 years. The Company focuses primarily on projects in the industrial, commercial and institutional sectors of the general contracting industry. Within the industrial sector, Bird constructs industrial buildings and performs civil construction operations including site preparation, concrete foundations, underground piping and earthwork for clients primarily operating in the oil and gas and mining businesses. Within the commercial sector, Bird's operations include the construction and renovation of shopping malls, big box stores, office buildings and selected high rise condominiums and apartments. Within the institutional sector, Bird constructs hospitals, post secondary education facilities, schools, prisons, courthouses, government buildings and retirement facilities. In all sectors, Bird contracts with its clients using a combination of fixed price, design-build, unit price, cost reimbursable, guaranteed upset price and construction management contract delivery methods.

While Bird self-performs some elements of its projects, particularly in the industrial market sector and in conjunction with its civil construction and contract mining operations, a significant portion of the overall construction risk rests with Bird's subcontractors. The scope of work of each subcontractor is generally defined by the same contract documents that form the basis of the Company's agreements with its clients. The terms of the agreements between the Company and its clients are generally replicated in the agreements 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 including enrolling our subcontractors in Bird's subcontractor default insurance program which will mitigate exposure to possible additional costs should a contractor not be able to meet their contractual obligations. Bird's primary constraint on growth is the ability to secure new work at reasonable margins and the availability of qualified professional staff who can be assigned to manage the projects.

STRATEGY

Overall, Bird's strategic objectives are to increase Company profitability to provide attractive and sustainable returns for our shareholders; a commitment to provide excellent service and quality to our clients; and providing meaningful and safe working environments for our employees and those of our partners.

The fundamental elements of Bird's strategy include:

HEALTH AND SAFETY

As befitting of a Company that started out as a family business, critical to Bird's successful growth is our continued commitment to the health and safety of the employees who work on our sites and in our offices every day. This is a critical component of our operational strategy, a core company value, and a key corporate social responsibility.

Our commitment goes beyond this; at Bird, we understand that a corporate commitment to safety also pays tremendous dividends in both business and human capital. In addition to reducing related health and safety costs, reducing property damage and improving loss management outcomes, a robust safety program contributes to employees and other stakeholders to feel more valued and engaged. This, in turn, produces a stronger commitment to product and service quality, improved productivity and client satisfaction.

From planning to execution, effective communication, documentation, orientation, training, and ongoing review and analysis of our activities and processes is vigorously undertaken to ensure continuous improvement in all facets of our operations. This will better prepare and support all of our workers and managers to serve as safety leaders in the construction industry.

In a highly competitive business environment, resourcing remains one of the greatest challenges facing the construction industry. Bird's commitment to the health and safety of our employees and other partners enhances both employee recruitment and retention and will serve to provide a strategic competitive advantage, allowing us to continue to successfully pursue and execute challenging work.

INCREASING PROFITABILITY

Bird will continue to pursue organic growth by emphasizing its long-standing record of providing a quality product and service to our clients and thereby continue to secure new work with many of our clients on a repeat basis. Bird will continue to emphasize operational excellence through strict and disciplined adherence to the many risk management and project control policies and practices to ensure delivery of the financial returns expected from our construction projects. The Company will also continue to show a preference for design-build construction contracts where our proven track record provides Bird with a source of competitive advantage in the construction market; however, Bird will continue to offer clients other contract delivery methods including: fixed price, unit price, cost reimbursable, guaranteed upset price and construction management arrangements in order to satisfy their needs.

The Company continues to focus on larger and more complex construction projects which typically offer greater profit margins. In order to achieve this, Bird will continue to enter into joint venture arrangements with partners where it is appropriate to do so. These arrangements are typically beneficial to the Company because they offer a pooling of resources required to complete larger, complex projects and partnering allows for the spreading of operational and financial risk amongst the partners. In the Public Private Partnership ("PPP") market, Bird will continue to pursue an equity position in these projects as a means to support construction operations.

To broaden the scope of Bird's construction services, the Company is self-performing a greater proportion of our heavy civil construction operations, including earthmoving operations. Bird will continue to grow this element of business as opportunities present themselves. In addition, Bird is actively growing our sustaining capital and maintenance services provided to support our oil sands clients. This initiative serves to diversify revenues, making the Company less dependent on new construction programs and further builds customer relationships.

ATTRACTING AND RETAINING PEOPLE

The success of Bird is very much dependent on the Company's ability to attract, develop and retain a highly skilled workforce at all levels within the organization including executives, management, professional staff and craft workers. Competition for the noted workforce is intense and therefore it is critical that Bird be seen by current and prospective employees as a highly attractive place to work. Bird continues to implement relevant human resource programs designed to enhance our recruiting efforts, introduce new and innovative training programs, promote leadership development, support career planning and ensure that our compensation programs remain competitive.

KEY PERFORMANCE DRIVERS

Securing profitable construction contracts and then controlling the costs during the execution of that work are the 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. In economic downturns, fewer opportunities typically exist and competition for those opportunities becomes even more intense, generally resulting in lower gross profit percentages. 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, which enables the Company to secure repeat business from clients.

The Company's success in securing work is also reflected in the value of Backlog. The following table shows the Company's Backlog at the end of the comparative reporting periods. The Company's record level of Backlog of $1,835.0 million at September 30, 2015 compares with $1,149.7 million at December 31, 2014. The increase in Backlog since the end of last year is the result of the Company's success on securing a number of PPP projects along with a number of other significant non-PPP projects across all of our operating regions in the first nine months of 2015. While the projects secured involve work in all market sectors, the majority are institutional, including the East Rail Maintenance Facility, Saskatchewan Schools, Stanton Territorial Hospital Renewal Project, Calgary Composting Facility and the Moncton Downtown Centre, all PPP projects recently secured. The Company expects to continue to secure a reasonable number of new awards, albeit not necessarily at the level achieved in 2015, across our geographic and operational market sectors, including industrial operations.

(thousands of dollars)	**September 30, 2015**	September 30, 2014	December 31, 2014
Backlog	**$ 1,835,034**	$ 1,340,700	$ 1,149,700

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 and achieve productivity objectives associated with the contract. The following table shows the Gross Profit Percentage realized by the Company in the comparative periods.

Nine months ended September 30, 2015	**Nine months ended** September 30, 2014	Year ended December 31, 2014
8.4%	8.1%	8.2%

During the first nine months of 2015, the Company has realized a gross profit percentage of 8.4% compared with 8.1% in the comparative period in 2014. The improvement in the 2015 gross profit percentage compared with the first nine months of 2014 is primarily due to an increase gross margin percentage on projects executed in our industrial market sector due to a combination of productivity gains, scope changes and the release of project contingencies. For the final quarter of 2015, the Company expects that our industrial sector work will continue to be strong, however it is believed that the relative significance of our institutional work program will increase, a trend that is expected to continue in 2016, as the Company commences construction on several of the PPP and other significant institutional projects secured thus far in 2015.

Financial Condition

The Company must have adequate working capital and equity retained in the business to support its ongoing operations, including 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)	**September 30, 2015**	September 30, 2014	December 31, 2014
Working capital	**$ 114,338**	$ 104,030	$ 104,027
Shareholders' equity	**$ 167,365**	$ 176,704	$ 181,587

The Company's shareholders' equity retained in the business at September 30, 2015 declined by $14.2 million since December 31, 2014 primarily as a result of an impairment charge which resulted in dividends exceeding net income in the nine months ended September 30, 2015. Net income in the period of $9.9 million includes a non-cash impairment charge of $22.4 million ($20.3 million after a deferred tax reversal) which negatively affected 2015 earnings. The increase in the Company's working capital since December 31, 2014 of $10.3 million is a result of earnings adjusted for non-cash items (including the non-cash impairment charge of $22.4 million) in excess of dividends, offset by cash used to purchase property and equipment and to repay long-term debt. The Company believes it continues to have sufficient working capital and equity to conduct its business in the ordinary course.

Safety

Our continuing commitment to *Safe Production* is predicated on our firm conviction that safety and production should enjoy a symbiotic relationship, engaging all workers in a commitment to quality outcomes – on time and on budget - that includes ensuring that all workers leave our jobsites everyday just as healthy and safe as when they arrived. We believe this shared commitment is critical to our overall success.

By clearly setting expectations of performance, identifying and controlling hazards, and effectively coordinating information and activity among all of our subcontractors, we minimize risk and create the appropriate conditions for the safe execution of construction activity. It's how we work.

Through our robust orientation and training programs and our ongoing communication and engagement activities, we encourage all workers to actively contribute to our ongoing efforts to continuously improve not only our safety program, but overall collaboration and effectiveness. In this way we not only ensure they leave work healthy and safe every day, but in doing so, help contribute to our overall operational excellence.

At Bird, Safe Production is not just a vision or a philosophy, it is a daily routine practiced with discipline and rigor on all of our job sites.

To the end of the third quarter of 2015, Bird executed 3,636,576 manhours of work, incurring one lost time incident (LTI) for an LTI frequency of 0.05.

Lost Time Incident Frequency

Nine months ended September 30, 2015	Nine months ended September 30, 2014	Year ended December 31, 2014
0.05	0.12	0.17

RESULTS OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 2015 COMPARED WITH NINE MONTHS ENDED SEPTEMBER 30, 2014

During the nine months ended September 30, 2015, the Company generated net income of $9.9 million on construction revenue of $1,031.4 million compared with $23.4 million and $973.9 million, respectively in 2014. The reduction in the amount of 2015 earnings is primarily attributable to a non-cash charge of $22.4 million ($20.3 million after deferred tax reversals) for the impairment of goodwill and intangible assets relating to the Company's investment in its wholly owned subsidiary H.J. O'Connell Limited. Adjusting for the after-tax non-cash impairment charge of $20.3 million, the Company would have recorded adjusted net income of $30.2 million (a non-GAAP measure) on construction revenue of $1,031.4 million in 2015. The increase in adjusted net income is a result of higher construction revenues combined with a marginally higher gross profit percentage and lower general and administrative expenses.

Construction revenue of $1,031.4 million compares with $973.9 million recorded in the first nine months of 2014. In the first nine months of 2015, a $57.5 million or 5.9% increase in construction revenues is primarily due to the execution of the Company's significant institutional work program secured earlier in the year and slightly higher industrial revenues derived from the continued execution of our industrial work program in northern Alberta.

In the nine months ended September 30, 2015, the Company's gross profit of $87.1 million compares with $78.9 million recorded a year ago. The $8.2 million (10.4%) increase in the amount of gross profit is largely the result of an increase in construction revenue combined with a marginal increase in the gross margin percentage on the Company's industrial work program, while gross margins realized on the Company's institutional and commercial projects remained comparable with last year. To date in 2015, the Company's gross profit percentage of 8.4% compares to 8.1% recorded a year ago.

In the first nine months of 2015, general and administrative expenses of $44.2 million (4.3% of revenue) compares with $48.9 million (5.0% of revenue) in 2014. The decrease in 2015 expenses is primarily driven by a reduction of the Company's workforce in certain areas where economic conditions remain weak combined with lower project pursuit costs.

Finance income in the first three quarter of 2015 of $1.2 million was $1.0 million lower than the $2.2 million recorded in the comparable period of 2014. The primary reason for the decrease in 2015 finance income is due to the fact that the Company incurred a $1.6 million net loss on the disposal of its preferred share portfolio compared with a $0.2 million gain in 2014, offset by higher interest income relating to the accretion of holdback receivables.

During the first nine month of 2015, finance costs of $2.0 million were $0.4 million higher than $1.6 million reported in the same period of 2014. The higher cost is primarily due to higher accretion interest on hold-back payables.

In the first nine months of 2015, income tax expense of $9.6 million was $2.4 million higher than 2014, consistent with higher current period pre-tax earnings adjusted for the non-cash impairment charge, which is a non-deductible expense for income tax purposes.

THREE MONTHS ENDED SEPTEMBER 30, 2015 COMPARED WITH THREE MONTHS ENDED SEPTEMBER 30, 2014

In the third quarter of 2015, the Company recorded a net loss of $5.6 million on construction revenue of $389.9 million compared with net income of $12.4 million and $370.4 million of construction revenue, respectively in 2014. The reduction in the third quarter 2015 net income is primarily attributable to a non-cash impairment expense of $22.4 million ($20.3 million adjusted for deferred taxes) relating to the impairment of goodwill and intangible assets with respect to the Company's investment in its wholly owned subsidiary H.J. O'Connell Limited. Adjusting the third quarter loss for the after-tax non-cash impairment charge of $20.3 million, the Company would have recorded adjusted net income of $14.7 million (a non-GAAP measure) on construction revenue of $389.9 million in the third quarter of 2015. The increase in adjusted quarterly net income compared to last year is a result of marginally higher construction revenue and related gross margins and lower general and administrative expenses.

2015 third quarter construction revenue of $389.9 million was $19.5 million or 5.3% higher than the $370.4 million recorded in the third quarter of 2014. The increase is largely due to an increase in revenues derived from the execution of the Company's significant institutional work program which was awarded earlier in the year. Although construction revenues derived from the industrial work program remain strong and are comparable to last year, the Company has begun to experience a shift in the composition of its revenue towards the institutional market sector. This shift in the Company's work program was expected as work in the industrial market sector begins to decline due to low commodity prices and the resulting reduced capital spending programs of our industrial clients.

In the third quarter ended September 30, 2015, the Company's gross profit of $34.8 million compares with $33.4 million recorded a year ago. The $1.4 million (4%) increase in the amount of gross profit is primarily due to an increase in construction revenue. In the third quarter of 2015, the Company's gross profit percentage of 8.9% compares to 9.0% recorded in the same period a year ago.

During the third quarter of 2015, general and administrative expenses of $14.3 million (3.7% of revenue) were $3.0 million lower compared with the $17.3 million (4.7% of revenue) recorded in 2014. The reduction in 2015 third quarter expenses is primarily driven by a reduction of the Company's workforce in certain areas where economic conditions remain weak combined with a reduction of PPP pursuit costs incurred in the period.

Finance income in the third quarter of 2015 of $0.7 million is comparable to the $0.6 million recorded in the comparable period of 2014.

Finance costs in the third quarter of 2015 were $1.0 million, approximately $0.5 million higher than those incurred in the third quarter of 2014. The increase in cost is primarily due to a non-recurring interest payment made pursuant to a prior acquisition.

In the third quarter of 2015, income tax expense of $3.4 million was $0.3 million lower than 2014. The deferred income tax reversal relating to the impairment charge was more than sufficient to fully offset the increase in income tax expense relating to the higher 2015 pre-tax income adjusted for the non tax deductable impairment charge.

FUTURE OPERATING PERFORMANCE

The Company has been successful in securing a significant number of new project awards in the first nine months of 2015, most notably a number of PPP contracts including the Casey House Hospice, East Rail Maintenance Facility, Calgary Composting Facility, Saskatchewan Schools, Moncton Downtown Centre and the Stanton Territorial Hospital Renewal Project. The securement of these projects, combined with other non-PPP institutional and industrial contract awards, have contributed to a record Backlog at September 30, 2015. The continued execution of our industrial work program carried forward into 2015 combined with the positive impact of the institutional work program comprised of contracts secured during the year, is anticipated to result in earnings that are higher than those realized in 2014. Offsetting these positive results is the $20.4 million after-tax goodwill and intangible asset impairment charge relating to our investment in H.J. O'Connell Limited. Unfavorable market and economic conditions surrounding O'Connell's mine construction operations are likely to be prolonged and as such the future operating income expected from the investment is less than the carrying value of the investment. Accordingly, the Company expensed the goodwill and the unamortized investment in the intangible assets in the recent quarter. The profit contribution of O'Connell has been modest since 2013, thus the reduction in the prospects for this business are largely reflected in recent results.

Looking towards 2016, we expect the large institutional Backlog to make a significant contribution to 2016 earnings. This positive momentum will be counterbalanced by the ongoing uncertain economic conditions related to the resource sector, particularly in northern Alberta, which is expected to continue and will result in fewer opportunities and margin compression due to intense competition to secure new work. The large industrial work program currently being executed in 2015, mainly comprised of several major projects secured in late 2013 and early 2014, will be mostly complete by the end of 2015. As such, the Company will be challenged to replicate the 2015 earnings contribution of our western Canadian industrial work program in 2016. In addition, given that low commodity prices are expected to persist in the medium term, the lower earnings from mining operations realized by HJ O'Connell in 2015 are not expected to be materially different in 2016. Consequently, earnings generated by the Company in 2016 are expected to be lower than those realized in the current year, adjusted for the impairment loss, as our work program shifts from higher margin industrial activity to lower margin institutional work. This shift has started during the course of this year and is anticipated to have a larger impact in 2016 as the downturn in the resource sector continues and the execution of our large institutional work program is realized.

The industrial market sector contributed 57% of 2014 revenues (37% in 2013). A number of large contract awards that contributed to 2014 results have carried over and are active projects in the current year and accordingly these will continue to make an important contribution to 2015 revenues and gross profit. Although energy sector capital expenditures have been reduced in response to low oil prices, we will continue to aggressively pursue a number of smaller work programs which will continue to come to market to sustain the productive capacity of the energy sector. Although the market is characterized by uncertainty, we take some reassurance from the fact that the contract awards received in the first nine months of 2015 supports our belief that the Company will continue to be awarded new work in this sector and generate acceptable margins, albeit on smaller volumes. In eastern Canada, the resource sector continues to be adversely affected by low commodity prices and therefore, the Company is still not anticipating any significant turn-around in this area in 2016. To replace resource related revenues, the Company has received awards for construction contracts primarily in the hydroelectric sector, and we will continue to aggressively pursue more work in this area as well as other industrial opportunities as they arise.

The institutional sector contributed 24% of 2014 revenues (26% in 2013). Despite pressure on government capital expenditures, the Company has seen numerous infrastructure projects slated to be built in the coming years in response to a need to replace and upgrade an aging infrastructure across the country. The award of seven PPP contracts in the first nine months of this year are a result of the Company's pursuit of these types of projects on a selective basis where the projects offer a better return and the scope is consistent with our core competencies. These PPP and other non-PPP contract awards will make a significant contribution to earnings in the remainder of 2015 and more importantly in 2016 and beyond. We continue to be actively involved in the pursuit of a number of other PPP and alternative finance institutional projects, although the absolute number of opportunities available in 2016 is expected to be less than that experienced in 2014 and in 2015.

The retail and commercial sector represented 19% of 2014 revenues (37% in 2013). This market sector is stable at present although characterized by some level of uncertainty given economic conditions in several regions across the country. The Company has been successful in securing several projects in the first nine months of the year across all of our geographic operating areas although it is anticipated that that revenues and earnings derived from this sector will be slightly reduced from those realized in 2014.

Backlog

During the first nine months of 2015, the Company secured $1,716.7 million in new construction contracts (including change orders to existing contracts) and put in place $1,031.4 million of work resulting in a record level of Backlog at September 30, 2015 of $1,835.0 million. Of this amount, $360.2 million is expected to be put in place during 2015, leaving $1,474.8 million to carry forward to 2016 and beyond. The following table outlines the changes in the amount of the Company's Backlog throughout the current fiscal period and a comparison to the prior year.

Backlog (millions of dollars)		
December 31, 2013	$	1,268.7
Securements and Change Orders in 2014		1,245.5
Realized in construction revenues in 2014		(1,364.5)
December 31, 2014	$	1,149.7
Securement and Change Orders in 2015		1,716.7
Realized in construction revenues in 2015		(1,031.4)
September 30, 2015	**$**	**1,835.0**

In addition to Backlog at September 30, 2015, the value of uncompleted construction management contract work, for which the Company acts as an agent for the client, is $24.4 million, compared with $3.0 million at December 31, 2014.

ACCOUNTING POLICIES

The Company's significant accounting policies are outlined in the notes to the audited December 31, 2014 and 2013 Consolidated Financial Statements. The Interim Consolidated Financial Statements were prepared using the same accounting policies as our most recent annual consolidated financial statements.

Future accounting changes

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model. The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

On May 28, 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11 *Construction contracts* and IAS 18 *Revenue*. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

On December 18, 2014 the IASB issued amendments to IAS 1 *Presentation of Financial Statements* as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative"). The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. The Company intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The extent of the impact of adoption of the amendments 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 often 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 or have been utilized, 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)	2013	2014				2015		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	**Q3 ***
Revenue	363,692	274,674	328,835	370,382	390,565	306,163	335,322	**389,878**
Net income	5,708	915	10,015	12,425	12,882	4,727	10,815	**(5,616)**
Earnings per share	0.13	0.02	0.24	0.29	0.30	0.11	0.26	**(0.13)**

* Note: The third quarter includes a net non-cash after-tax impairment charge of $20.3 million.

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

The following table presents a summary of the Company's financial condition for the period indicated.

(thousands of dollars)	September 30, 2015	December 31, 2014
Financial Position Data		
Cash and cash equivalents	$ **177,421**	$ 164,033
Investment in marketable securities	**488**	13,750
Working capital	**114,338**	104,027
Long-term debt	**25,102**	28,203
Shareholders' equity	**167,365**	181,587

The Company has sufficient working capital and equity retained in the business to support current operations. The Company expects to utilize cash from operations, existing working capital, including cash and cash equivalent amounts, and draws on its credit facilities to fund liabilities as they become due, finance future capital expenditures and pay dividends on its common shares.

As a component of working capital, the Company maintains balances of cash, cash equivalents and investments in liquid securities. At September 30, 2015, these balances consisted of $177.4 million of cash and cash equivalents and $0.5 million of liquid securities for a total of $177.9 million. The 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 receivables from clients, and also the timing in the settlement of income taxes payable. The Company's cash balances absorb these fluctuations with no net impact to the Company's net working capital position or ability to access contract surety support. The Company believes it has sufficient working capital to support its current contract security requirements.

Credit Facilities

The Company has a number of credit facilities available to access in order 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 $132.0 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, including cash.

On July 2, 2015, the Company executed an agreement with Export Development Canada (EDC) to provide a $45.0 million credit facility to support the issuance of contract performance security letters of credit issued by financial institutions on behalf of the Company. The Company can only use this facility when letters of credit have been issued as contract security for projects that meet the EDC mandate to provide financial support for Canadian exports abroad.

Letters of credit are typically issued to support the Company's performance obligations relating to PPP and other major 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)	September 30, 2015	September 30, 2014	December 31, 2014
Operating line of credit	$ **132,000**	$ 131,500	$ 132,000
Letters of credit issued	$ **38,728**	$ 8,202	$ 8,041
Collateral pledged to support letters of credit	$ **33,933**	$ 28,177	$ 20,651
Guarantees provided by EDC	$ **6,157**	$ -	$ -

The increase in the amount of outstanding letters of credit at the end of the first nine months of 2015 compared to the end of 2014 is a primarily the result of the requirement to issue letters of credit relating to the award of the East Rail Maintenance Facility, Calgary Composting Facility, Saskatchewan Schools and the Stanton Territorial Hospital Renewal Project.

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, fund future capital expenditures and qualifying permitted acquisitions. At September 30, 2015, the Company has drawn $nil under this facility.

b) *Committed revolving line of credit facility*:
During the second quarter of 2015, a subsidiary of the Company has executed a new $25.0 million committed revolving credit facility, maturing on June 10, 2018. The facility may be used to finance normal course operations. Borrowings under this facility are secured by a first charge against the net assets of the subsidiary. At September 30, 2015, the Company has drawn $nil under this facility.

Equipment Financing

The Company has a committed term credit facility of up to $10.0 million to be used to finance equipment purchases of subsidiaries guaranteed by the Company. As of September 30, 2015, the facility is undrawn. Interest on the facility can be charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears. Draws under this facility are permitted until June 10, 2018.

During the second quarter of 2015, a subsidiary of the Company has executed a new committed term credit facility of up to $15.0 million to be used to finance equipment purchases. As of September 30, 2015, the facility is undrawn. Borrowings under the facility are secured by a first charge against certain of the subsidiary's equipment financed using the facility. Interest on the facility can be charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears. Draws under this facility are permitted until June 10, 2018.

In addition, subsidiaries of the Company have equipment acquisition lines of credit for $62.5 million with the financing arms of several major heavy equipment suppliers to finance equipment procurement. Draws under this facility are typically recognized as operating leases for accounting purposes. At September 30, 2015, the Company has used $16.4 million under the facilities ($19.6 million at December 31, 2014). The Company's total lease commitments are outlined under Contractual Obligations.

At September 30, 2015, the Company was in compliance with all debt covenants relating to its operating and equipment lines of credit.

Loans and Borrowings

In the first nine months of 2015, the Company issued new debt excluding finance leases totaling $9.9 million and made $13.4 million in principal repayments. The new debt issued in the first nine months of 2015 relates to draws made pursuant to two new build finance contracts, both with non-recourse construction financing. The following table provides details of outstanding debt as at September 30, 2015, and principal repayments due over the next five years, excluding the amortization of debt financing costs of $0.1 million and finance lease liabilities.

Debt	Amount	Year 1	Year 2	Year 3	Year 4	Year 5
(thousands of dollars)						
Loans and borrowings	$ 24,330	$ 15,858	$ 5,322	$ 1,872	$ 592	$ 686

Cash Flow Data

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

(thousands of dollars)	Nine months ended September 30, 2015	2014
Cash Flow Data		
Cash flows from operations before changes in non-cash working capital	**$ 53,398**	$ 43,680
Changes in non-cash working capital and other	**(18,253)**	(41,356)
Cash flows from (used in) operating activities	**35,145**	2,324
Cash flows from (used in) investing activities	**5,973**	(13,396)
Cash flows from (used in) financing activities	**(27,730)**	(32,723)
Increase (decrease) in cash and cash equivalents	**$ 13,388**	$ (43,795)

Operating Activities

During the nine months ended September 30, 2015, the Company's operating activities generated cash of $35.1 million compared with a use of cash of $2.3 million in the first nine months of 2014. In the first nine months of 2015, cash flow from operations was comprised of $53.4 million of cash from operating activities before changes in non-cash working capital and the impairment charge, and $18.3 million of cash used to fund an increase in the Company’s non-cash working capital position and the payment of $17.7 million of income tax installments. In 2014, the comparative amounts were $43.7 million of cash from operations before changes in non-cash working capital and $41.4 million of cash used to fund an increase in the Company’s non-cash working capital position. Changes in the amount of non-cash working capital primarily represent normal course fluctuations in the Company’s net non-cash current asset/liability position. In some periods, this fluctuation will be a use of cash, as it was in the first nine months of 2015 and 2014, while it will be a source of cash in other periods, tending to balance out over time and having no net impact on the Company’s working capital.

Investing Activities

During the nine months ended September 30, 2015, the Company generated $6.0 million of cash from investing activities compared with a use of cash of $13.4 million in 2014. In the first nine months 2015, the proceeds realized from the sale of preferred share investments generated cash of $11.7 million which more than offset other uses of cash in investing activities. The Company used $5.4 million of cash to purchase property, equipment and computer software partially offset by proceeds from equipment disposals of $1.9 million. In the first nine months of 2014, investing activities resulted in the use of cash of approximately $13.4 million resulting primarily from cash used to purchase property, equipment and computer software of $14.4 million. The reduction in the amount of capital expenditures in the nine months ended September 30, 2015 compared to last year reflects the fact that the Company’s level of investment in equipment is currently sufficient to support the projected work program in the short term.

Financing Activities

During the nine months ended September 30, 2015, the Company used $27.7 million of cash in financing activities compared with a use of cash of $32.7 million in 2014. The reduction in cash used in financing activity in first nine months 2015 is a result of raising additional non-recourse long term debt in 2015 to finance the construction of two PPP projects. Dividend payments of $24.2 million remained the same in the comparative periods.

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 dividend history:

July 1, 2014 to September 30, 2014	$0.190
October 1, 2014 to December 31, 2014	$0.190
January 1, 2015 to March 31, 2015	$0.190
April 1, 2015 to June 30, 2015	$0.190
July 1, 2015 to September 30, 2015	**$0.190**

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 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 September 30, 2015, the Company has future contractual obligations of $ 444.8 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
2015	$	356,777	300	2,168	2,973	362,218
2016		16,937	467	6,039	13,912	37,355
2017		5,075	86	4,374	5,444	14,979
2018		2,083	-	3,627	1,774	7,484
2019		14	-	2,721	1,004	3,739
Thereafter		-	-	19,061	-	19,061
	$	380,886	853	37,990	25,107	444,836

OFF BALANCE SHEET ARRANGEMENTS

The Company has operating lease obligations described under Contractual Obligations noted above and surety lien bonds issued on behalf of the Company valued at $6.6 million at September 30, 2015.

CRITICAL ACCOUNTING ESTIMATES

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 any future periods affected.

Construction revenue, construction costs, deferred revenue and costs and estimated earnings in excess of billings are all based on estimates and judgments used in determining an estimate of contract revenue and contract costs and to determine the stage of completion for a particular construction project, depending on the nature of the construction project, as more fully described in the Revenue Recognition Policy included in the notes to the Company's annual financial statements. To determine the estimated costs to complete construction projects, 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 can 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. As many change orders and claims may not be settled until 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 amount of the CGU is determined based on a value in use calculation. There is 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, estimates of achieving key operating metrics and the discount rate.

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 42,516,853 common shares outstanding at September 30, 2015 and December 31, 2014.

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 September 30, 2015. During the first nine months of 2015, 65,000 stock options were forfeited resulting from the retirement of a plan participant.

The Company's Board of Directors approved the award of 100,000 stock options with a grant date of January 1, 2015 to the newly appointed President and CEO. The total number of stock options is exercisable in equal amounts on the first through fourth anniversary dates from the grant date. The exercise price is based on the weighted average trading price of the Company's common shares on the Toronto Stock Exchange for the five trading days ending on December 31, 2014. The stock options awarded will expire on January 1, 2022.

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 September 30,2015, 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 September 30, 2015, 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 nine month period ended September 30, 2015 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS RELATING TO THE BUSINESS

The following discussion addresses the more significant risk factors relating to the business. For a detailed discussion of all risk factors relating to the business, refer to the Company's most recently filed Annual Information Form filed on March 12, 2015, which is available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Economy and Cyclicality
Activity within the construction industry is tied to the general state of the economy. Thus, in periods of strong economic growth, capital spending will generally increase and there will be more and better quality opportunities available within the construction industry. Bird attempts to insulate itself in various ways from the effects of negative economic conditions; however, there is no assurance that these methods will be effective in insulating Bird from a downturn in the economy. Furthermore, as a result of increased demand in certain regions or industry sectors, the Company has, in the past, earned above-average margins on particular projects. There is also no assurance that above-average margins that may have been generated on historical contracts can be generated in the future. For more than 10 years, the Company has increased its focus on industrial projects in the oil sands of northern Alberta and more recently, in eastern Canada through the acquisition of O'Connell. Investment decisions by our clients are based on the long-term views of the economic viability of their current and future projects. The economic viability of the projects is dependent upon the clients' 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 and may make them more sensitive to construction costs. A decrease in construction activity in this sector could have an adverse effect on the Company's financial performance and results of operations. Moreover, many 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. Competitors often enjoy advantages in a particular market that Bird does not have or they may have more experience or a better

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

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 makeup 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 large projects and in the PPP market, a strong balance sheet measured in terms of an adequate level of working capital is typically required. Bird operates in markets that are highly competitive and there is constant pressure to find and maintain a competitive advantage. In the current economic 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. Governments are still addressing budget deficit issues which may affect the institutional capital spending in the future. 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 estimates of the project costs may be in error, resulting in a loss of or lower than anticipated profits. All significant cost estimates are reviewed by senior management prior to tender 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. Subcontractor defaults tend to increase during depressed market conditions. If subcontractors fail to satisfactorily perform their portion of the work, Bird may be required to engage alternate subcontractors to complete 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 subcontractor's work, Bird may require some form of performance security and achieves this through the use of surety bonds, subcontractor default insurance or other forms of security from the subcontractors to mitigate Bird's exposure to the risks associated with a subcontractor under the contract. 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 occur and 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 work sites 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 contract termination, 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.

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.

- **"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, 2015 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.

BIRD CONSTRUCTION INC.

Unaudited Condensed Consolidated Interim Financial Statements

For the period ended September 30, 2015

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.
CONSOLIDATED BALANCE SHEET
(in thousands of Canadian dollars)
(unaudited)

	Note	September 30, 2015	December 31, 2014
ASSETS			
Current assets:			
Cash and cash equivalents	20	$ 162,120	$ 164,033
Bankers' acceptances and short-term deposits	20	15,301	-
Preferred share investments		488	13,750
Accounts receivable	6	400,452	323,067
Costs and estimated earnings in excess of billings		20,101	25,839
Inventory		363	495
Prepaid expenses and other assets		2,638	1,992
Income taxes recoverable		11,432	1,303
Total current assets		612,895	530,479
Non-current assets:			
Other long-term assets		4,880	2,745
Property and equipment	7	54,589	58,440
Deferred income tax asset		5,233	3,659
Intangible assets	8	2,174	11,420
Goodwill	8	16,389	30,540
Total non-current assets		83,265	106,804
TOTAL ASSETS		$ 696,160	$ 637,283
LIABILITIES			
Current liabilities:			
Accounts payable		$ 379,177	$ 345,636
Deferred contract revenue		82,471	42,311
Dividends payable to shareholders		2,691	2,691
Income taxes payable		9,277	8,798
Current portion of loans and borrowings	10	16,527	16,218
Provisions	15	5,863	7,957
Other liabilities	12	2,551	2,841
Total current liabilities		498,557	426,452
Non-current liabilities:			
Loans and borrowings	10	8,575	11,985
Deferred income tax liability		18,930	15,805
Other liabilities	12	2,733	1,454
Total non-current liabilities		30,238	29,244
SHAREHOLDERS' EQUITY			
Shareholders' capital	13	42,527	42,527
Contributed surplus		1,918	1,843
Retained earnings		122,920	137,217
Total shareholders' equity		167,365	181,587
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 696,160	$ 637,283

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

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

	Note	For the three months ended September 30, 2015	2014	For the nine months ended September 30, 2015	2014
Construction revenue		**$ 389,878**	$ 370,382	**$ 1,031,363**	$ 973,891
Costs of construction		**355,108**	336,968	**944,307**	895,037
Gross profit		**34,770**	33,414	**87,056**	78,854
General and administrative expenses		**14,270**	17,330	**44,176**	48,858
Impairment of goodwill and intangible assets	8	**22,435**	-	**22,435**	-
Income from operations		**(1,935)**	16,084	**20,445**	29,996
Finance income	16	**705**	553	**1,164**	2,196
Finance costs	17	**(964)**	(509)	**(2,042)**	(1,632)
Income (loss) before income taxes		**(2,194)**	16,128	**19,567**	30,560
Income tax expense	11	**3,422**	3,703	**9,641**	7,205
Net income (loss) and comprehensive income for the period		**$ (5,616)**	$ 12,425	**$ 9,926**	$ 23,355
Basic and diluted earnings per share	14	$ **(0.13)**	$ 0.29	**$ 0.23**	$ 0.55

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

BIRD CONSTRUCTION INC.
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, 2013		$ 42,527	$ 1,492	$ 133,277	$ 177,296
Contributions by and dividends to owners					
Stock-based compensation expense	13	-	276	-	276
Dividends declared to shareholders		-	-	(24,223)	(24,223)
Net income and comprehensive income for the period		-	-	23,355	23,355
Balance at September 30, 2014		$ 42,527	$ 1,768	$ 132,409	$ 176,704
Dividends per share declared during the nine month period ended September 30, 2014				$ 0.57	
Balance at December 31, 2014		**$ 42,527**	**$ 1,843**	**$ 137,217**	**$ 181,587**
Contributions by and dividends to owners					
Stock-based compensation expense	13	**-**	**75**	**-**	**75**
Dividends declared to shareholders		**-**	**-**	**(24,223)**	**(24,223)**
Net income and comprehensive income for the period		**-**	**-**	**9,926**	**9,926**
Balance at September 30, 2015		**$ 42,527**	**$ 1,918**	**$ 122,920**	**$ 167,365**
Dividends per share declared during the nine month period ended September 30, 2015				**$ 0.57**	

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

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

	Note	For the nine months ended September 30, 2015	2014
Cash flows from operating activities:			
Net income and comprehensive income for the period		**$ 9,926**	$ 23,355
Items not involving cash:			
Amortization	8	**1,288**	1,612
Depreciation	7	**7,800**	9,224
(Gain) loss on sale of property and equipment		**(426)**	(161)
Finance income	16	**(1,164)**	(2,196)
Finance costs	17	**2,042**	1,632
Deferred compensation plan expense		**1,781**	2,733
Income tax expense	11	**9,641**	7,205
Stock-based compensation expense	13	**75**	276
Impairment of goodwill and intangible assets	8	**22,435**	-
Cash flows from operations before changes in non-cash working capital		**53,398**	43,680
Changes in non-cash working capital relating to operating activities	20	**(635)**	(42,420)
Dividends, interest and the effect of exchange rate fluctuations		**1,083**	1,161
Interest paid		**(960)**	(1,122)
Income taxes (paid) / refunds recovered		**(17,741)**	1,025
Cash flows from (used in) operating activities		**35,145**	2,324
Cash flows from (used in) investing activities:			
Additions to property and equipment	7	**(5,111)**	(13,866)
Additions to intangible assets	8	**(326)**	(492)
Proceeds on sale of property and equipment		**1,937**	962
Other long-term assets		**(2,179)**	-
Proceeds from disposal of investments		**11,652**	-
Cash flows from (used in) investing activities		**5,973**	(13,396)
Cash flows from (used in) financing activities:			
Dividends paid on shares		**(24,223)**	(24,223)
Proceeds from loans and borrowings		**9,879**	4,128
Repayment of loans and borrowings		**(13,386)**	(12,628)
Cash flows used in financing activities		**(27,730)**	(32,723)
Net increase (decrease) in cash and cash equivalents during the period		**13,388**	(43,795)
Cash and cash equivalents, beginning of the period		**164,033**	138,350
Cash and cash equivalents, end of the period	20	**$ 177,421**	$ 94,555

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

1. Structure of the Company

Bird Construction Inc. (the "Company") is a corporation incorporated in the province of Ontario, Canada. The address of the Company's registered office is 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 November 10, 2015 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*. These unaudited condensed consolidated interim financial statements do not include all of the information and disclosures required in the Company's annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2014.

(c) 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.

(d) Use of estimates and judgments:
The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying amount of an asset or liability and/or the reported amount of revenue and expense in future periods. 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 are all based on estimates and judgements used in determining an estimate of contract revenue and contract costs to determine the stage of completion for a particular construction project, depending upon the nature of the construction contract. To determine the estimated cost to complete construction contracts, 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 can 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. As many change orders and claims may not be settled until 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 or earlier if a triggering event occurs 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 have 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 unaudited condensed consolidated interim financial statements is included in the significant accounting policies note in the Company's December 31, 2014 annual consolidated financial statements, 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 accounting policies applied in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company's December 31, 2014 annual consolidated financial statements.

4. Future accounting changes

A number of new standards and amendments to standards and interpretations, are not yet effective for the nine month period ended September 30, 2015, and have not been applied in preparing these unaudited condensed consolidated interim financial statements.

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new ‘expected credit loss’ model for calculating impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model. The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

On May 28, 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers.* The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11 *Construction contracts* and IAS 18 *Revenue.* The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

On December 18, 2014 the IASB issued amendments to IAS 1 *Presentation of Financial Statements* as part of its major initiative to improve presentation and disclosure in financial reports (the “Disclosure Initiative”). The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. The Company intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The extent of the impact of adoption of the amendments has not yet been determined.

5. Special Projects

(a) Casey House

(i) Background information:

During the first quarter of 2015, the Company was awarded a $32,003 fixed-price build-finance project to restore and expand the Casey House Hospice in Toronto.

(ii) Restricted cash:

The terms of the debt financing agreement require that scheduled loan advances be deposited into a blocked bank account, which cannot be accessed directly by the Company. Upon recommendation by the lender’s technical advisor, cash is released monthly based on the progress of the work.

(iii) Costs and estimated earnings in excess of billings:

Of the $20,101 costs and estimated earnings in excess of billings as at September 30, 2015, $3,586 relates to the Casey House project. Payment is expected to be made to the Company following substantial completion of the project.

(iv) Loan payable:

The Company has arranged a $29,057 loan facility bearing interest at a fixed rate of 2.06% related to the project, of which $6,119 has been drawn down at September 30, 2015 (December 31, 2014 - $nil). The loan is repayable in full from the proceeds of the fixed price build-finance contract payment. Interest is paid monthly in arrears. Interest expense on the loan during the nine month period ended September 30, 2015 of $95 is included in finance costs. In the event of a default in payment for the construction work upon substantial completion, including interim interest costs, the lender has recourse only against assets related to this project, which have been segregated in a wholly-owned subsidiary of the Company.

(b) Moncton Downtown Centre

(i) Background information:

During the third quarter of 2015, the Company was awarded a $90,768 fixed-price build-finance contract to construct the Moncton Downtown Centre.

(ii) Restricted cash:

The terms of the debt financing agreement require that scheduled loan advances be deposited into a blocked bank account, which cannot be accessed directly by the Company. Upon recommendation by the lender's technical advisor, cash is released monthly based on the progress of the work.

(iii) Loan payable:

The Company has arranged a $77,478 loan facility bearing interest at a fixed rate of 1.893% related to the project, of which $3,336 has been drawn down at September 30, 2015 (December 31, 2014 - $nil). The loan is repayable in full from the proceeds of the fixed price build-finance contract payment. Interest is paid monthly in arrears. Interest expense on the loan during the nine month period ended September 30, 2015 of $nil is included in finance costs. In the event of a default in payment for the construction work upon substantial completion, including interim interest costs, the lender has recourse only against assets related to this project, which have been segregated in a wholly-owned subsidiary of the Company.

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

6. Accounts receivable

		September 30, 2015		December 31, 2014
Progress billings on construction contracts	**$**	**285,204**	$	232,175
Holdbacks receivable (due within one operating cycle)		**111,793**		86,401
Other		**3,455**		4,491
	$	**400,452**	$	323,067

Accounts receivable are reported net of an allowance for doubtful accounts of $2,023 as at September 30, 2015 ($1,465 – December 31, 2014).

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.

7. Property and equipment

		September 30, 2015						
		Land	Buildings	Leasehold improvements	Equipment, trucks and automotive	Furniture and office equipment		Total
Cost								
Balance January 1, 2015	**$**	**1,935**	**11,363**	**4,241**	**87,581**	**2,103**	**$**	**107,223**
Additions		**-**	**839**	**2,206**	**1,909**	**157**		**5,111**
Additions under finance leases		**-**	**-**	**-**	**333**	**16**		**349**
Disposals		**-**	**(222)**	**-**	**(5,383)**	**(112)**		**(5,717)**
Balance September 30, 2015	**$**	**1,935**	**11,980**	**6,447**	**84,440**	**2,164**	**$**	**106,966**
Accumulated depreciation								
Balance January 1, 2015	**$**	**-**	**2,806**	**2,908**	**41,709**	**1,360**	**$**	**48,783**
Disposals		**-**	**(222)**	**-**	**(3,885)**	**(99)**		**(4,206)**
Depreciation expense		**-**	**697**	**308**	**6,602**	**193**		**7,800**
Balance September 30, 2015	**$**	**-**	**3,281**	**3,216**	**44,426**	**1,454**	**$**	**52,377**
Net book value	**$**	**1,935**	**8,699**	**3,231**	**40,014**	**710**	**$**	**54,589**

There were no events or circumstances requiring an impairment loss to be recognized in the nine month period ending September 30, 2015.

The carrying value of equipment, trucks and automotive held under finance leases at September 30, 2015 is $1,616 (December 31, 2014 - $1,697).

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

8. Intangible assets and goodwill

	September 30, 2015								
		Backlog	Customer relationships	Trade names	Computer software		Total		Goodwill
Cost									
Balance January 1, 2015	$	6,892	10,323	4,173	5,459	$	26,847	$	30,540
Additions		-	-	-	326		326		-
Disposals		-	-	-	(216)		(216)		
Balance September 30, 2015	$	6,892	10,323	4,173	5,569	$	26,957	$	30,540
Accumulated amortization									
Balance January 1, 2015	$	6,892	5,420	-	3,115	$	15,427	$	-
Disposals		-	-	-	(216)		(216)		
Amortization expense		-	792	-	496		1,288		-
Impairment losses			4,111	4,173			8,284		14,151
Balance September 30, 2015	$	6,892	10,323	4,173	3,395	$	24,783	$	14,151
Net book value	$	-	-	-	2,174	$	2,174	$	16,389

Impairment of goodwill and intangible assets:

During the third quarter, the Company recorded an impairment loss of $22,435 relating to goodwill and intangible assets previously carried in respect of its wholly owned subsidiary H.J. O'Connell Limited acquired on August 31, 2011 (a separate cash generating unit). Unfavourable economic and market conditions in the mining industry in Eastern Canada resulting from low iron-ore commodity prices are expected to continue in the future. In addition mining customers have curtailed resource development expenditures and some have decided to self perform their mining operations which will further negatively affect future opportunities and cash flows for O'Connell. The Company has determined that there has been impairment triggering events and accordingly has performed its impairment testing for the O'Connell CGU in the current quarter. The impairment testing indicated that the recoverable amount to be derived from O'Connell was less than the carrying amount of the net investment in O'Connell. As a result of the analysis, the Company recorded a third quarter impairment expense of $14,151 relating to all of O'Connell's goodwill and the total carrying value of $8,284 relating to O'Connell intangible assets including customer relationships and trade name. Goodwill and intangible impairment charges are non-cash expenses that do not affect current period cash flows from operating activities.

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

The recoverable amount for the O'Connell CGU was determined based on a value in use calculation using cash flow projections from financial forecasts approved by senior management covering a five-year period. Significant assumptions used in the calculation of value in use were the level of new awards, the construction gross margin percentage, the level of operating and capital costs, the discount rate and the terminal value growth rate. Budgeted net earnings were based on expectations of future outcomes taking into account past experience, the Company's annual business plan and the Company's strategic plan adjusted for a number of weighted probabilities based on current economic conditions. Cash flows for the remaining periods were extrapolated using nominal growth rates. A pre-tax discount rate of 15%, which is based on a market based cost of capital, was applied in determining the recoverable amount. There is an element of uncertainty and judgement in deriving the recoverable amount given the necessity of making a number of key economic assumptions about the future, including future cash flows, economic growth rates and discount rate. Management has used its best estimate to determine the key assumptions used in the analysis.

The annual impairment tests for the Rideau and Nason districts will be performed in the fourth quarter of this year.

The following table presents the impact of the impairment charge on the Company's goodwill and intangible assets relating to each of its previous business combinations.

Goodwill	December 31, 2014	Impairment Charge	Amortization	September 30, 2015
Rideau districts	**$** 9,294	$ -	-	$ 9,294
O'Connell district	14,151	(14,151)	-	-
Nason district	7,095	-	-	7,095
	$ 30,540	$ (14,151)	$ -	$ 16,389
Intangible Assets				
Rideau districts	**$** -	$ -	-	$ -
O'Connell district	9,076	(8,284)	(792)	-
Nason district	-	-	-	-
	9,076	(8,284)	(792)	-
Total	$ 39,616	$ (22,435)	$ (792)	$ 16,389

9. Operating and Equipment lines of credit

A. Letters of credit facilities:
The Company has authorized operating lines of credit totalling $132,000 with two Canadian chartered banks, maintained for the primary purpose of issuing letters of credit. At September 30, 2015, the lines were drawn for outstanding letters of credit of $38,728 (December 31, 2014 - $8,041).

On July 2, 2015, the Company executed an agreement with Export Development Canada (EDC) to provide $45,000 of performance security guarantees for letters of credit issued by financial institutions on behalf of the Company. The Company can only use this facility when letters of credit have been issued as contract security for projects that meet the EDC criteria.

The letters of credit represent performance guarantees primarily issued in connection with design-build construction contracts related to Public Private Partnership arrangements and other major construction projects. These letters of credit are supported through the hypothecation of certain financial instruments having a market value at September 30, 2015 of $33,933 (December 31, 2014 - $20,651) and through the issuance of performance security guarantees issued by Export Development Canada totaling $6,157.

B. Committed revolving operating credit facilities:
   i. During the second quarter of 2015, a subsidiary of the Company has executed a new committed revolving credit facility of $25,000 to be used to finance normal course operations. As at September 30, 2015, the subsidiary has not drawn on the facility. Borrowings under the facility are secured by a first priority ranking security interest over the net assets of the subsidiary. Borrowings are limited to 100% of the net receivables less net payables of the subsidiary. Interest is charged at a rate per annum equal to the Canadian prime rate. The facility expires on June 10, 2018. The subsidiary is in compliance with the debt-to-equity covenant of this facility.

   ii. The Company has a $30,000 unsecured revolving credit facility. The facility matures on September 28, 2017. As at September 30, 2015, the Company has drawn $nil 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.

C. Committed equipment term facilities:
   i. The Company has a committed term credit facility of up to $10,000 to be used to finance equipment purchases of subsidiaries guaranteed by the Company. As of September 30, 2015, the facility is undrawn. Interest on the facility can be charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears. Draws under this facility are permitted until June 10, 2018.

   ii. During the second quarter of 2015, a subsidiary of the Company has executed a new committed term credit facility of up to $15,000 to be used to finance equipment purchases of the subsidiary. Borrowings under the facility are secured by a first charge against certain of the subsidiary's equipment financed using the facility. As of September 30, 2015, the facility is undrawn. Interest on the facility can be charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears. Draws under this facility are permitted until June 10, 2018.

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

D. Equipment lease line of credit:

Subsidiaries of the Company have established operating lease lines of credit of $62,500 with the financing arms of major heavy equipment suppliers to finance operating equipment leases. Draws under these facilities are generally recognized as operating leases, with the lease obligations being secured by the specific leased equipment (see note 18). At September 30, 2015, the subsidiaries had used $16,437 under these facilities.

10. Loans and borrowings

		Nine months ended September 30, 2015						
		Property & Equipment Financing	Finance Leases	Vendor Take-Back Notes	Non-Recourse Project Financing	Unamortized Transaction Costs		Total
Balance December 31, 2014	$	23,374	1,203	3,750	-	(124)	$	**28,203**
Proceeds		424	349	-	9,455	-		**10,228**
Repayment		(8,924)	(712)	(3,750)	-	-		**(13,386)**
Amortization		-	-	-	-	57		**57**
Balance September 30, 2015	$	14,874	840	-	9,455	(67)	$	**25,102**
Current portion	$	9,738	737	-	6,119	(67)	$	**16,527**
Non-current portion		5,136	103	-	3,336	-		**8,575**
	$	14,874	840	-	9,455	(67)	$	**25,102**

The aggregate amount of principal repayments and future minimum lease payments under finance leases for all long-term debt for subsequent years is as follows:

		Equipment Financing	Finance Leases	Vendor Take-Back Notes	Non-Recourse Project Financing	Unamortized Transaction Costs		Total
Within 1 year	$	9,738	750	-	6,119	(67)	$	**16,540**
Year 2		1,986	103	-	3,336	-		**5,425**
Year 3		1,872	-	-	-	-		**1,872**
Year 4		592	-	-	-	-		**592**
Year 5		686	-	-	-	-		**686**
More than 5 years		-	-	-	-	-		**-**
		14,874	853	-	9,455	(67)		**25,115**
Less interest		-	(13)	-	-	-		**(13)**
	$	14,874	840	-	9,455	(67)	$	**25,102**

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

11. Income taxes

	Nine months ended September 30, 2015	2014
Provision for income taxes		
Income tax expense (recovery) is comprised of:		
Current income taxes	**$ 8,090**	$ 12,883
Deferred income taxes	**1,551**	(5,678)
	$ 9,641	$ 7,205
Income tax rate reconciliation		
Combined federal and provincial income tax rate	**26.1%**	26.0%
Increases (reductions) applicable to:		
Non-taxable items	**3.0**	0.2
Effect of loss carryback	**-**	(1.8)
Dividend income	**(0.3)**	(0.3)
Impairment of goodwill and intangible assets	**20.5**	-
Other	**-**	(0.5)
Effective rate	**49.3%**	23.6%

12. Other liabilities

MTIP and DSU Liabilities:

	September 30, 2015	December 31, 2014
MTIP liability	**$ 4,565**	$ 3,797
DSU liability	**719**	498
	5,284	4,295
Less: current portion - MTIP	**2,551**	2,841
Non-current portion	**$ 2,733**	$ 1,454

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

13. Shareholders' capital

The Company is authorized to issue an unlimited number of common shares and has issued and outstanding 42,516,853 common shares as of September 30, 2015. The Company is authorized to issue preference shares in series with rights set by the Board of Directors, up to a balance not to exceed 35% of the outstanding common shares.

	Number of shares	Amount
Balance, December 31, 2014 and September 30, 2015	42,516,853	$ 42,527

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.

Under the terms of the Company's Stock Option Plan, the Company's Board of Directors approved the award of 100,000 stock options with a grant date of January 1, 2015 to the newly appointed President and CEO. The total number of stock options is exercisable in equal amounts on the first through fourth anniversary dates from the grant date. The exercise price will be based on the weighted average trading price of the Company's common shares on the Toronto Stock Exchange for the five trading days prior to January 1, 2015. These stock options awarded will expire on January 1, 2022.

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, 2014	625,000	$ 13.98
Granted during the period	100,000	11.87
Forfeited during the period	(65,000)	$ 13.98
Outstanding at September 30, 2015	**660,000**	**$ 13.66**

The following table summarizes information about stock options outstanding and exercisable as at September 30, 2015:

	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)
March 15, 2012 Grant	560,000	420,000	$ 13.98	$ 3.25	March 15, 2019	4.0
January 1, 2015 Grant	100,000	-	$ 11.87	$ 1.16	January 1, 2022	6.8

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

The fair values of stock options issued during the period ended September 30, 2015 have been calculated using the Black-Scholes fair value option pricing model, using the following assumptions:

	2015
Expected Volatility[1]	24.9%
Dividend Yield	6.4%
Risk Free Interest Rate	1.4%
Weighted Average Expected Life in Years	4.75

[1]Expected volatility was determined using historical volatility.

The expense recognized during the nine month period ended September 30, 2015 for stock-based compensation is $75 (December 31, 2014 - $351).

14. Earnings per share

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

	Three months ended September 30,		**Nine months ended September 30,**	
	2015	2014	**2015**	2014
Profit attributable to shareholders (basic and diluted)	$ **(5,616)**	$ 12,425	$ **9,926**	$ 23,355
Average number of common shares outstanding	**42,516,853**	42,516,853	**42,516,853**	42,516,853
Effect of stock options on issue		-		-
Weighted average number of common shares (diluted)	**42,516,853**	42,516,853	**42,516,853**	42,516,853
Basic earnings per share	$ **(0.13)**	$ 0.29	$ **0.23**	$ 0.55
Diluted earnings per share	$ **(0.13)**	$ 0.29	$ **0.23**	$ 0.55

At September 30, 2015, 660,000 options (December 31, 2014 - 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

	September 30, 2015	December 31, 2014
Warranty Claims	**$ 4,052**	$ 6,111
Legal Claims	**1,811**	1,846
	$ 5,863	$ 7,957

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.

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

16. Finance income

	Nine months ended September 30, **2015**	2014
Interest and dividend income	**$ 1,049**	$ 1,130
Equity income from investment in associates	**(44)**	-
Interest income relating to accretion on holdbacks receivables	**1,783**	849
Foreign exchange gain (loss)	**(14)**	-
Realized gain (loss) on investments	**(2,009)**	-
Unrealized gain (loss) on investments	**399**	217
	$ 1,164	$ 2,196

17. Finance costs

	Nine months ended September 30, **2015**	2014
Interest on long-term debt	**$ 1,112**	$ 1,064
Accretion of accounts payable and other liabilities	**930**	568
	$ 2,042	$ 1,632

18. Leases

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

	Maturities Within 2015	From 2016 to 2019	Beyond 2019	Total
Operating leases	$ 2,168	16,761	19,061	$ 37,990

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 September 30, 2015 totalled $6,594 (December 31, 2014 - $3,672).

For the nine month period ended September 30, 2015 the Company acquired minority equity interests in a number of Public Private Partnership ("PPP") concession entities, which requires the Company to make $11,873 in future capital injections. These commitments have been secured by letters of credit totalling $11,873.

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

(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, subcontract/supplier insurance 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 provisions in the financial statements for all known liabilities relating to subcontractor defaults.

20. Other cash flow information

	Nine months ended September 30, **2015**	Nine months ended September 30, 2014
Changes in non-cash working capital		
Accounts receivable	**$ (75,747)**	$ (22,149)
Costs and estimated earnings in excess of billings	**5,738**	(5,004)
Prepaid expenses and other assets	**(647)**	(1,027)
Inventory	**132**	1,676
Accounts payable	**32,614**	(25,069)
Deferred contract revenue	**40,160**	7,666
Provisions	**(2,094)**	1,550
Medium term incentive plan	**(791)**	(63)
	$ (635)	$ (42,420)

	September 30, 2015	December 31, 2014
Cash and cash equivalents		
Cash	**$ 162,120**	$ 164,033
Bankers' acceptances and short-term deposits	**15,301**	-
	$ 177,421	$ 164,033
Restricted cash and cash equivalents		
Cash and cash equivalents held to support letters of credit	**$ 33,933**	$ 28,082
Cash deposited in blocked accounts for special projects	**5,406**	-
	$ 39,339	$ 28,082

Letters of Credit Support:
In the normal course of business, the Company issues letters of credit on certain projects to guarantee its performance. These projects are typically design-build contracts relating to Public Private Partnership arrangements and other major construction projects. In certain instances, the letters of credit are supported by the hypothecation of cash and cash equivalents that are not available for general corporate purposes.

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

Blocked Accounts:
The terms of non-recourse project financing require scheduled loan advances to be deposited in a blocked bank account which cannot be accessed directly by the Company for general corporate purposes. Upon recommendation by the lender's technical advisor, cash is released monthly from the blocked account and paid to the Company based on the progress made on the related construction project.

21. Financial instruments

The Company's preferred share investments have been classified as fair value through profit and loss. The Company's cash, bankers' acceptances, short-term deposits, bank overdraft, if any, accounts receivable and other long-term assets 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.

A. Classification and fair value of financial instruments:

		September 30, 2015		December 31, 2014
Financial Instruments at Fair Value through profit or loss				
Preferred Share Investments	**$**	**488**	$	13,750
		488		13,750
Loans and Receivables and Other Financial Liabilities				
Loans and Receivables				
Cash	**$**	**162,120**	$	164,033
Bankers' acceptances and short-term deposits		**15,301**		-
Accounts receivable		**400,452**		323,067
Other long-term assets		**4,880**		2,745
	$	**582,753**	$	489,845
Other Financial Liabilities				
Accounts payable	**$**	**(379,177)**	$	(345,636)
Dividends payable to shareholders		**(2,691)**		(2,691)
Loans and borrowings		**(25,102)**		(28,203)
		(406,970)		(376,530)
Total Financial Instruments	**$**	**176,271**	$	127,065

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. The fair values of the remaining financial instruments approximate their carrying value due to their relatively short periods to maturity.

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

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.

Accounts receivable outstanding for greater than 90 days and considered past due by the Company's management, represent 9.7% (December 31, 2014 – 17.4%) of the balance of progress billings on construction contracts receivable at September 30, 2015. Management has recorded an allowance of $2,023 (December 31, 2014 - $1,465) against these past due receivables, net of amounts recoverable from others.

	Amounts past due			
	Up to 12 months	Over 12 months	September 30, 2015	December 31, 2014
Trade receivables	**$ 9,093**	**$ 19,273**	**$ 28,366**	$ 40,660
Impairment	**(391)**	**(1,632)**	**(2,023)**	(1,465)
Total Trade receivables	**$ 8,702**	**$ 17,641**	**$ 26,343**	$ 39,195

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

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

		September 30, 2015		December 31, 2014
Balance, beginning of period	$	**1,465**	$	894
Impairment loss recognized		**667**		1,295
Amounts written off		**(107)**		(646)
Impairment loss reversed		**(2)**		(78)
	$	**2,023**	$	1,465

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 $114,338 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 $33,933 hypothecated to support outstanding letters of credit and $5,406 held in blocked accounts, are available to meet the financial obligations of the Company as they come due.

The Company has a committed line of credit totalling $30,000 available to finance operations of which, the Company has drawn $nil on the facility as at September 30, 2015. A subsidiary of the Company has a committed line of credit totalling $25,000 available to finance operations of which no amount has been drawn as at September 30, 2015. Also, the Company has a $10,000 committed equipment facility and a subsidiary of the Company has a $15,000 committed equipment facility, of which no amounts are outstanding as at September 30, 2015. Subsidiaries of the Company have established operating lease lines of credit for $62,500 with the financing arms of major heavy equipment suppliers to finance operating equipment leases. At September 30, 2015, the subsidiary has used $16,437 under these facilities. In addition, the Company has lines of credit totalling $132,000 available for issuing letters of credit for which $38,728 was drawn at September 30, 2015. Additional draws on this line require hypothecation of additional securities or cash deposits. Cash collateralization may not be required as the Company has entered into an agreement with EDC to provide $45,000 of performance security guarantees for letters of credit issued that meet their criteria. 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 2012, 2013 and 2014 are due on the vesting dates of November 2015, November 2016 and November 2017, 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.

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

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 September 30, 2015, the interest rate profile of the Company's long-term debt (excluding finance leases and unamortized transaction costs) was as follows:

Fixed-rate facilities	$	20,544
Variable- rate facilities		3,786
Total long term debt	$	24,330

As at September 30, 2015, 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 $38.

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

As of the date of the approval of these financial statements, the Board of Directors has declared dividends for the following months:

i. the October dividend of $0.0633 per share will be paid November 20, 2015 to the Shareholders of record as of the close of business on October 30, 2015.
ii. the November dividend of $0.0633 per share will be paid December 18, 2015 to the Shareholders of record as of the close of business on November 30, 2015.
iii. the December dividend of $0.0633 per share will be paid January 20, 2016 to the Shareholders of record as of the close of business on December 31, 2015.
iv. the January dividend of $0.0633 per share will be paid February 19, 2016 to the Shareholders of record as of the close of business on January 29, 2016.
v. the February dividend of $0.0633 per share will be paid March 18, 2016 to the Shareholders of record as of the close of business on February 29, 2016.
vi. the March dividend of $0.0633 per share will be paid April 20, 2016 to the Shareholders of record as of the close of business on March 31, 2016.