ANNUAL REPORT 2018

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EIGHTY-EIGHTH

ANNUAL REPORT

for the year ended
December 31, 2018

CORPORATE OFFICE	5700 Explorer Drive, Suite 400 Mississauga, ON L4W 0C6 Canada
DIRECTORS	J. Richard Bird, Ph.D., MBA (1)(2) .... Calgary Ian J. Boyd, P.Eng. .... Oakville Karyn A. Brooks FCPA, FCA (1)(2) .... Calgary Paul A. Charette (Chair) (1)(2) .... Oakville D. Greg Doyle, FCPA, FCA (1)(2) .... Victoria Bonnie D. DuPont, BSW, MEd (1)(2) .... Calgary Luc J. Messier, P.Eng. (1)(2) .... Texas, USA Ron D. Munkley, BSc, Hon (Eng) (1)(2) .... Mississauga Paul R. Raboud, P.Eng., MSc, MBA .... Toronto Arni C. Thorsteinson, CFA (1)(2) .... Winnipeg *(1) Audit Committee Member* *(2) Human Resources, Safety and Governance Committee Member*
OFFICERS	Ian J. Boyd, P.Eng. .... President & CEO Teri L. McKibbon .... Chief Operating Officer Wayne R. Gingrich CPA, CMA .... Chief Financial Officer & Treasurer Charles J. Caza, BA, Sc.Eng., LL.B .... General Counsel & Secretary Gilles G. Royer, P.Eng. .... Executive Vice President - Industrial Paul Bergman, CET .... Executive Vice President - Commercial Nicole Washington-Lee, MBA, LL.B, CFA .... Senior Counsel & Assistant Secretary
AUDITORS	KPMG LLP
BANK	Bank of Montreal
SURETY	Travelers Guarantee Company of Canada
STOCK EXCHANGE LISTING	Toronto Stock Exchange (Symbol “BDT”)
TRANSFER AGENT AND REGISTRAR	Computershare Investor Services
WEBSITE	www.bird.ca

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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, 2018 consolidated financial statements of Bird Construction Inc. This discussion contains forward-looking information, which are subject to a variety of factors that could cause actual results to differ materially from those contemplated by this information. 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" included in the Company's most current Annual Information Form dated March 12, 2019. This MD&A has been prepared as of March 12, 2019. 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

(in thousands of Canadian dollars, except per share amounts)	**2018**	2017 (restated)[1]	2016
Income Statement Data			
Revenue	$ **1,381,784**	$ 1,418,557	$ 1,589,868
Net income (loss)	**(1,013)**	8,836	25,002
Basic and diluted earnings (loss) per share	**(0.02)**	0.21	0.59
Adjusted Net Income [2]			
Adjusted Net Income (Loss)	**(1,013)**	8,836	27,741
Adjusted Net Income (Loss) per share	**(0.02)**	0.21	0.65
Cash Flow Data			
Net increase (decrease) in cash and cash equivalents during the period	**24,606**	(127,615)	43,143
Cash flows from (used in) operations	**101,441**	(91,121)	43,682
Addtions to property and equipment [3]	**14,613**	14,572	5,602
Cash dividends paid	**16,582**	17,891	32,297
Cash dividends declared per share	**0.39**	0.39	0.76

	December 31, 2018	December 31, 2017 (restated)[1]	January 1, 2017 (restated)[1]
Balance Sheet Data			
Total assets	**652,021**	706,732	803,857
Working capital	**70,215**	84,078	115,272
Loans and borrowings (current and non-current)	**29,957**	18,598	11,388
Shareholders' equity	**136,229**	153,816	161,543

(1) 2017 reported figures have been restated applying IFRS 15. See "Accounting Policies - New Accounting Standards Adopted"

(2) Adjusted Net Income is a non-GAAP measure and does not have standardized meaning. See "Non-GAAP Measures"

(3) includes computer software purchases classified as intangible assets

2018 HIGHLIGHTS

- During the fourth quarter of 2018, the Company recorded net income of $6.4 million on construction revenue of $385.9 million, compared with net income of $2.0 million on $365.6 million of construction revenue respectively in 2017. The year-over-year increase in fourth quarter net income is reflective of the increase in revenue and earnings attributable to higher margin self-perform industrial work programs in the fourth quarter of 2018 as well as a reduction in pursuit costs and a foreign exchange translation gain on U.S. cash and equivalents held.

- In 2018, the Company recorded a net loss of $1.0 million on construction revenue of $1,381.8 million compared with net income of $8.8 million on $1,418.6 million of construction revenue in 2017. The decrease in net income year-over-year is attributable to a confluence of events that the Company experienced in 2018. Industrial operations, including mining in eastern Canada, were negatively impacted by project delays, including a labour strike at one of the Company's primary mining clients, in the first half of 2018. Industrial project activity ramped up through the second half of the year as delays eased and alternative work programs became available, although later than initially anticipated. One of the Company's offices experienced execution issues on several projects that were largely design related and for which the Company has recorded provisions to account for the increase in costs, taken steps to mitigate further impacts and is seeking recovery accordingly. In the first quarter of 2018, the Company incurred additional costs, including financing costs from lenders, on a PPP project that was late in achieving substantial completion.

- In 2018, the Company secured $1,491.7 million of new contract awards and change orders and executed $1,381.8 million of construction revenues. The new contract awards through the year contributed to a Backlog of $1,295.9 million for the Company at December 31, 2018, an increase of $109.9 million, or 9.3% from the $1,186.0 million of Backlog recorded at December 31, 2017. Key new contract awards in 2018 that demonstrate the Company's success in diversifying its work program include:

    - In the fourth quarter, the contract for the engineering, procurement and construction of LNG Canada's Cedar Valley Lodge project (the "Cedar Valley Lodge") was novated to LNG Canada's EPC contractor ("EPC Contractor") and the EPC Contractor has issued a notice to proceed. Cedar Valley Lodge will house workers for the construction of LNG Canada's export terminal project in Kitimat, B.C. Design and engineering of the Cedar Valley Lodge along with plans for construction execution are ongoing, with construction commencing in spring 2019.

    - In the third quarter, the Company executed a contract for the Ontario Provincial Police (OPP) Modernization Phase 2 project to design, build and finance OPP detachments in nine Ontario communities. Bird will undertake the design and construction of the detachments and will also own the concession responsible for financing the project through Bird Capital. In 2012, the Company successfully completed Phase 1 of the modernization program.

    - In the first quarter, the Company announced that it has a 50% interest in a construction joint venture that is part of the Hartland Resource Management Group consortium that will design and build the residuals treatment facility for the Capital Regional District ("CRD") in Victoria, BC. The Company also has taken a minority equity interest in the concession responsible for the design, construction, financing, operations and maintenance of the project through Bird Capital.

    - In 2018, the Company had other strategic awards that were contracted including a hotel and conference centre in Iqaluit, Nunavut for the Qikiqtaaluk Corporation. The project will use Stack Modular to supply modular units as part of the hotel.

- The Company announced in the third quarter that it was selected as first negotiations proponent as part of the CBS JV Corp to execute, under an Integrated Project Delivery ("IPD") contract model, the construction of the Advanced Nuclear Materials Research Centre ("ANMRC") for Canadian Nuclear Laboratories ("CNL") located in Chalk River, Ontario. Bird is part of the joint venture that will lead the construction of the project. The project has not yet been added to Backlog as CBS JV Corp is working through the validation phase, which confirms the project's financial viability and is expected to be complete by the third quarter of 2019.

- The Company achieved substantial completion on three Public Private Partnership and alternative finance ("PPP") projects in the year ended December 31, 2018:

    - Stanton Territorial Hospital Renewal – At over 280,000 sq. ft., the new hospital located adjacent to the current facility will offer outpatient and inpatient services including emergency, medical imaging, dialysis, obstetrics, pediatric, cardio and mental health departments as well as day procedure and surgery suites.
    - Moncton Downtown Events Centre - The 8,800 seat, 250,000 sq. ft. facility is the largest project the City of Moncton has procured and completed. The centre will serve as a catalyst for downtown development in the City, will be the host for major sports and entertainment.
    - East Rail Maintenance Facility – At more than 500,000 sq. ft. and built on 76 acres, construction included progressive maintenance bays, coach maintenance shops, locomotive maintenance shops,

paint booth, wheel shop, wash bays, fuel storage, a track maintenance building, track, and track switches.

- In 2018, cash and cash equivalents increased $25.8 million net of the effects of foreign exchange to $158.9 million, from the $133.1 million balance at the end of 2017. The majority of the increase in cash and equivalents during the year relate to changes in the non-cash net current asset/liability position which can fluctuate significantly in the normal course of business.

- The Board has declared monthly eligible dividends of $0.0325 per common share for March 2019 and April 2019.

NON-GAAP MEASURES:

Adjusted Net Income:

Adjusted Net Income and Adjusted Net Income Per Share have no standardized meaning prescribed by GAAP and are considered non-GAAP measures. Therefore, these measures may not be comparable with similar measures presented by other companies. Management believes that the presentation of Adjusted Net Income and Adjusted Net Income Per Share provides useful information for shareholders and potential investors as it provides increased transparency and predictive value.

Adjusted Net Income (Non-GAAP Information)

(in thousands of Canadian dollars, except per share amounts)

		2018		2017 [2]		2016 [1]
Net income as reported in financial statements (GAAP)	$	**(1,013)**	$	8,836	$	25,002
Add: Impairment of equipment		**-**		-		3,855
Add: Associated tax effect		**-**		-		(1,116)
Adjusted Net Income (Non-GAAP Measure)	$	**(1,013)**	$	8,836	$	27,741
Adjusted Net Income Per Share (Non-GAAP Measure)	$	**(0.02)**	$	0.21	$	0.65

Notes:

[1] Results provided for 2016 have not been restated in accordance with IFRS 15.

[2] 2017 reported figures have been restated applying IFRS 15. See "Accounting Policies - New Accounting Standards Adopted".

The Company's net income in 2016 was negatively impacted by a non-cash charge to earnings of $3.9 million ($2.7 million after deferred tax reversal) for the impairment of equipment.

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, Ottawa, Toronto, Winnipeg, Calgary, Edmonton, and Vancouver. The Company and its predecessors have been in operation for 99 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, metal & modular fabrication, mechanical process work, underground piping and earthwork for clients primarily operating in the oil and gas, liquefied natural gas (LNG), mining and nuclear sector. Within the institutional sector, Bird constructs hospitals, post-secondary education facilities, schools, prisons, courthouses, government buildings, retirement and senior housing, as well as environmental facilities that include water and wastewater treatment centres, composting facilities and biosolids treatment and management facilities. Within the commercial sector, Bird's operations include the construction and renovation of shopping malls, big box stores, office buildings, hotels and selected mixed-use high-rise condominiums and apartments. The Company has developed expertise in the construction of vertical elements and overall management of transportation related projects and will continue to enhance our abilities in this market. Bird also invests in equity in PPP projects as a means to support construction operations. In all sectors, Bird contracts with its clients using a combination of fixed price, unit price, design-build, PPP, cost reimbursable (such as cost plus, construction management and integrated project delivery methods).

While Bird self-performs some elements of its projects, particularly in the industrial market 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 subcontractor not be able to meet its 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

In 2016, the Company undertook a comprehensive strategic review to assess its market position and re-establish medium and long-term goals. This process culminated in the Company's Board of Directors endorsing the *Build Bird* five-year strategic plan that has been developed to further enhance the Company's position as a premier Canadian contractor driven by the passion and dedication of a team of construction professionals. The *Build Bird* five-year strategic plan is going into its third full year of implementation in 2019 and features three core pillars: Build the Business, Build the Team and Build Relationships. Each pillar has been further expanded into three primary initiatives detailed below with the express purpose of improving the Company's margins and overall profitability through 2021 and building a healthier company that can deliver more consistent earnings through the various economic cycles.

Broadly, Bird's strategic focus is to secure projects in markets with higher profit margins, which in the past several years consisted of PPP and large design-build projects in the institutional sector as well as smaller midstream oil & gas capital projects in western Canada. For Bird Heavy Civil, the focus will continue to be on diversifying the customer base on select mining support and environmental projects on mine sites. In the fourth quarter of 2018, the Company contracted the Cedar Valley Lodge, located at LNG Canada's liquefaction and export facility in Kitimat, British Columbia which is Canada's largest ever infrastructure project. This project will help the Company achieve a more balanced work program between industrial and commercial/institutional sectors by increasing the contribution from industrial work on a project with significant size, scale and duration. It will also provide the opportunity to secure additional scopes of work by executing well on the Cedar Valley Lodge and leveraging our relationships. While the Company will position itself to maximize opportunities on the LNG Canada project, Management remains fully committed to its diversification program.

BUILD THE BUSINESS

Diversification and Growth

The diversification of the Company's work program and earnings base is intended to strengthen the Company by making it healthier and more resilient during economic downturns. As part of the overall strategy, Bird will continue to focus on larger and more complex construction projects, which limit competition and typically offer the potential for enhanced profit margins. Diversification and Growth will be realized through geographic expansion of existing services, introduction of new services and the development of new clients. The Company sees opportunities in areas that were selected by the federal government to invest in such as indigenous communities, environmental initiatives and transportation projects. The Company's goal is to leverage its areas of expertise to participate more fully in these markets on selective projects where it can develop a compelling win strategy. The Company will be very selective in its execution of the strategy to ensure it grows and diversifies profitably.

Through its geographic expansion efforts, the Company will continue to express its preference for design-build construction contracts where its proven experience provides Bird with a source of competitive advantage. In doing so, the Company will also look to ensure there is a balanced risk profile in its work program so that there is a mix of lower risk delivery methods such as construction management, cost-plus and integrated project delivery ("IPD") with higher risk methods such as stipulated sum, unit price, design-build and PPP. The Company is also looking for opportunities to expand commercial and institutional expertise into additional markets in Canada. The Edmonton Commercial office was established in 2017 and despite expectations for challenging market conditions in Alberta in 2019, the business is positioning itself to develop the team and its capabilities to service the region on a long-term basis. The Company has been successful already in expanding its presence in northern Canada which is a key focus area for growth as evidenced by the recent completion of the Stanton Territorial Hospital in Yellowknife and the ongoing construction of the Iqaluit Hotel which is being built using steel frame modular units manufactured by Stack Modular ("Stack"), which the Company owns a 50% stake. The Company is also focusing on the light rail transit ("LRT") segment of the transportation market by utilizing project teams from across the country in pursuit of the 'vertical' elements of these projects (i.e. maintenance facilities, stations, platforms) in joint venture partnership arrangements with 'horizontal' contractors.

New service offerings will also contribute to Bird's Diversification and Growth strategy. The Company will pursue more opportunities in the nuclear market in Ontario building on successes achieved in 2018. The Company will continue to leverage the mechanical and electrical experience it gained in its 2013 acquisition of Nason Contracting Group Ltd. to pursue process related contracts in the industrial market sector. The Company will build on its successful growth into the environmental market with projects active in four provinces and shortlisted on projects in two additional provinces. By continuing to build our expertise, the Company will further establish its position as a top tier environmental firm in the construction of bio-solid treatment facilities, composting facilities and in water and wastewater treatment facilities across the country. We will also selectively identify and pursue Maintenance, Repair and Operations ("MRO") opportunities with our energy clients in northern Alberta building a recurring revenue stream. The overall goal is to increase the contribution from projects in the nuclear sector, turnkey process mechanical, environmental and MRO markets to be balanced with our traditional full service civil, concrete formwork, earthmoving and building services. Any of these services can be combined to meet a client's needs.

As part of the Company's growth strategy, the Company will use its existing relationships in established markets to expand its work program. As one of only a few general contractors in Canada with a national footprint, Bird looks to deepen its relationship with existing private clients that have a portfolio of properties and development opportunities both regionally and across Canada while also seeking to foster new client relationships. Historically, in western Canada the Company's industrial work program has been focused on the oil sands where it has secured a reputation as a safe, reliable and cost-effective general contractor. In the coming years, the Company will leverage these proven capabilities to develop clients and work programs more broadly. As of 2018, the Company now has industrial related projects, including heavy civil, in regions across the country. Bird Heavy Civil will widen its established activities in the Labrador Trough region to secure similar opportunities in eastern Canada. This expanded geographical scope will also support the need to develop additional clients, primarily in Ontario, Quebec and northern Canada to diversify from Bird Heavy Civil's historical focus on the iron ore market. These efforts to develop new clients will require a commitment to business development and a recognition that program accomplishments will take time to mature, particularly given the market conditions seen in the resource sector in recent years.

The focus on diversification has brought to light new market opportunities for the Company, some of which the Company has been able to service through organic growth and others where the Company has identified the need for an acquisition to spur the Company's entry into a new sector. Most recently, the Company plans to leverage its 2017 investment in Stack, a modular construction company with production operations in China, as an alternative manner of delivering projects such as hotels, senior housing, residential apartments and condominiums and commercial office buildings for key clients. The Company and Stack have complementary knowledge, resources and expertise that positions them well to serve the permanent modular construction market in Canada and the United States. Recently, the Company has been more active in researching additional acquisition targets. Generally, the Company is looking to add self-perform capabilities with niche service offerings that will enhance overall profit margins and that will provide the Company with a platform for future growth.

Build Efficiencies

As a primary initiative of the Build the Business pillar, Bird's strategy for Build Efficiencies is to drive business process improvements to gain efficiencies and generate savings from overheads. These savings will be reinvested into the Company's strategic initiatives. Through 2018, the Company successfully introduced new software platforms to aid operations in safety management, human resource management and project delivery. Increasing process efficiency, particularly for the operations team, will also lead to greater engagement amongst the employee group and is anticipated to positively impact production as project teams will be able to dedicate more energy to project execution and less to administrative tasks.

Safe Production

At Bird, the single most important value is Safety and the goal is zero harm. Building on a highly reputable and proven safety program, this ongoing initiative will further the Company's commitment to embedding a Safe Production mindset throughout the project lifecycle, from estimating through to post-job assessment. It will require driving greater involvement and commitment from subcontractors and suppliers, and will further extend to fostering the safe planning and execution of Bird employee activities off the job. This holistic approach reflects the Company's fundamental belief that thinking and acting safely is not a switch that can, or should be, activated when arriving at or leaving the job site or workplace. Rather, it is a mindset that must be encouraged, nurtured and supported so that safe behaviours become a habit; repeatable, sustainable, and embedded in everything Bird staff do.

BUILD THE TEAM

Drive Positive Engagement, Become the Employer of Choice & Grow Our Talent

The *Build the Team* pillar includes a wide range of human resource program initiatives intended to enhance the employee experience, *Drive Positive Engagement*, and create a stronger and more productive workforce.

Bird's success is highly dependent on the Company's ability to *Grow Our Talent and Become the Employer of Choice*. This involves attracting, developing and retaining a highly skilled workforce at all levels within the organization. The Company is committed to providing employees and potential employees with interesting and challenging work and opportunities to build a successful career in every aspect of the business. Through the strategic planning process, several key priorities and challenges pertaining to the recruitment, onboarding, development, performance management and retention of employees were identified. A key element of the Company's plan is the enhancement of a meaningful employee recognition program to go along with annual service awards and the Company's 25-year and 50-year clubs. New investment and implementation of a software platform will help the Company employ more streamlined and proactive solutions for these priorities in 2019 and beyond. It will also help elevate the employee experience and *Drive Positive Engagement* at Bird by facilitating effective talent management and mobility across the organization. An updated employee handbook, onboarding resources and the delivery of in-house leadership training programs that focus on people and management skills rather than technical skills, will help facilitate the Company's success. The training programs include the Bird Leadership Academy (senior leaders), Bird Site Management Program (site supervisors and project site-based staff) and Taking Flight (new managers and supervisors).

By continuously developing and refining policies and programs to engage employees at work and in their communities, offering new and innovative training programs, driving ongoing leadership development, and making a career at Bird more than just a job, the Company can recruit, develop and retain top talent while ensuring compensation programs remain market competitive.

BUILD RELATIONSHIPS

One Bird

Recognizing that the construction industry has evolved and projects are getting more complex, Bird has deployed the One Bird initiative that considers a holistic, company-wide approach to work more efficiently and effectively. One of the primary goals of this initiative is to identify and share the expertise across the Company to enhance effective deployment of human resources on the best opportunities, regardless of employees' geographic location. By promoting a more mobile workforce and increasing collaboration the Company will leverage its talent for targeted opportunities to secure greater outcomes. This initiative is supported through standardized technology and common software platforms and reinforced in the Company's variable compensation programs.

Creating a Customer 1st Attitude

A primary initiative of the Build Relationships pillar, the Creating a Customer 1st Attitude, targets the development of stronger client relationships. The Company has traditionally focused on operational excellence and execution of its work program to develop client relationships. While this has served the Company well in terms of delivering consistent results and developing repeat clients, there is a need to invest more resources in strengthening existing client relationships and developing new ones. This is consistent with Bird's strategy of targeting work with clients that welcome innovation and position the Company to add value. Bird will continue to target complex work, a market the Company has successfully performed in and one where the competition will be like-minded contractors with similar cost structures and approaches to risk and reward. Clients that seek a longer term, collaborative relationship align well with the *Build Bird* five-year strategic plan.

Corporate Social Responsibility

Bird believes in being a good corporate citizen and supporting the communities in which it works and its employees live. In addition, employees increasingly wish to align themselves with a company that gives back and is socially responsible. Bird's Corporate Social Responsibility initiative includes Indigenous Cultural Awareness training for all employees which builds upon the Company's Indigenous Engagement Policy. Furthermore, establishment of the Bird Foundation, a formal conduit for tabulating and communicating Bird community donations and contributions, will provide greater direction to the Company's community engagement while driving increased employee participation and engagement.

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.

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 in various economic conditions. 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 successfully delivering high quality projects that fully meet the needs of the customer, which enables the Company to secure repeat business from existing clients and win work with new clients.

The Company's success in securing work is also reflected in the value of the Backlog. The following table shows the Company's Backlog at the end of the comparative reporting periods. The Company's Backlog of $1,295.9 million at December 31, 2018 increased compared with $1,186.0 million at December 31, 2017. During 2018, the Company announced that it was part of the consortium that has been contracted to design and build a biosolids facility for CRD in Victoria, BC, representing another strategic win and building on the Company's expanding portfolio of environmental projects. The Company also announced that it has executed a contract for the OPP Modernization Phase 2 project. In the fourth quarter, the contract for the engineering, procurement and construction of LNG Canada's Cedar Valley Lodge was novated to LNG Canada's EPC Contractor and the EPC Contractor has issued a notice to proceed. Bird also announced it was selected as first negotiations proponent as part of the CBS JV Corp to execute, under an IPD contract model, for the construction of the Advanced Nuclear Materials Research Centre for CNL located in Chalk River, Ontario. Bird is part of the joint venture that will lead the construction of the project. The Advanced Nuclear Research Centre is not yet included in Backlog as the contract will be finalized following the validation phase.

(in thousands of Canadian dollars)	**December 31, 2018**	December 31, 2017
Backlog	**$ 1,295,940**	$ 1,186,000

Once the Company has secured a contract, the profitability of that contract, measured by the Gross Profit Percentage, is primarily a function of management's ability to control costs, achieve productivity objectives associated with the contract and resolve outstanding commercial issues as they arise. The following table shows the Gross Profit Percentage realized by the Company in the comparative periods.

	Year ended 2018	(restated) Year ended 2017
Gross Profit Percentage	**4.2%**	5.0%

During 2018 the Company realized a Gross Profit Percentage of 4.2% compared with 5.0% in 2017. The reduction in both gross profit and Gross Profit Percentage in 2018 is a result of several factors. In the first quarter of 2018, the Company incurred additional costs, including financing costs from lenders, on a PPP project that was late in achieving substantial completion. Further impacting gross profit and Gross Profit Percentage in 2018 was lower volumes recognized in the Company's higher margin self-perform operations in both the industrial operations in western Canada and mining operations in eastern Canada, a result of project delays and a labour strike at one of Company's primary mining clients. In addition, late in the second quarter, it became apparent one of the Company's offices was experiencing difficulty in the execution of several projects primarily due to design related issues. The Company has recorded provisions to account for the expected increase in construction costs on these projects, has taken steps to mitigate further impacts on results, and is seeking recovery accordingly. The Gross Profit Percentage in the fourth quarter of 2018 increased to 5.9%, moderately higher year-over-year, and reflects the impact of a growing contribution from industrial projects and a more diversified and balanced work program overall for the Company.

Financial Condition

The Company requires 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 Company believes it has sufficient working capital to support its current contract requirements. The Company has submitted proposals and is waiting for the clients' award decision on several large opportunities that if contracted to the Company would significantly increase Backlog. If the Company is successful in securing some of these larger opportunities, the Company has access to adequate financing from its lead banking partner.

The following shows the working capital and shareholders' equity of the Company in the comparative reporting periods.

(in thousands of Canadian dollars)		**December 31, 2018**		(restated) December 31, 2017
Working capital	**$**	**70,215**	$	84,078
Shareholders' equity	**$**	**136,229**	$	153,816

At December 31, 2018, the Company had working capital of $70.2 million compared with $84.1 million at December 31, 2017, a decline of $13.9 million. In 2018, the Company paid dividends of $16.6 million, had net additions of equipment and intangible assets of $4.9 million and net increase in deferred taxes of $3.3 million, which served to reduce working capital. This was partially offset by $10.9 million net increase to non-current loans and borrowings.

The $17.6 million decrease in the amount of the Company's shareholders' equity since December 31, 2017 is a result of the $16.6 million dividends declared in 2018 combined with the net loss of $1.0 million generated in 2018.

Safety

At Bird, ensuring that all work on our sites is executed to exacting quality standards begins with our commitment to creating and sustaining a culture in which the identification, assessment, and elimination or control of hazards and risks is incorporated into every aspect of our operations. We call this Safe Production, and it is a cornerstone of our operational philosophy and approach.

Ensuring that all workers leave our jobsites everyday just as healthy and safe as when they arrived is a shared commitment and by working collaboratively with our employees and subcontractors to achieve this, we minimize risk and create the appropriate conditions for the safe execution of construction activity - on time, on budget, and to our client's satisfaction. We believe this shared commitment is critical to our overall success. 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 our job sites. As part of the Safe Production strategic initiative, the Company completed an organization wide Safety Culture Assessment in the third quarter of 2017 which will form the basis for the development of a long-term safety strategy for the organization.

In 2018, Bird executed 3,916,636 man-hours of work, incurring zero lost time incidents (LTI).

	Year ended December 31, 2018	Year ended December 31, 2017
LTI frequency	**0.00**	0.16

RESULTS OF OPERATIONS

FISCAL 2018 COMPARED WITH FISCAL 2017

In the fiscal year ended December 31, 2018, the Company recorded a net loss of $1.0 million on construction revenue of $1,381.8 million compared with a net income of $8.8 million on $1,418.6 million of construction revenue in 2017. Construction revenue of $1,381.8 million was $36.8 million or 2.6% lower than the $1,418.6 million recorded in 2017. While there was an increase in volume attributable to higher margin, self-perform industrial work programs in the fourth quarter, revenue generated in the year was negatively impacted by project delays in the industrial work program primarily experienced in the first half, including a strike at one of the Company's mining clients in eastern Canada. In addition, the extension of the procurement timelines of several PPP projects in the Ontario region has resulted in lower volumes executed in our institutional work program. These factors coupled with an industrial work program that had lower backlog entering the year from a historical perspective contributed to lower volume in fiscal 2018.

The Company's gross profit of $57.5 million in 2018 was $13.8 million or 19.4% lower than the $71.3 million recorded in 2017. In 2018, the Gross Profit Percentage of 4.2% was 0.8% lower than the Gross Profit Percentage of 5.0% recorded in 2017. The year-over-year reduction in both gross profit and Gross Profit Percentage in 2018 are a result of a confluence of events experienced during the course of the year. Industrial operations, including mining in eastern Canada, were negatively impacted by project delays, including a labour strike at one of the Company's primary mining clients, in the first half of 2018. Industrial project activity ramped up through the second half of the year as delays eased and alternative work programs became available, although later than initially anticipated. One of the Company's offices experienced execution issues on several projects that were largely design related and for which the Company has recorded provisions to account for the increase in costs, taken steps to mitigate further impacts and is seeking recovery accordingly.

Income from equity accounted investments in 2018 was $1.9 million, compared with $1.8 million in 2017. Early in project lifecycles, equity investments in associates generally operate at a loss and typically generate positive equity income later in the project lifecycle. Bird has a mix of equity investments in associates in varying stages of project lifecycles in both fiscal 2017 and 2018.

In 2018, general and administrative expenses of $58.9 million (4.3% of revenue) was $0.4 million lower than $59.3 million (4.2% of revenue) in 2017. During the year, the Company spent $3.0 million in third-party pursuit costs which is $2.5 million lower than the amount recorded in 2017. In 2018, the Company also had a foreign exchange gain compared to a foreign exchange loss in 2017 resulting in a $2.1 million improvement year-over-year. Offsetting these positive variances was compensation expense at $4.4 million higher year-over-year primarily due a combination of higher labour costs associated with a growing industrial work program as well as a loss recorded in the total return swap program resulting from the decline in the Company's share price in 2018.

Finance income in 2018 of $1.4 million is comparable to the $1.3 million recorded in 2017.

Finance and other costs of $4.5 million in 2018 was $2.5 million higher than the $2.0 million reported in 2017. The increase is due to a $1.3 million change in the mark-to-market of interest rate swaps from a $0.3 million gain in 2017 to a $1.0 million loss in 2018. In addition, interest costs were higher associated with increased loans and borrowings and higher interest rates, as a well as other financing costs.

In 2018, income tax recovery was $1.7 million, compared to an income tax expense of $4.2 million recorded in 2017. The year-over-year decline in income taxes is primarily due to lower current income taxes associated with the net loss before income taxes in the current year.

THREE MONTHS ENDED DECEMBER 31, 2018 COMPARED WITH THREE MONTHS ENDED DECEMBER 31, 2017

Selected Quarterly Financial Information
Consolidated Statements of Income
Fourth Quarter
(in thousands of Canadian dollars)

	For the three months ended December 31, 2018	2017 (restated)
	(unaudited)	(unaudited)
Construction revenue	$ **385,854**	$ 365,552
Costs of Construction	**363,215**	344,634
Gross Profit	**22,639**	20,918
Income from equity accounted investments	**1,522**	220
General and administrative expenses	**(15,180)**	(17,163)
Income from operations	**8,981**	3,975
Finance income	**498**	404
Finance and other costs	**(1,910)**	(728)
Income before income taxes	**7,569**	3,651
Income tax expense	**1,190**	1,661
Net income for the period	$ **6,379**	$ 1,990

During the fourth quarter of 2018, the Company recorded a net income of $6.4 million on construction revenue of $385.9 million compared with a net income of $2.0 million on $365.5 million of construction revenue respectively in 2017. The year-over-year increase in fourth quarter net income is reflective of the improvement in earnings attributable to the higher margin self-perform industrial work programs in the fourth quarter of 2018.

The Company's fourth quarter gross profit of $22.6 million was $1.7 million or 8.2% higher than the $20.9 million recorded a year ago. The increase in the amount of fourth quarter 2018 gross profit is driven by the higher quarterly construction revenues year-over-year. The Company's fourth quarter 2018 Gross Profit Percentage of 5.9% was 0.2% higher than the Gross Profit Percentage of 5.7% recorded a year ago. On a year-over-year comparative basis, Gross Profit Percentage in 2018 was positively impacted by higher volumes recognized in the Company's higher margin self-perform operations in its industrial work programs.

Income from equity accounted investments in the fourth quarter of 2018 was $1.5 million, compared with $0.2 million in same period of 2017. The income in fourth quarter of 2018 was primarily driven by the margin earned from a project in eastern Canada.

In the fourth quarter of 2018, general and administrative expenses of $15.2 million (4.0% of revenue) were $2.0 million lower than $17.2 million (4.7% of revenue) in the comparable period a year ago. During the fourth quarter, the Company had minimal third-party pursuit costs which were $1.3 million lower than the amount recorded in 2017. In the fourth quarter of 2018 the Company also had a foreign exchange gain of $0.9 million compared to a foreign exchange loss of $0.2 million recorded in 2017. Consulting and legal fees were approximately $1.0 million lower year-over-year. Offsetting these positive variances was compensation expense at $1.4 million higher than the amount recorded a year ago primarily due to a loss recorded in the total return swap program resulting from the decline in the Company's share price.

Finance income of $0.5 million in the fourth quarter of 2018 is comparable to the $0.4 million recorded in the same period of 2017.

Finance and other costs of $1.9 million were $1.2 million higher than the $0.7 million reported in the fourth quarter of 2017. The increase is due a $0.6 million higher loss year-over-year on the mark-to-market of interest rate swaps, which will balance out through the life of the derivative tied to project completion. In addition, interest costs were higher associated with increased loans and borrowings and higher interest rates, as a well as other financing costs.

In the fourth quarter of 2018, income tax expense was $1.2 million, compared to income tax expense of $1.7 million recorded in the fourth quarter of 2017.

FUTURE OPERATING PERFORMANCE

The Company will continue to make investments in both people and technology as it executes on the *Build Bird* strategic plan, with diversification of our earnings base and margin improvement being key areas of focus. The mix of revenue in 2018 differs from that of 2017 as evidenced by the increase in the industrial work program relative to institutional and commercial with this trend expected to continue into 2019. The institutional market sector contributed 53% of 2018 revenues (66% in 2017 restated). The industrial market sector contributed 30% of 2018 revenues (21% in 2017 restated). The retail and commercial sector contributed 17% of 2018 revenues (13% in 2017 restated).

At December 31, 2018, the Company was carrying a Backlog of $1,295.9 million, representing an increase from the $1,186.0 million carried at the end of 2017. The increase in backlog in 2018 demonstrates the success in the diversification efforts of the Company, with securements across a broad range of market sectors and a more balanced risk profile than it has been for the last several years. This diversification includes growth of contracts across Canada including environmental facilities, industrial contracts in LNG and nuclear, and in mining contracts in gold and other minerals. However, mining operations in eastern Canada remain an annualized work program with low but stable Backlog and increased seasonality as compared to the core industrial work program, where the majority of the industrial Backlog resides.

In the fourth quarter, the Company was issued the Notice to Proceed with the construction of the Cedar Valley Lodge for LNG Canada, a design build contract for the construction of a 4500-person workforce accommodations facility in support of the new LNG liquefaction terminal in Kitimat, BC. The project has now been entered into Backlog, providing the Company with a significant large-scale industrial project to execute through the course of 2019 and 2020 and/while establishing early involvement in the project which is expected to be the largest infrastructure investment in Canadian history. Other significant additions to Backlog in 2018 include a PPP project for a residuals treatment facility for the Capital Region District in Victoria in which the Company has taken a minority equity interest in the concession and the OPP Modernization Phase 2, an alternative finance project for Ontario Infrastructure and Lands Corporation, in which the Company will design, build and finance nine Ontario Provincial Police (OPP) detachments across Ontario.

The Company is anticipating additional growth in Backlog through 2019 with contributions from several different markets. At December 31, 2018, the Company had approximately $300 million in projects that have been awarded or in which the Company has been named as the primary negotiation proponent that are yet to be contracted. The most significant is the Advanced Nuclear Materials Research Centre for Canadian Nuclear Laboratories (CNL) located in Chalk River, Ontario, a project expected to be contracted in the third quarter of 2019 following the completion of the validation phase. Two institutional projects in Alberta and one for an energy client in Ontario are expected to be contracted and entered into Backlog in the first half of 2019. In addition, the Company is in the pre-construction phase for over $200 million in institutional projects in British Columbia that are anticipated to proceed to construction by the third quarter of the year, although only a small fraction of the revenue will be included in Backlog due to the agency nature of the construction management contract delivery model.

With respect to the PPP market and larger scale design build opportunities, the pipeline of projects remains strong. As of December 31, 2018, the Company has submitted two requests for proposals and was awaiting results. One as a preferred subcontractor to a consortium for an LRT project in Ottawa and the other proposal, as part of a consortium, for the design, build, finance, maintenance and operations of a water treatment facility. The Company, in a preferred subcontract arrangement to a consortium, was also in active pursuit of an LRT project that is expected to be submitted in the second quarter of 2019 and was shortlisted for two smaller environmental projects and is awaiting the request for proposals, although timing remains uncertain. The Company also submitted responses for two requests for qualifications and was active in responding to one other. The award of any of these project opportunities will primarily benefit the fourth quarter of 2019 and beyond.

In fiscal 2019, the Company expects to have a work program that is more balanced and diversified than it has been over the past several years, supporting progress towards returning to historical levels of profitability and growth. Management expects to see the mobilization for the Cedar Valley Lodge ramp up through the second quarter and as such, is not expected to contribute significantly to earnings in the first quarter. As a result, seasonality will be a factor early in the year as the Company's work program builds momentum through 2019. The Company expects to see an improvement in earnings attributable to its higher margin self-perform industrial work program and anticipates more broadly a double-digit year-over-year revenue growth. Due to the combination of timing of bids and generally the smaller scale of the projects anticipated to be in active pursuit in 2019, the Company expects third-party pursuit costs to return to more modest levels. Taking into consideration the Company's current Backlog and the pending booking of future contracts that have been awarded, the Company expects earnings in 2019 to ramp up towards the $25.0 million of net income level recorded in 2016.

Backlog

During year ended December 31, 2018, the Company secured a net $1,491.7 million in new construction contracts (including change orders to existing contracts) and put in place $1,381.8 million of work resulting in a Backlog at December 31, 2018 of $1,295.9 million. Backlog was negatively impacted by a cancellation of a mixed-use residential project in Ontario, but overall remains strong. The following table outlines the changes in the amount of the Company's Backlog throughout the current and prior fiscal year.

Backlog (in millions of Canadian dollars)		
December 31, 2016	$	1,137.0
Securement and change orders in 2017		1,467.6
Realized in construction revenues in 2017		(1,418.6)
December 31, 2017	$	1,186.0
Securement and change orders in 2018		1,491.7
Realized in construction revenues in 2018		(1,381.8)
December 31, 2018	**$**	**1,295.9**

ACCOUNTING POLICIES

The Company's significant accounting policies are outlined in the notes to the audited December 31, 2018 and 2017 Consolidated Financial Statements. The consolidated financial statements were prepared using the same accounting policies as our 2017 consolidated financial statements except for new accounting standards adopted January 1, 2018.

New Accounting Standards Adopted

Refer to the notes to the audited consolidated financial statements at December 31, 2018 for a summary of the new accounting standards adopted.

Future accounting changes

IFRS 16, Leases:

On January 13, 2016, the IASB issued IFRS 16 Leases. The new standard is effective for annual periods beginning on or after January 1, 2019. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying assets are of low value. A lessee is required to recognize a right-of-use ("ROU") asset and a lease liability representing its obligation to make lease payments.

The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The standard may be applied retrospectively or using a modified retrospective approach. The Company plans to use the modified retrospective approach which does not require restatement of prior period financial information.

The Company continues to make progress in the evaluation of its contracts that may contain a ROU asset. The Company anticipates that the most significant impact of adopting IFRS 16 will be the recognition of ROU assets and corresponding lease liability related to leases with a term of 12 months or more on the Consolidated Balance Sheet at January 1, 2019. The additional right-of-use asset and lease liability is expected to result in an increase in depreciation and amortization expense and increase in interest costs on its lease liabilities, with a corresponding decrease in operating lease expenses. The Company also expects an increase in operating cashflows with a corresponding reduction in financing cashflows under IFRS 16.

On initial adoption, the Company intends to use the following practical expedients permitted under the standard:

- Apply a single discount rate to a portfolio of leases with similar characteristics;
- Account for leases with a remaining term of less than 12 months as at January 1, 2019 as short-term leases;
- The use of hindsight in determining the lease term where the contract contains terms to extend or terminate the lease; and
- Use the Company's previous assessment of impairment under IAS 37 for onerous contracts instead of re-assessing the ROU asset for impairment on January 1, 2019.

The company is finalizing its overall analysis, assessing any potential impact to IT systems and internal controls and reviewing additional disclosures required by the new standard.

The Company expects the adoption of the standard to result in an increase in assets of approximately $16.0 million and an increase in liabilities of $18.0 million, with a corresponding decrease to opening retained earnings for the net difference of approximately $2.0 million as at January 1, 2019. The Company continues to assess the impact of adopting IFRS 16 on deferred tax balances.

IFRIC 23, Uncertainty over Income Tax Treatments:

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2019. The Company does not expect the Interpretation to have a material impact on the financial statements.

SUMMARY OF QUARTERLY RESULTS

The table below summarizes the results for the eight most recent quarters. The Company experiences more seasonality in its business in the first quarter and early second quarter as a result of a more annualized nature of its mining work program and the timing of new project starts in its industrial work program. 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. In some cases, variations in earnings may occur where costs incurred to date may be recoverable from insurance policies or claims to customers at a future date but cannot be recorded in the current quarter. In the case of insurance claims, financial recovery is not recorded until certainty of the recovery is attained, in accordance with the Company's contingent asset accounting policy. Or in the case of claims to customers that are considered constrained variable consideration, revenue is not recorded until it is highly probable that there will not be a significant reversal of cumulative revenue to date, in accordance with the Company's revenue recognition accounting policy. 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 a prior quarter, and may fluctuate based on timing of resolution of claims.

There are also several 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, except for seasonality in the first quarter of each year.

(in thousands of Canadian dollars, except per share amounts)

	2017(1)				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	313,858	350,339	388,808	365,552	294,422	320,126	381,382	**385,854**
Net income/ (loss)	(2,216)	3,168	5,894	1,990	(6,408)	(5,344)	4,360	**6,379**
Earnings / (loss) per share	(0.05)	0.07	0.14	0.05	(0.15)	(0.13)	0.10	**0.15**

Notes:
(1) 2017 reported figures have been restated applying IFRS 15. See "Accounting Policies - New Accounting Standards Adopted".

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

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

(in thousands of Canadian dollars)	**2018**	2017 (restated)
Financial Position Data		
Cash and cash equivalents	$ **158,920**	$ 133,055
Non-cash working capital	**(88,705)**	(48,977)
Working capital	**70,215**	84,078
Non-current loans and borrowings	**24,753**	13,843
Shareholders' equity	**136,229**	153,816

The Company has adequate amounts of both working capital and equity and expects to be able to maintain its current dividend rate until earnings are rebuilt to pre-2017 levels, anticipated to result from progress executing the Company's diversification strategy. As a component of working capital, the Company maintains a balance of cash and cash equivalents. At December 31, 2018, this balance amounted to $158.9 million. Included in cash and cash equivalents is $43.2 million of cash in special purpose joint operation bank accounts ($46.2 million at December 31, 2017).

The non-cash net current asset/liability position was in a net liability position of $88.7 million at December 31, 2018, compared to a net liability position of $49.0 million at December 31, 2017. This increase in the net liability position positively contributed $39.7 million of cash in the year as did an increase to non-current loans and borrowings of $10.9 million. Partially offsetting this increase in cash was a use of cash through recording a net loss of $1.0 million, payment of dividends of $16.6 million, an increase in equipment and intangible assets of $4.9 million, and a $3.3 million increase in deferred taxes. The above changes are the primary drivers for the net increase in cash and cash equivalents of $25.9 million in 2018.

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 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 requirements. The Company has submitted proposals and is waiting for the clients' award decision on several large opportunities that if contracted to the Company would significantly increase Backlog. If the Company is successful in securing some of these larger opportunities, the Company has access to adequate financing from its lead banking partner.

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.

Operating Lines of Credit

Committed revolving line of credit:

The Company has a committed revolving credit facility of up to $85.0 million, with a Canadian chartered bank. The term of the facility matures December 31, 2021. This facility may be used in the normal course of business for general working capital purposes, to issue non-collateralized letters of credit, and to fund future capital expenditures and qualifying permitted acquisitions. At December 31, 2018, the Company has $24.3 million in letters of credit outstanding (December 31, 2017 - $26.4 million) and has drawn $15.0 million on this facility (December 31, 2017 - $5.0 million). The $15.0 million draw is presented as long-term loans and borrowings on the Company's statement of financial position as the facility matures in 2021. The Company is in compliance with the working capital, minimum equity and debt-to-equity covenants of this facility.

Committed revolving term loan facility:

The Company has a committed revolving term loan facility totalling $35.0 million for the purpose of financing acquisitions and for working capital advances in support of major projects. The facility matures on December 31, 2020. As of December 31, 2018, the Company has drawn $nil (December 31, 2017 - n/a) 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 that varies depending on certain consolidated financial ratios is due on the unutilized portion of the facility.

Letters of Credit Facilities

The Company has available $80.0 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. At December 31, 2018, the Company has $8.5 million in letters of credit outstanding on this facility (December 31, 2017 - $25.1 million).

The Company has available a facility with Export Development Canada (EDC) to support the issuance of contract performance security letters of credit issued by financial institutions on behalf of the Company. The Company can use this facility only 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.

(in thousands of Canadian dollars)		**December 31, 2018**		December 31, 2017
Committed revolving operating credit facility	$	**85,000**	$	70,000
Letters of credit issued from Committed revolving operating credit facility	$	**24,291**	$	26,446
Committed revolving term loan facility	$	**35,000**	$	-
Letters of credit facilities	$	**80,000**	$	105,000
Letters of credit issued from Letters of credit facilities	$	**8,468**	$	25,060
Collateral pledged to support letters of credit	$	**2,645**	$	20,253
Guarantees provided by EDC	$	**5,948**	$	4,891

The decrease in the amount of outstanding letters of credit at the end of December 31, 2018 compared to the end of 2017 is primarily the result of the cancellation of letters of credit that were issued in respect to the Calgary Composting Facility project and reductions in the collateralized letters of credit issued related to the East Rail Maintenance Facility and the Stanton Territorial Hospital Redevelopment Project.

Equipment Financing

The Company and its subsidiaries have term credit facilities of up to $45.0 million to be used to finance equipment purchases. Borrowings under the facilities are secured with a first charge on the equipment being financed. As of December 31, 2018, there is $6.7 million outstanding on the facilities (December 31, 2017 - $5.8 million). Interest on the facilities can be charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears.

In addition, subsidiaries of the Company have equipment acquisition lines of credit for $32.5 million (December 31, 2017 - $42.5 million) with the financing arms of several major heavy equipment suppliers to finance the purchase of equipment. Draws under this facility are typically recognized as finance leases or operating leases for accounting purposes. At December 31, 2018, the Company has used $6.6 million under the facilities ($6.0 million at December 31, 2017). The Company's total lease commitments are outlined under Contractual Obligations.

At December 31, 2018, the Company was in compliance with all debt covenants relating to its operating and equipment lines of credit.

Loans and Borrowings

In 2018, the Company entered into new fixed-rate term loans for $4.2 million, a variable loan borrowing of $10.0 million and entered into finance leases for $3.9 million to finance equipment purchases. The Company made $6.7 million in principal repayments (including finance lease repayments).

The following table provides details of outstanding debt as at December 31, 2018, and principal repayments due over the next five years, excluding the amortization of debt financing costs and non-recourse project financing.

(in thousands of Canadian dollars)		**Amount**		Year 1		Year 2		Year 3		Year 4		Year 5
Long-term debt	**$**	**21,198**	$	2,151	$	1,857	$	16,292	$	820	$	78
Finance leases	**$**	**8,759**	$	3,059	$	3,129	$	2,299	$	269	$	3

Cash Flow Data

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

(in thousands of Canadian dollars)	(unaudited) Quarter ended December 31, 2018	Quarter ended December 31, 2017 (restated)	Year ended December 31, 2018	Year ended December 31, 2017 (restated)
Cash Flow Data				
Cash flows from (used in) operations before changes in non-cash working capital	**$ 10,977**	$ 7,902	**$ 12,185**	$ 26,938
Changes in contract assets - alternative finance projects	**(2,384)**	(6,956)	**66,825**	(7,508)
Changes in non-cash working capital and other	**77,389**	31,695	**22,431**	(110,551)
Cash flows from (used in) operating activities	**85,982**	32,641	**101,441**	(91,121)
Investments in equity accounted entities	**(2,270)**	(1,608)	**(4,020)**	(12,144)
Capital distributions from equity accounted entities	**280**	803	**1,873**	803
Additions to property, equipment and intangible assets	**(2,065)**	(2,106)	**(14,613)**	(14,572)
Proceeds on sale of property and equipment	**314**	183	**3,235**	7,366
Purchase of short-term investments	**-**	(179)	**(4,742)**	(6,943)
Proceeds on maturity of short-term investments	**-**	6,711	**3,107**	6,711
Other long-term assets	**(652)**	(1,972)	**(861)**	(2,312)
Cash flows from (used in) investing activities	**(4,393)**	1,832	**(16,021)**	(21,091)
Dividends paid on shares	**(4,145)**	(4,145)	**(16,582)**	(17,891)
Proceeds from non-recourse project financing	**3,260**	7,529	**24,734**	32,407
Repayment of non-recourse project financing	**-**	-	**(76,474)**	(27,662)
Proceeds from loans and borrowings	**571**	179	**14,242**	1,965
Repayment of loans and borrowings	**(1,414)**	(1,486)	**(6,734)**	(4,222)
Cash flows from (used in) financing activities	**(1,728)**	2,077	**(60,814)**	(15,403)
Increase (decrease) in cash and cash equivalents	**$ 79,861**	$ 36,550	**$ 24,606**	$ (127,615)

Operating Activities

During 2018, cash flows from operating activities generated cash of $101.4 million compared with cash used of $91.1 million in 2017. In 2018, operating activities generated $12.2 million of cash before changes in non-cash working capital and generated $22.4 million of cash derived from changes in non-cash working capital relating to operating activities, excluding changes in contract assets – alternative finance projects. In 2017, the comparative amounts were $26.9 million of cash generated from operations before changes in non-cash working capital and $110.6 million cash used from changes in non-cash working capital relating to operating activities excluding changes in contract assets – alternative finance projects.

The year-over-year decrease in cash flows from operations before changes in non-cash working capital from 2017 is primarily the result of the $1.0 million net loss in 2018 compared to $8.8 million net income in 2017 and the change in income tax recovery of $1.7 million in 2018 from an income tax expense of $4.2 million in 2017.

In 2018, the $22.4 million increase in cash from changes in non-cash working capital and other is driven by a $18.9 million decrease in accounts receivable and a $6.6 million decrease in contract assets partially offset by a $2.4 million decrease in contract liabilities.

In 2017, the primary driver of the $110.6 million use of cash from the changes in non-cash working capital and other is the $63.2 million decrease of accounts payable. The decrease is primarily the result of payments made to subcontractors in January of 2017 following the collection late in the fourth quarter of 2016 of a holdback receivable. There was also $20.9 million of taxes paid, a $19.2 million decrease in contract liabilities and a $20.3 million increase in other contract assets, only partially offset by a $17.3 million reduction to accounts receivable.

Proceeds and repayments of the non-recourse debt relating to alternative finance projects are included in financing activities.

Investing Activities

During 2018, the Company used $16.0 million of cash in investing activities compared to the $21.1 million use of cash in 2017. The amount of cash used to purchase property, equipment and intangible assets in 2018 of $14.6 million was the same as that used in 2017. The main difference is that year-over-year is that in 2018, the Company used $2.1 million in cash from investments in equity accounted entities, net of capital distributions, compared to a use of cash of $11.3 million in 2017 which was driven by a combination of investments in PPP projects and investment in the Stack Modular companies in 2017.

Financing Activities

During 2018, the Company used $60.8 million of cash from financing activities compared with a use of cash of $15.4 million in 2017. The increase in the use of cash in financing activities in the current year is primarily a result of the $76.5 million repayment of non-recourse project financing related to the Moncton Downtown Centre made in the third quarter of 2018 compared to a $27.7 million repayment in the second quarter of 2017 related to the Casey House project. The $76.5 million repayment in 2018 was partially offset by the $24.7 million in proceeds from non-recourse project financing. In addition, the amount of dividends paid were $1.3 million less than 2017 and net loans and borrowings generated additional cash of $9.8 million in 2018.

DIVIDENDS

The Company declared monthly eligible 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:

January 1, 2017 to March 31, 2017	$ 0.0975
April 1, 2017 to June 30, 2017	$ 0.0975
July 1, 2017 to September 30, 2017	$ 0.0975
October 1, 2017 to December 31, 2017	$ 0.0975
January 1, 2018 to March 31, 2018	$ 0.0975
April 1, 2018 to June 30, 2018	$ 0.0975
July 1, 2018 to September 30, 2018	$ 0.0975
October 1, 2018 to December 31, 2018	**$ 0.0975**

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 forecast. 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 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 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 the Bird Leadership Academy, the Bird Site Management program and the Taking Flight management training program, to provide a forum for high-potential candidates to develop their leadership skills.

CONTRACTUAL OBLIGATIONS

At December 31, 2018, the Company has future contractual obligations of $459.5 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:

(in thousands of Canadian dollars)		Accounts Payable	Long-Term Debt	Finance Leases	Operating Leases	Non-recourse Project Financing	Deferred payment	Total
2019	$	371,283	2,310	3,247	5,115	347	786	**383,088**
2020		11,518	16,942	3,242	4,774	12,553	-	**49,029**
2021		807	1,341	2,338	4,055	-	-	**8,541**
2022		-	835	274	3,679	-	-	**4,788**
2023		-	78	3	3,232	-	-	**3,313**
Thereafter		-	-	-	10,780	-	-	**10,780**
	$	383,608	21,506	9,104	31,635	12,900	786	**459,539**

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 $43.3 million at December 31, 2018.

Further details of commitments and contingencies are included in Note 24 of the December 31, 2018 consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgements, 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.

Revenue and gross profit recognition

Construction revenue, construction costs, deferred revenue and contract assets are based on estimates and judgements used in determining contract revenue and contract costs 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, applying the new revenue recognition policy under IFRS 15.

Provisions

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.

Asset impairments

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 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 December 31, 2018 and December 31, 2017.

At December 31, 2018, 490,000 stock options are outstanding with a weighted average exercise price of $13.55 per common share. With the approval of the Equity Incentive Plan (EIP) in May 2017, the Board of Directors has resolved to suspend the stock option plan. All outstanding options will continue to vest in accordance with the term of the option and the vesting periods.

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

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Based on their evaluations as of December 31, 2018, the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have concluded that the Company's disclosure controls and procedures are effective in providing reasonable assurance that information relating to the Company which is required to be disclosed in reports filed under provincial and territorial securities legislation is accumulated, summarized and communicated to the Company's senior management, including the CEO and the CFO of the Company, as appropriate, to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

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

As of December 31, 2018, 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.

As of December 31, 2018, under the supervision of and with the participation of management, including the CEO and CFO, the Company has evaluated the effectiveness of internal controls over financial reporting and determined that the internal controls over financial reporting are operating as intended.

There have been no material changes in the Company's internal control over financial reporting during the year ended December 31, 2018 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 dated March 12, 2019, which is available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Ability to Hire and Retain Qualified and Capable Personnel

The success of Bird is highly influenced by the efforts of key management, technical, project and business development personnel. 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 an attractive place to work, it could experience difficulty in hiring and retaining an adequate level of qualified staff. This could have an adverse effect on current operations of Bird and would limit its prospects and impair its future success.

Economy and Cyclicality

Activity within the construction industry is generally tied to the 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. Investment decisions by our clients are based on long-term views of the economic viability of their current and future projects, sometimes based upon the clients' view of the long-term prices of commodities which are influenced by many factors. If our clients' outlook for their current and future projects is not favourable, this may lead them to delay, reduce or cancel capital project spending and may make them more sensitive to construction costs. A 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.

As noted above, Bird attempts to insulate itself in various ways from the effects of negative economic conditions through diversification of the sources of the Company's earnings; 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.

The Company has a 50% interest in Stack. which is based in China. There is uncertainty around how the recent geopolitical tensions between China and Canada may affect the Company's investment.

PPP Project Risk

Bird is active in the PPP market. Bird's role in these projects is typically to provide design-build services to a concession that is formed to provide design, construction, financing, and management and/or operations to a public authority. Typical in the design-build contract format are performance guarantees and design-build risks. Moreover, the performance guarantees on PPP projects often include responsibility for the energy performance of the facility and achievement of environmental standards. If Bird fails to meet the required standards, it may be liable for substantial penalties and damages.

The PPP design-build contracts entered into by Bird also typically require Bird to pay significant liquidated damages and/or other penalties and damages if the projects are not completed on schedule.

The PPP procurement model also typically results in the transfer of certain risks to the contractor beyond what would be the case for a similar facility under a conventionally non-PPP procurement model. These include responsibility and potential liability for matters such as changes in law and certain force majeure and delay events. In addition, if Bird's contract was terminated for cause, the Company would be exposed to substantial liability for breakage costs to the concession and its lenders.

The security required to support the obligations that the Company undertakes on these projects typically includes substantial letters of credit which may be drawn upon in the event the Company fails to meet its obligations.

Design Risks

While many contracts entered into by Bird are for construction or construction services only, certain contracts are undertaken on a design-build basis, under which Bird is responsible for both design and construction of the project, which adds design risk assumed by Bird. While Bird subcontracts all of the design scope in such design-build contracts to reputable designers, there is generally not a full transfer of design-related risks. These risks include design development and potential resulting scope creep, delays in the design process that may adversely affect the overall project schedule, and design errors and omissions.

To manage these risks, Bird manages and oversees the design process, coordinates the design deliverables with the construction process and, for significant design-build projects, purchases errors and omissions insurance.

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 and sometimes formally based on other factors, such as the level of services offered, safety record, construction schedule, design (if applicable), project personnel, the consortium, joint venture and subcontractor team, prior experience with the prospective client and/or the type of project, and financial strength including 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 and equity 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. 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 or other factors, 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 and alternative finance 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 and/or alternative finance 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.

Performance of Subcontractors

Successful completion of a contract by Bird depends, in large part, on the satisfactory performance of its 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 possible damage to Bird's reputation.

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 a 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 subcontractor to mitigate Bird's exposure to the risks associated with the subcontractor's performance and completion. A significant shortage of qualified subcontractors and trades people or the bankruptcy of a subcontractor could have a material impact on Bird's financial condition and results of operations.

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.

Estimating Costs and Schedules/Assessing Contract Risks

The price for most contracts performed by Bird is based, in part, on cost and schedule estimates that are subject to a number of assumptions. Erroneous assumptions can result in an incorrect assessment of risks associated with a contract or estimates of project costs and schedules that are in error, potentially resulting in lower than anticipated profit or significant loss. All significant cost and schedule estimates are reviewed by senior management prior to tender submission in an attempt to mitigate these risks.

Maintaining Safe Work Sites

Despite the Company's efforts to minimize the risk of safety incidents, they can occur from time to time and, if 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 and any 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 sanctions 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 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.

Accuracy of Cost to Complete Estimates

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

Work Stoppages, Strikes and Lockouts

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

Adjustments and Cancellations of Backlog

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

TERMINOLOGY

Throughout this report, management uses the following terms not found in GAAP Standards and which do not have a standardized meaning. Therefore, these terms may not be comparable with similar terms presented by other companies and require definition:

- **"Adjusted Net Income"** is the net income for the Company adding back any impairment of property, equipment and intangible, and the associated tax impact of the impairment.

- **"Adjusted Net Income Per Share"** is the Adjusted Net Income divided by the number of outstanding common shares.

- **"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. It includes all of the Company's remaining performance obligations in its contracts with its clients. It does not include amounts for variable consideration that are constrained, agency relationship construction management projects, and estimated future work orders to be performed as part of master services agreements.

- **"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 information". The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", and similar expressions identify forward-looking information.

Forward-looking information is 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 information and the Company cautions the reader that such forward-looking information 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 information and the forward-looking information is not a guarantee 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, 2019 filed and available on SEDAR. The Company expressly disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, events or otherwise.

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Management's Responsibility for Financial Reporting

The management of Bird Construction Inc. ("Company") is responsible for the preparation and integrity of the consolidated financial statements contained in the Annual Report. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and necessarily include some amounts that are based on management's best estimates and judgment. Financial information contained throughout this Annual Report is consistent with the financial statements.

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

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

Paul A. Charette

Chairman of the Board of Directors

Wayne R. Gingrich

Chief Financial Officer

To the Shareholders of Bird Construction Inc.

Opinion

We have audited the consolidated financial statements of Bird Construction Inc. (the Entity), which comprise the consolidated statements of financial position as at December 31, 2018, December 31, 2017 and January 1, 2017, the consolidated statements of income (loss), comprehensive income (loss), changes in equity and cash flows for the years ended December 31, 2018 and December 31, 2017, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018, December 31, 2017 and January 1, 2017, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2018 and December 31, 2017 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter - Comparative Information

We draw attention to Note 4 to the financial statements ("Note 4") which explains that certain comparative information presented:

- for the year ended December 31, 2017 has been restated.
- as at January 1, 2017 has been derived from the financial statements for the year ended December 31, 2016 which have been restated (not presented herein).

Note 4 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

- Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2018 Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2018 Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Signed **"KPMG LLP"**

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Austin Abas.

Winnipeg, Canada

March 12, 2019

Consolidated Statements of Financial Position
As at December 31, 2018, December 31, 2017 and January 1, 2017
(in thousands of Canadian dollars)

	Note	December 31, 2018	December 31, 2017 (restated)	January 1, 2017 (restated)
ASSETS				
Current assets:				
Cash	26	$ **157,151**	$ 114,092	$ 246,519
Bankers' acceptances and short-term deposits	26	**1,769**	18,963	15,357
Short-term investments		**1,705**	-	-
Accounts receivable	8	**337,663**	356,528	373,708
Contract assets	6	**28,412**	34,962	14,617
Contract assets - alternative finance projects	7	**7,126**	73,951	66,443
Inventory		**840**	514	567
Prepaid expenses		**2,566**	2,519	2,688
Income taxes recoverable		**5,559**	6,041	9,900
Investments held for sale	10	**3,762**	-	-
Other assets	9	**-**	409	-
Total current assets		**546,553**	607,979	729,799
Non-current assets:				
Other assets	9	**6,852**	7,577	3,680
Property and equipment	11	**56,226**	52,397	45,517
Investments in equity accounted entities	10	**12,517**	12,237	-
Deferred income tax asset	14	**10,909**	8,615	6,737
Intangible assets	12	**2,575**	1,538	1,735
Goodwill	12	**16,389**	16,389	16,389
Total non-current assets		**105,468**	98,753	74,058
TOTAL ASSETS		$ **652,021**	$ 706,732	$ 803,857
LIABILITIES				
Current liabilities:				
Accounts payable		$ **383,608**	$ 373,081	$ 436,336
Contract liabilities	6	**60,003**	62,376	81,554
Dividends payable to shareholders		**1,382**	1,382	2,691
Income taxes payable		**3,444**	5,539	18,557
Non-recourse project financing	7	**11,824**	63,685	59,222
Current portion of loans and borrowings	13	**5,204**	4,755	2,765
Provisions	19	**8,593**	10,703	11,833
Other liabilities	15	**2,280**	2,380	1,569
Total current liabilities		**476,338**	523,901	614,527
Non-current liabilities:				
Loans and borrowings	13	**24,753**	13,843	8,623
Deferred income tax liability	14	**7,355**	8,374	13,978
Investments in equity accounted entities	10	**-**	-	881
Other liabilities	15	**7,346**	6,798	4,305
Total non-current liabilities		**39,454**	29,015	27,787
SHAREHOLDERS' EQUITY				
Shareholders' capital	17	**42,527**	42,527	42,527
Contributed surplus		**1,956**	1,949	1,932
Retained earnings		**91,743**	109,338	117,084
Accumulated other comprehensive income		**3**	2	-
Total shareholders' equity		**136,229**	153,816	161,543
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ **652,021**	$ 706,732	$ 803,857

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

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

	Note		2018		2017 (restated)
Construction revenue		$	**1,381,784**	$	1,418,557
Costs of construction			**1,324,329**		1,347,250
Gross profit			**57,455**		71,307
Income from equity accounted investments	10		**1,894**		1,775
General and administrative expenses			**(58,933)**		(59,307)
Income from operations			**416**		13,775
Finance income	20		**1,386**		1,298
Finance and other costs	21		**(4,476)**		(1,995)
Income (loss) before income taxes			**(2,674)**		13,078
Income tax expense (recovery)	14		**(1,661)**		4,242
Net income (loss) for the year		$	**(1,013)**	$	8,836
Basic and diluted earnings (loss) per share	18	$	**(0.02)**	$	0.21

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

Consolidated Statements of Comprehensive Income (Loss)
For the years ended December 31,
(in thousands of Canadian dollars)

	Note	2018	2017 (restated)
Net income (loss) for the year		$ **(1,013)**	$ 8,836
Other comprehensive income (loss) for the year:			
Exchange differences on translating equity accounted investments	10	**1**	2
Total of items that may be reclassified to net income in subsequent years		**1**	2
Total other comprehensive income (loss) for the year		**1**	2
Total comprehensive income (loss) for the year		$ **(1,012)**	$ 8,838

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

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

	Note	Shareholders' capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balance at January 1, 2017 (restated)		$ 42,527	$ 1,932	$ 117,084	$ -	$ 161,543
Net income (loss) for the year (restated)		-	-	8,836	-	8,836
Other comprehensive income for the year	10	-	-	-	2	2
Total comprehensive income for the year		-	-	8,836	2	8,838
Contributions by and dividends to owners						
Stock-based compensation expense	16	-	17	-	-	17
Dividends declared to shareholders		-	-	(16,582)	-	(16,582)
Balance at December 31, 2017 (restated)		$ 42,527	$ 1,949	$ 109,338	$ 2	$ 153,816
Dividends per share declared during the year ended December 31, 2017				$ 0.39		
Balance at December 31, 2017 (restated)		**$ 42,527**	**$ 1,949**	**$ 109,338**	**$ 2**	**$ 153,816**
Net income (loss) for the year		**-**	**-**	**(1,013)**	**-**	**(1,013)**
Other comprehensive income (loss) for the year	10	**-**	**-**	**-**	**1**	**1**
Total comprehensive income for the year		**-**	**-**	**(1,013)**	**1**	**(1,012)**
Contributions by and dividends to owners						
Stock-based compensation expense	16	**-**	**7**	**-**	**-**	**7**
Dividends declared to shareholders		**-**	**-**	**(16,582)**	**-**	**(16,582)**
Balance at December 31, 2018		**$ 42,527**	**$ 1,956**	**$ 91,743**	**$ 3**	**$ 136,229**
Dividends per share declared during the year ended December 31, 2018				**$ 0.39**		

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

Consolidated Statements of Cash Flows
For the years ended December 31,
(in thousands of Canadian dollars)

	Note	2018	2017 (restated)
Cash flows from (used in) operating activities:			
Net income (loss) for the year		$ (1,013)	$ 8,836
Items not involving cash:			
Amortization	12	473	458
Depreciation	11	10,763	11,531
(Gain) loss on sale of property and equipment		(873)	(88)
(Income) loss from equity accounted investments	10	(1,894)	(1,775)
Finance income	20	(1,386)	(1,298)
Finance and other costs	21	4,476	1,995
Deferred compensation plan expense and other		4,622	1,582
Unrealized (gain) loss on investments and other		(1,329)	1,438
Income tax expense (recovery)	14	(1,661)	4,242
Stock-based compensation expense	16	7	17
Cash flows from operations before changes in non-cash working capital		12,185	26,938
Changes in non-cash working capital relating to operating activities	26	95,532	(96,188)
Interest received		1,349	1,224
Interest paid		(4,360)	(2,212)
Income taxes paid		(3,265)	(20,883)
Cash flows from (used in) operating activities		101,441	(91,121)
Cash flows from (used in) investing activities:			
Investments in equity accounted entities	10	(4,020)	(12,144)
Capital distributions from equity accounted entities	10	1,873	803
Additions to property and equipment	11	(13,103)	(14,311)
Proceeds on sale of property and equipment	11	3,235	7,366
Additions to intangible assets	12	(1,510)	(261)
Purchase of short-term investments		(4,742)	(6,943)
Proceeds from maturity of short-term investments		3,107	6,711
Other long-term assets		(861)	(2,312)
Cash flows used in investing activities		(16,021)	(21,091)
Cash flows from (used in) financing activities:			
Dividends paid on shares		(16,582)	(17,891)
Proceeds from non-recourse project financing	7	24,734	32,407
Repayment of non-recourse project financing	7	(76,474)	(27,662)
Proceeds from loans and borrowings	13	14,242	1,965
Repayment of loans and borrowings	13	(6,734)	(4,222)
Cash flows used in financing activities		(60,814)	(15,403)
Net increase (decrease) in cash and cash equivalents during the year		24,606	(127,615)
Effects of foreign exchange on cash balances		1,259	(1,206)
Cash and cash equivalents, beginning of the year		133,055	261,876
Cash and cash equivalents, end of the year	26	$ 158,920	$ 133,055

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

1. Structure of the Company

Bird Construction Inc. (the "Company") is a corporation incorporated in the province of Ontario, Canada. The address of the Company's registered office is 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 across Canada. The Company serves customers 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.

Segment results are reviewed by the Company's Chief Executive Officer to assess performance and allocate resources within the Company. Management applies judgement in the aggregation of the Company's operating segments and has determined that the Company operates in one reportable segment being the general contracting sector of the construction industry. The Company's operating segments have similar economic characteristics in that each of the Company's operating districts provides comparable construction services, use similar contracting methods, have similar long term economic prospects, share similar cost structures and operate in similar regulatory environments.

2. Basis of preparation

Authorization of financial statements:

These consolidated financial statements were authorized for issue on March 12, 2019 by the Company's Board of Directors.

Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of measurement:

These consolidated financial statements have been prepared using the historical cost convention, except for certain financial assets, derivative financial instruments and liabilities for cash settled share-based payment arrangements which are measured at fair value.

Use of estimates and judgements:

The preparation of financial statements requires management to make judgements, 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.

Revenue and gross profit recognition

Construction revenue, construction costs, contract liabilities, and contract assets are based on estimates and judgements used in determining contract revenue and contract costs to determine the stage of completion for a particular construction project, depending upon the nature of the construction contract, as more fully described in the revenue recognition policy (see note 3). To determine the estimated costs to complete construction contracts, assumptions and estimates are required to evaluate matters related to schedule, material and labour costs, labour productivity, changes in contract scope and subcontractor costs. Due to the nature of construction activities, 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 customers 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. Many change orders and claims may not be settled until the construction project is completed or subsequent to completion and the nature of the relationship with the other party to the claim and the history of success of these claims may impact the associated revenue or cost recovery. Claims against customers for variable consideration due to delays, changes, etc. are assessed under the Company's revenue policy as described in note 3, which requires significant judgement. The amount of variable consideration that is constrained is the difference between the total claim value and the best estimate of recovery. This constrained value is reviewed each reporting period.

Provisions

Provisions for legal and warranty and other provisions involve the use of estimates, as determined by management. Estimates and assumptions are required to determine when to record and how to measure a provision in the financial statements. The outcomes may differ significantly from the estimates used in preparing the financial statements resulting in adjustments to previously reported financial results.

Asset impairments

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 judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the significant accounting policies note 3.

3. Summary of significant accounting policies

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

Consolidation:

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

(in thousands of Canadian dollars, except per share amounts)

Company:	2018	2017
	Ownership/Voting Interest	
Fully consolidated subsidiaries		
Bird Construction Inc.	**100%**	100%
Bird Construction Company Limited	**100%**	100%
Bird Construction Company (Limited Partnership)	**100%**	100%
Bird Management Ltd.	**100%**	100%
Bird Design - Build Limited	**100%**	100%
Bird Capital Limited	**100%**	100%
Bird Capital Limited Partnership	**100%**	100%
Bird Industrial Group Limited	**100%**	100%
Bird Design-Build Construction Inc.	**100%**	100%
Westrac Resources Ltd.	**100%**	100%
Westrac Resources Limited Partnership	**100%**	100%
Bird Construction Group (Limited Partnership)	**100%**	100%
Bird Construction Group Limited	**100%**	100%
Bird General Contractors Ltd. (Formerly H.J. O'Connell, Limited)	**100%**	100%
Bird Civil et mines Ltée (Formerly Les Enterprises de Construction de Québec Ltée)	**100%**	100%
Bird Heavy Civil Ltd. (Formerly H.J. O'Connell Construction Ltd.)	**100%**	100%
Nason Contracting Group Ltd.	**100%**	100%
Bird Casey House Limited Partnership	**100%**	100%
Bird Capital MDC Project Co. Inc.	**100%**	100%
Bird Construction Industrial Services Ltd.	**100%**	100%
Bird Construction Group Ltd.	**100%**	100%
NCGL Industrial Ltd.	**100%**	100%
NCGL Construction Ltd.	**100%**	100%
BFL Fabricators Ltd.	**100%**	100%
Canadian Consulting Group Limited	**100%**	100%
Innovative Trenching Solutions Ltd.	**100%**	100%
Innovative Trenching Solutions Field Services Ltd.	**100%**	100%
Bird Capital OMP Project Co. Inc.	**100%**	n/a
Proportionately consolidated joint arrangements		
Restigouche Hospital Centre Joint Venture	**30%**	30%
HJOC-VPDL Placentia Bridge Joint Venture	**50%**	50%
Arctic-Bird Construction Joint Venture	**50%**	50%
Maple Reinders-Nason Joint Venture	**50%**	50%
Bird Kiewit Joint Venture	**60%**	60%
Bird/Wright Schools Joint Venture	**70%**	70%
Bird/Wright Schools 2 Joint Venture	**70%**	70%
Bird - Clark Stanton JV	**50%**	50%
Bird-Civeo Joint Venture	**60%***	60%
Pomerleau/O'Connell JV	**50%**	50%
Bird - Maple Reinders JV	**50%**	50%
Maple Reinders - Bird JV	**50%**	n/a
Bird - ATCO Joint Venture	**60%**	n/a
CBS Joint Venture	**42.5%**	n/a

* Joint venture was dissolved on November 16, 2018.

The Company has invested in a number of Public Private Partnerships ("PPP") concession ventures usually holding a minority interest position in the venture. The Company has also invested in Stack Modular group of companies. In these instances, the Company can either exercise significant influence or joint control over the financial and operational policies of the venture (or investee). The Company uses the equity method of accounting to account for these investments. The investment is recorded as the amount of the initial investment adjusted for the pro-rata share of the investee's earnings less any distributions received from the investment.

(in thousands of Canadian dollars, except per share amounts)

Company:	**2018**	2017
	Ownership/Voting Interest	
Equity accounted investment in associates/joint ventures		
Chinook Resources Management General Partnership	**50%**	50%
Plenary Infrastructure ERMF GP	**10%**	10%
Joint Use Mutual Partnership #1	**20%***	20%
Joint Use Mutual Partnership #2	**20%***	20%
Boreal Health Partnership	**25%**	25%
Timmiak Construction Limited Partnership (Formerly Nillik Construction Limited Partnership)	**69.99%/33.33%**	69.99%/33.33%
Harbour City Solutions General Partnership	**20%**	20%
Niagara Falls Entertainment Partners	**20%/16.2%**	20%/16.2%
Stack Modular Structures Ltd.	**50%**	50%
Stack Modular Structures Hong Kong Limited	**50%**	50%
Hartland Resource Management General Partnership	**20%**	n/a

*Classified as investments held for sale in 2018.

All of the above subsidiaries, joint arrangements, joint ventures and associates are incorporated or registered in Canada except Stack Modular Structure Hong Kong Limited which is incorporated and registered in Hong Kong.

Revenue recognition:

Contract revenue is recognized in profit or loss in accordance with the pattern of satisfying the Company's performance obligations under a contract. This satisfaction occurs when control of a good or service transfers to the customer. In the majority of the Company's contracts, the customer controls the work in process as evidenced by the right to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use to the Company, and the work is performed on the customer's property. Based on the nature of these contractual arrangements, control is transferred over time and revenue is recognized over time.

For each performance obligation satisfied over time, the Company will recognize revenue by measuring progress toward complete satisfaction of that performance obligation. Using output or input methods based on the type of contract, the Company recognizes revenue in a pattern that reflects the transfer of control of the promised goods or services to the customer. Revenue from fixed price and cost reimbursable contracts is recognized using the input method with reference to costs incurred. Revenue from unit price contracts in the heavy construction, civil construction and contract surface mining construction sectors is recognized based on the amount of billable work completed, established by surveys of work performed, an output method. For agency relationships, such as construction management contracts, where the Company acts as an agent for its customers, fee revenue only is recognized, generally in accordance with the contract terms. If the outcome of a construction contract cannot be estimated reliably for management to estimate the ultimate profitability of the contract with a reasonable degree of certainty, no profit is recognized. When further clarity is gained throughout the progression of the contract, the constrained margin and associated revenue will be reassessed.

Revenue from contract modifications, commonly referred to as change orders and claims, is recognized to the extent that the contract modifications have been approved by the customer and the amount can be measured reliably. In cases where the contract modification is approved, but the price has not been finalized, the Company will account for the contract modification using variable consideration guidance described below. A claim or dispute is considered variable consideration as it is in addition to the agreed upon performance obligations outlined in the original contract but due to unforeseen circumstances is claimed against the customer because of additional work and costs incurred due to delays and scope changes. The subsequent outcome and settlement of this claim through negotiation results in uncertainty as to the likelihood and amount that will be ultimately collected.

The amount of variable consideration included in the transaction price may be constrained due to the uncertain nature of the recovery of the associated revenue. The Company will make an estimate of the amount to be constrained by using either the most likely amount or the expected value method, depending which method is considered to best predict the amount of consideration by contract to which the Company will be entitled. The amount of variable consideration to be included in the transaction price is only that to which it is highly probable that a significant reversal of cumulative revenue recognized to date will not occur. Management considers the following factors in their assessment of the probability of reversal:

(i) Susceptibility of consideration to factors outside the Company's influence.

(ii) Length of time before resolution of the uncertainty associated with the amount of consideration is expected.

(iii) The Company's experience with similar types of contracts is limited or the experience is not relevant or has limited predictive value.

(iv) The Company has a practice of offering a broad range of pricing concessions or changing the payment terms and conditions of similar contracts in similar situations.

(v) The contract has a larger number and broad range of possible consideration amounts.

Where the above factors indicate uncertainty associated with the outcome of the transaction price, the Company reviews the historical performance under similar contracts in order to determine the appropriate proportion of the variable consideration to be included in the transaction price.

For most customer arrangements, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability (even if that single project results in the delivery of multiple units). The Company therefore considers that the entire contract results in the delivery of a single performance obligation. Less commonly, the Company may promise to provide distinct goods or services within a contract in which case the contract is separated into the associated performance obligations as assessed from the customer's perspective. If a contract contains multiple performance obligations, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. When the Company is contracted to construct customer specific projects, the budgets and overall transaction prices are built up using the Company's best estimate of costs associated to complete the customized project using the appropriate overhead and subcontractor rates for a given project and location. This approach to estimate the overall costs and associated revenues is considered the most appropriate assessment of the standalone selling price for the associated performance obligations.

Where costs are determined to be greater than total revenues, losses from any construction contracts are recognized in full in the period the loss becomes apparent. Losses are recorded within provisions on the statement of financial position.

Construction costs:

Construction costs are expensed as incurred unless they result in an asset related to future contract activity and meet the criteria to be capitalized as contract assets. Construction costs include all expenses that relate directly to execution of the specific contract, including site labour and site supervision, direct materials, subcontractor costs, equipment rentals and depreciation, design and technical assistance, and warranty claims. Construction costs also include overheads that can be attributed to the project in a systematic and consistent manner and include general insurance and bonding costs, and staff costs relating to project management.

Contract assets and liabilities:

Any excess of costs and estimated earnings over progress billings on construction contracts is carried as a contract asset in the financial statements. Contract assets also arise when the Company capitalizes incremental costs of obtaining contracts with customers and the costs incurred in fulfilling those contracts, such as mobilization costs. Costs to fulfill a contract are required to be capitalized where they are determined to relate directly to a contract or an anticipated contract that the entity can specifically identify, they generate or enhance resources of the Company that will be used in satisfying performance obligations in the future, and they are expected to be recovered under that specific contract.

In all cases, the specific contract asset is amortized into the project with reference to the same pattern of recognition as the revenue recognized on the associated project.

Any excess of progress billings over earned revenue on construction contracts is carried as a contract liability in the financial statements.

Contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. All contract assets and liabilities are classified as current in the financial statements as they are expected to be settled within the Company's normal operating cycle.

Inventory:

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

Property and equipment:

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

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

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

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of general and administrative expenses in the statement of income.

Foreign currency translation:

Foreign currency transactions

Foreign currency transactions and balances are recorded in the accounts as follows:

i. Monetary assets and liabilities at the exchange rate in effect at the financial statement date;
ii. Non-monetary assets and liabilities at exchange rates prevailing at the time of the transaction;
iii. Depreciation expense at the exchange rate in effect at the time the related assets are acquired; and
iv. Expenses at the average exchange rate prevailing on the date of the transaction.

Translation of equity accounted foreign entities

Assets and liabilities of equity accounted foreign entities are translated from the functional currency to the Company's presentation currency at the closing rate at the end of the reporting period. The consolidated statements of income are translated at exchange rates at the dates of the transactions or at the average rate if it approximates the actual rates. All resulting exchange differences are recognized in other comprehensive income.

Income taxes:

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

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

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

Basic and diluted earnings per share:

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

Medium term incentive plan:

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

Equity incentive plan:

The Company implemented an Equity Incentive Plan ("EIP") as part of the Company's executive compensation plan. The purpose of the EIP is to provide certain officers and employees of the Company with the opportunity to be granted performance share units ("PSUs") or time-based restricted share units ("RSUs", and together with PSUs, the "Units"). The EIP is a full-value share unit plan using the value of the Company's shares as the basis for the Units. In the case of the PSUs, the amount of award payable at the end of the vesting period will be determined by a performance multiplier. Under the EIP, the Company is entitled, in its sole discretion, to settle the Units in either cash or the Company's Shares purchased on the TSX or issued from treasury, or a combination thereof. The Company intends to settle the EIP in cash.

As a cash-settled compensation arrangement, the fair value of the amount payable is recognized as an expense with a corresponding increase in liabilities over the vesting period. The Units will vest and be settled on their issue date, which will be no later than December 31 in the third year following the date of grant, or in accordance with the EIP, participant's award agreement, or the Company's discretion. The liabilities for this plan are computed based on the estimated number of Units expected to vest at the end of the vesting period. The Units earn notional dividends, equivalent to actual dividends declared on the Company's shares. The liability is remeasured at each reporting date at fair value with changes in fair value recognized in income. The fair value of the Units outstanding at the end of a reporting period is measured based on the quoted market price of the Company's shares, with PSU's also adjusted by a performance multiplier. Compensation expense relating to the initial award, notional dividends and changes in the market price of the Units is recognized on a straight-line basis over the vesting period.

Stock option plan:

The Company's Stock Option Plan, as described in note 16(a), is a share-based payment plan which provides for the granting of stock options. The fair value of share-based payment awards is recognized as an employee expense, with a corresponding increase in contributed surplus, on a straight-line basis over the vesting period. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

Deferred share unit plan:

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

Financial instruments:

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

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are classified as held-for-trading or are designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company’s documented investment policy. Financial assets classified as fair value through profit or loss instruments are measured at fair value at each reporting period with any changes in fair value during the reporting period being included in income. Transaction costs are expensed as incurred.

Loans and receivables

Loans and receivables are non-derivative assets with fixed or determinable payments that are not quoted on an active market. Financial assets classified as loans and receivables are initially measured at fair value adjusted for directly attributable transaction costs, and subsequently, are measured at amortized cost, using the effective interest rate method, which approximates fair value. The Company will recognize changes in the fair value of loans and receivables only if realized, or when an impairment in the value of the asset occurs. Loans and receivables are generally comprised of cash and cash equivalents, accounts receivable and other non-current assets.

Cash and cash equivalents

The Company considers cash, bank indebtedness, if any, bankers’ acceptances and short-term deposits with original maturities of three months or less, as cash and cash equivalents.

Financial liabilities

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

The Company has not classified any financial assets or liabilities as held-to-maturity or available-for-sale (see note 27).

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

Derivative financial instruments
The Company uses interest rate swaps to manage its interest rate risk on the non-recourse project financing and the Total Return Swap ("TRS"). Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company uses TRS derivative contracts for the purpose of managing its exposure to changes in the fair value of its MTIP, EIP and DSU share-based compensation plans due to changes in the fair value of the Company's common shares. Derivatives are initially recognized at fair value when a derivative contract is entered into and are subsequently remeasured at their fair value. The TRS derivative contracts are not designated as a hedge, and changes in the fair market value are recorded as compensation expense in the statements of income.

Goodwill:

Goodwill that arises on the acquisition of subsidiaries is presented separately on the statement of financial position. For the measurement of goodwill at initial recognition refer to note 3. Subsequently, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets:

Intangible assets with finite lives are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss over the estimated useful lives as noted below. The estimated useful lives for the current and comparative periods are as follows:

i. Straight-line method:

Software	2 – 5 years

The Company reviews the residual value, useful lives and amortization methods used on an annual basis. Amortization of intangible assets is included in general and administrative expenses in the statements of income.

Provisions and contingent assets:

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

Provisions include:

i. Provisions for potential legal claims relating to the Company's performance and completion of construction contracts. The Company attempts to settle claims within the construction period of the contracts, but a legal claim may take years to settle. A provision is recognized when it is more likely than not that a claim will require settlement. The amount recognized is the best estimate of the settlement amount.

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

iii. Provisions for loss contracts are recorded when costs are determined to be greater than total revenues for the contract. Losses from any construction contracts are recognized in full in the period the loss becomes apparent. The loss provision will be net of management's estimate of probable expected recoveries, which differs from the criterion used for revenue recognition.

Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Cost recovery claims associated with claims against subcontractors and parties other than customers are considered contingent assets until it is virtually certain that the claims will be settled.

Contingent assets are not recorded or disclosed in the financial statements until such time as recovery of a portion or all of the claim is considered probable, at which time disclosure in the notes to the financial statements is required. For disclosed contingent assets, where the claim is accepted by the other party and realization of income is considered virtually certain, full disclosure in the financial statements as to the nature of the asset recorded is required, along with the recognition of the amount to be received in current assets.

Impairment:

Property and equipment

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

Intangible assets and goodwill

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

Joint arrangements:

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

Finance income and finance costs:

Finance income is comprised of interest earned on cash and cash equivalents, gains/losses on disposal of investments and changes in the fair value of financial assets classified as fair value through profit and loss. Interest income is recognized as it accrues in the income statement.

Finance costs are comprised of interest on loans and borrowings including non-recourse project financing using the effective interest rate method, interest expense related to the net gain or loss on interest rate swaps, interest associated with total return swaps, fees associated with credit facilities, bank charges and other interest expenses.

Business combinations:

The Company uses the acquisition method of accounting for business combinations. The consideration transferred includes the fair value of the assets transferred to acquire a subsidiary, the liabilities assumed and the fair value of any equity interest issued by the Company. Acquisition related costs are expensed as incurred. Any excess of the fair value of the consideration transferred over the Company's share of the fair value of net identifiable assets acquired, all measured as of the acquisition date, is recorded as goodwill. If the fair value of the consideration transferred is less than the fair value of the net identifiable assets acquired, such as in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Leases:

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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments required under operating leases are charged to income on a straight line basis over the life of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Subcontractor/Supplier Performance Default Insurance:

The Company maintains an insurance policy which provides the Company with comprehensive coverage in respect of subcontractor or supplier default on certain projects where the subcontractor or supplier is enrolled in the program. The total insurance premium paid by the Company to the insurer is comprised of a non-refundable premium and a deposit premium. The deposit premium paid by the Company is included in other non-current assets on the consolidated statements of financial position. The liabilities included in provisions on the consolidated statements of financial position relate to management's best estimate of exposures and costs associated with prior or existing subcontractor or supplier performance defaults. Management conducts a thorough review of the liability every reporting period and takes into consideration the Company's experience to date with those subcontractors or suppliers that are enrolled in the program.

4. New Accounting Standards and Amendments Adopted

The Company has adopted the following new accounting amendments effective January 1, 2018. These changes did not have a material impact on the Company's financial results:

a) Amendments to IFRS 2, Classification and Measurement of Share-based Payment Transactions
b) IFRIC 22, Foreign Currency Transactions and Advance Consideration

The Company has adopted the following new accounting standards effective January 1, 2018:

I. IFRS 15, Revenue from Contracts with Customers
II. IFRS 9, Financial Instruments

IFRS 15, Revenue from Contracts with Customers:
The Company has adopted IFRS 15 effective January 1, 2018 using a fully retrospective approach. IFRS 15 supersedes previous accounting standards for revenue, including IAS 18 Revenue, and IAS 11 Construction Contracts. IFRS 15 introduced a single comprehensive model for recognizing revenue from contracts with customers. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. Specifically, IFRS 15 introduces a five-step approach to revenue recognition:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

On adoption of the new revenue standard the Company has employed the fully retrospective model therefore restating the impact on the comparative statements. The Company elected to utilize the following practical expedients on adoption:

a) For completed contracts, an entity need not restate contracts that begin and end within the same annual reporting periods.

b) For all reporting periods presented before the date of initial application, January 1, 2018, an entity is not required to disclose the amount of transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognize that amount of revenue.

The revenue recognition policy is described in note 3. In addition, changes to the portion of payments retained by the customer is explained below:

The portion of the payments retained by the customer until substantial completion, as defined in each contract has historically been discounted to reflect the time value of money. Under IFRS 15, these holdbacks from customers are no longer considered significant financing components due to the intent of the arrangement. These customer holdbacks are in place to protect the customer and ensure the Company performs as specified under the contract. All invoices are issued by the Company in line with the billing schedule included in each contract and payments of all elements (not inclusive of the holdback) is received within an appropriate period of time. Due to this change, where historically there was a portion of interest accretion on holdback receivables, this has ceased due to the understanding of the arrangement in accordance with IFRS 15. Therefore, finance income has been restated to remove the effect of the interest accretion.

(in thousands of Canadian dollars, except per share amounts)

Impact on Net Income

The impact to the Company's statements of income for the IFRS 15 adjustments are as follows:

	Year ended December 31, 2017		
	As previously reported [1]	Adjustments	Restated
Construction revenue	1,418,439	118	1,418,557
Costs of construction	1,343,992	3,258	1,347,250
Gross profit	74,447	(3,140)	71,307
Income from equity accounted investments	1,775	-	1,775
General and administrative expenses	(59,307)	-	(59,307)
Income (loss) from operations	16,915	(3,140)	13,775
Finance income	4,111	(2,813)	1,298
Finance and other costs	(4,137)	2,142	(1,995)
Income (loss) before income taxes	16,889	(3,811)	13,078
Income tax expense (recovery)	5,271	(1,029)	4,242
Net income (loss) and comprehensive income (loss) for the year	11,618	(2,782)	8,836
Basic and diluted earnings (loss) per share	0.27	(0.06)	0.21

[1] Certain comparative figures for the prior year have been reclassified to conform to the presentation adopted in the current year (note 30)

Impact on assets, liabilities and shareholders' equity at January 1, 2017 and December 31, 2017

	As at January 1, 2017			As at December 31, 2017		
(in thousands of Canadian dollars)	As previously reported [1]	Adjustments	Restated	As previously reported [1]	Adjustments	Restated
ASSETS						
Current assets:						
Cash	$ 246,519	-	246,519	$ 114,092	-	114,092
Bankers' acceptances and short-term deposits	15,357	-	15,357	18,963	-	18,963
Accounts receivable	386,469	(12,761)	373,708	367,791	(11,263)	356,528
Contract assets [2]	10,047	4,570	14,617	29,600	5,362	34,962
Contract assets - alternative finance projects [3]	66,443	-	66,443	73,951	-	73,951
Inventory	567	-	567	514	-	514
Prepaid expenses	2,688	-	2,688	2,519	-	2,519
Income taxes recoverable	9,900	-	9,900	6,041	-	6,041
Other assets	-	-	-	409	-	409
Total current assets	737,990	(8,191)	729,799	613,880	(5,901)	607,979
Non-current assets:						
Other assets	3,680	-	3,680	7,577	-	7,577
Property and equipment	45,517	-	45,517	52,397	-	52,397
Investments in equity accounted entities	-	-	-	12,237	-	12,237
Deferred income tax asset	6,737	-	6,737	8,615	-	8,615
Intangible assets	1,735	-	1,735	1,538	-	1,538
Goodwill	16,389	-	16,389	16,389	-	16,389
Total non-current assets	74,058	-	74,058	98,753	-	98,753
TOTAL ASSETS	$ 812,048	(8,191)	803,857	$ 712,633	(5,901)	706,732
LIABILITIES						
Current liabilities:						
Accounts payable	$ 453,338	(17,002)	436,336	$ 381,385	(8,304)	373,081
Contract liabilities [4]	76,518	5,036	81,554	57,628	4,748	62,376
Dividends payable to shareholders	2,691	-	2,691	1,382	-	1,382
Income taxes payable	18,557	-	18,557	5,539	-	5,539
Non-recourse project financing	59,222	-	59,222	63,685	-	63,685
Current portion of loans and borrowings	2,765	-	2,765	4,755	-	4,755
Provisions	5,287	6,546	11,833	6,466	4,237	10,703
Other liabilities	1,569	-	1,569	2,380	-	2,380
Total current liabilities	619,947	(5,420)	614,527	523,220	681	523,901
Non-current liabilities:						
Loans and borrowings	8,623	-	8,623	13,843	-	13,843
Deferred income tax liability	14,726	(748)	13,978	10,151	(1,777)	8,374
Investments in equity accounted entities	881	-	881	-	-	-
Other liabilities	4,305	-	4,305	6,798	-	6,798
Total non-current liabilities	28,535	(748)	27,787	30,792	(1,777)	29,015
SHAREHOLDERS' EQUITY						
Shareholders' capital	42,527	-	42,527	42,527	-	42,527
Contributed surplus	1,932	-	1,932	1,949	-	1,949
Retained earnings	119,107	(2,023)	117,084	114,143	(4,805)	109,338
Accumulated other comprehensive income	-	-	-	2	-	2
Total shareholders' equity	163,566	(2,023)	161,543	158,621	(4,805)	153,816
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 812,048	(8,191)	803,857	$ 712,633	(5,901)	706,732

[1] *Certain comparative figures for the prior year have been reclassified to conform to the presentation adopted in the current year (note 30)*
[2] *Previously reported as Costs and estimated earnings in excess of billings*
[3] *Previously reported as Costs and estimated earnings in excess of billings - alternative finance projects*
[4] *Previously reported as Deferred contract revenue*

The application of IFRS 15 did not affect our cash flow totals from operating, investing, or financing activities.

IFRS 9, Financial Instruments:

The Company has adopted IFRS 9 effective January 1, 2018 with no restatement. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The Company has completed its analysis of the impact of IFRS 9 with the following results:

a) IFRS 9 introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, 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 financial assets are subsequently measured at amortized cost, fair value through profit and loss or fair value through other comprehensive income. There was no impact to the classification and measurement of the Company's financial assets.

   There are no changes to the classification and measurement of the Company's financial instruments as at January 1, 2018 as a result of adopting IFRS 9 except that the grouping for loans and receivables described in note 3 in the annual financial statements is now referred to as financial assets.

	IAS 39	IFRS 9
Financial instruments at fair value through profit or loss (FVTPL)		
Non-recourse project financing - interest rate swaps	FVTPL	FVTPL
Interest rate swaps	FVTPL	FVTPL
Total return swap derivatives	FVTPL	FVTPL
Financial assets		
Cash and cash equivalents	Loans and receivables (amortized cost)	Financial assets (amortized cost)
Accounts receivable	Loans and receivables (amortized cost)	Financial assets (amortized cost)
Other non-current assets	Loans and receivables (amortized cost)	Financial assets (amortized cost)
Financial liabilities		
Accounts payable	Financial liabilities (amortized cost)	Financial liabilities (amortized cost)
Dividends payable to shareholders	Financial liabilities (amortized cost)	Financial liabilities (amortized cost)
Non-recourse project financing - loan facilities	Financial liabilities (amortized cost)	Financial liabilities (amortized cost)
Loans and borrowings	Financial liabilities (amortized cost)	Financial liabilities (amortized cost)
Deferred payment	Financial liabilities (amortized cost)	Financial liabilities (amortized cost)

b) IFRS 9 replaces the incurred loss model from IAS 39 by introducing a new 'expected credit loss' model for calculating impairment of financial assets. IFRS 9 specifies different approaches for measuring and recognizing expected credit losses, by considering only defaults in the next 12 months and/or the full remaining life of the financial asset. The expected credit loss model requires a credit loss to be reflected in profit and loss immediately after an asset or receivable is acquired, with subsequent changes in expected credit losses at each reporting date recorded to reflect any change in credit risk. IFRS 9 provides a simplified approach for certain trade receivables and IFRS 15 contract assets. As a result of adopting the new standard, the Company has determined that the impact of applying the 'expected credit loss model' for calculating impairment of financial assets was not material, and therefore no amounts were recorded on the financial statements on transition date.

c) IFRS 9 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 judgement to assess the effectiveness of a hedging relationship. The Company does not currently elect hedge accounting and is not intending to apply hedge accounting under IFRS 9 and therefore there is no adjustment on transition date.

5. Future accounting changes

Several new standards and amendments to standards and interpretations are not yet effective for the year ended December 31, 2018 and have not been applied in preparing these consolidated financial statements.

IFRS 16, Leases:
On January 13, 2016, the IASB issued IFRS 16 Leases. The new standard is effective for annual periods beginning on or after January 1, 2019. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying assets are of low value. A lessee is required to recognize a right-of-use ("ROU") asset and a lease liability representing its obligation to make lease payments.

The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The standard may be applied retrospectively or using a modified retrospective approach. The Company plans to use the modified retrospective approach which does not require restatement of prior period financial information.

The Company continues to make progress in the evaluation of its contracts that may contain a ROU asset. The Company anticipates that the most significant impact of adopting IFRS 16 will be the recognition of ROU assets and corresponding lease liability related to leases with a term of 12 months or more on the Consolidated Balance Sheet at January 1, 2019. The additional right-of-use asset and lease liability is expected to result in an increase in depreciation and amortization expense and increase in interest costs on its lease liabilities, with a corresponding decrease in operating lease expenses. The Company also expects an increase in operating cashflows with a corresponding reduction in financing cashflows under IFRS 16.

On initial adoption, the Company intends to use the following practical expedients permitted under the standard:

- Apply a single discount rate to a portfolio of leases with similar characteristics;
- Account for leases with a remaining term of less than 12 months as at January 1, 2019 as short-term leases;
- The use of hindsight in determining the lease term where the contract contains terms to extend or terminate the lease; and
- Use the Company's previous assessment of impairment under IAS 37 for onerous contracts instead of re-assessing the ROU asset for impairment on January 1, 2019.

The company is finalizing its overall analysis, assessing any potential impact to IT systems and internal controls and reviewing additional disclosures required by the new standard.

The Company expects the adoption of the standard to result in an increase in assets of approximately \$16.0 million and an increase in liabilities of \$18.0 million, with a corresponding reduction to opening retained earnings for the net difference of approximately \$2.0 million as at January 1, 2019. The Company continues to assess the impact of adopting IFRS 16 on deferred tax balances.

IFRIC 23, Uncertainty over Income Tax Treatments:
On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January

(in thousands of Canadian dollars, except per share amounts)

1, 2019. The Company does not expect the Interpretation to have a material impact on the financial statements.

6. Revenue

Disaggregation of revenue:
The Company disaggregates revenue from contracts with customers by contract type, as this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following tables provides details of total construction revenue by contract type for the year ended December 31, 2018:

		2018		2017 (restated)
Fixed price / Unit price	$	**725,798**	$	708,751
Design-Build and PPP		**394,693**		467,759
Cost reimbursable / Cost plus		**261,293**		242,047
	$	**1,381,784**	$	1,418,557

Remaining performance obligations:
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 is referred to as remaining performance obligations. This includes all contracts that have been awarded to the Company whether the work has commenced or will commence in the normal course.

As at December 31, 2018 the aggregate amount of the transaction price allocated to total remaining performance obligations from construction contracts is $1,295,940. The value of remaining performance obligations does not include amounts for variable consideration that are constrained, agency relationship construction management projects, and estimated future work orders to be performed as part of master services agreements.

The Company expects to recognize 80% of the remaining performance obligations over the next 12 months with the remaining balance being recognized beyond 12 months. This expectation is based on management's best estimate but contains uncertainty as it is subject to factors outside of management's control.

Summary of contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

		December 31, 2018		December 31, 2017 (restated)		January 1, 2017 (restated)
Progress billings and holdbacks receivable (note 8)	$	**329,891**	$	348,672	$	367,814
Contract assets		**28,412**		34,962		14,617
Contract assets - alternative finance projects (note 7)		**7,126**		73,951		66,443
Contract liabilities		**(60,003)**		(62,376)		(81,554)
	$	**305,426**	$	395,209	$	367,320

(in thousands of Canadian dollars, except per share amounts)

Progress billings and holdbacks receivable:
The Company issues invoices in accordance with the billing schedule or contract terms as agreed. These invoices trigger recognition of an accounts receivable.

Contract assets including alternative finance projects:
The Company receives payments from customers based on a billing schedule, as established in the contracts. A contract asset relates to the conditional right to consideration for the completed performance under the contract. Accounts receivable are recognized when the right to consideration becomes unconditional. Contract assets related to construction contracts are typically recognized to accounts receivable within a year, while alternative finance projects follow a contractually agreed billing schedule that is recognized to accounts receivable upon substantial performance.

	Contract assets		
	Construction contracts	Alternative finance projects	**Total**
Balance January 1, 2017	$ 14,617	$ 66,443	**$ 81,060**
Reduction of contract assets as a result of progress billings in year	(9,031)	(24,437)	**(33,468)**
Additions to contract assets	29,376	31,945	**61,321**
Balance December 31, 2017	$ 34,962	$ 73,951	**$ 108,913**
Reduction of contract assets as a result of progress billings in year	(24,831)	(73,951)	**(98,782)**
Additions to contract assets	18,281	7,126	**25,407**
Balance December 31, 2018	$ 28,412	$ 7,126	**$ 35,538**

Contract liabilities:
Contract liabilities relate to payments received in advance of performance under the contract. Contract liabilities are recognized as revenue as (or when) the Company performs under the contract. Typically, contract liabilities are recognized within a year as performance is achieved per contractual terms.

During the year, $62,376 of revenue (2017 - $81,554) was recognized that was included in the contract liability balance at the beginning year.

For the year ended December 31, 2018, $11,450 of revenue was recognized from the satisfaction of performance obligations relating to previous periods. This amount relates to changes in the transaction price due to contract modifications and various other cumulative catch up adjustments.

7. Alternative finance projects

The following table provides details of contract assets – alternative finance projects as at December 31, 2018:

	Moncton Downtown Centre	OPP Modernization Phase 2	**Total**
Balance December 31, 2017	$ 73,951	$ -	**$ 73,951**
Changes in non-cash working capital relating to alternative finance projects	(73,951)	7,126	**(66,825)**
Balance December 31, 2018	$ -	$ 7,126	**$ 7,126**

(in thousands of Canadian dollars, except per share amounts)

The following table provides details of the changes in the Company's Non-Recourse Project Financing during the year.

	Moncton Downtown Centre		OPP Modernization Phase 2		
	Loan Facility	Interest rate swap	Loan Facility	Interest rate swap	**Total**
Balance December 31, 2017	$ 63,975	$ (290)	$ -	$ -	$ **63,685**
Proceeds	12,499	-	12,235	-	**24,734**
Repayment of debt	(76,474)	-	-	-	**(76,474)**
Transaction costs net of amortization	-	-	(1,024)	-	**(1,024)**
Change in fair value of interest rate swap	-	290	-	613	**903**
Balance December 31, 2018	$ -	$ -	$ 11,211	$ 613	$ **11,824**

(a) Moncton Downtown Centre

i. Background information:

During 2015, the Company was awarded a fixed-price build-finance contract to construct the Moncton Downtown Centre. The project obtained substantial completion during the second quarter of 2018.

ii. Restricted cash:

The terms of the debt financing agreement require that scheduled loan advances be deposited into a bank account, that 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 (note 26).

iii. Contract assets:

There are no contract assets as at December 31, 2018 related to the Moncton Downtown Centre project (December 31, 2017 - $73,951). The project obtained substantial completion during the second quarter of 2018 and had billed according to contract.

iv. Loan payable:

The Company had a $77,478 loan facility related to the project, of which $nil is outstanding at December 31, 2018 (December 31, 2017 - $63,975). The project obtained substantial completion during the second quarter of 2018 and the loan was repaid in full.

Interest was paid monthly in arrears. Borrowings under the facility bear interest at a rate per equal to the bankers' acceptance rate per annum plus a spread. As part of the loan facility, the Company entered into an interest rate swap agreement that effectively fixes the interest rate at 1.89%. The interest rate swap was executed on December 31, 2015 and expired on July 31, 2018. The notional amounts of the interest rate swap agreement matched the estimated draws under the loan facility. The interest rate swap agreement is not designated as a hedge, and changes in the fair market value are recorded in the statement of income. At December 31, 2018, the interest rate swap asset is $nil (December 31, 2017 – interest rate swap asset $290). Interest expense on the loan in year ended December 31, 2018 of $731 (December 31, 2017 - $951) is included in finance costs.

(in thousands of Canadian dollars, except per share amounts)

(b) OPP Modernization Phase 2

i. Background information:

During 2018, the Company was awarded a fixed-price design build-finance contract to construct the Ontario Provincial Police (“OPP”) Modernization Phase 2 project.

ii. Restricted cash:

The terms of the debt financing agreement require that scheduled loan advances be deposited into a bank account, that 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 (note 26).

iii. Contract assets:

Contract assets as at December 31, 2018 related to the OPP Modernization Phase 2 project and amounted to $7,126. (December 31, 2017 – n/a). Contract assets will continue to increase throughout the project until a contract payment is made to the Company following substantial completion of the project.

iv. Loan payable:

The Company has arranged a $138,475 loan facility related to the project, of which $12,235 has been drawn at December 31, 2018 (December 31, 2017 – n/a). The loan is repayable in full, upon substantial completion of the project, from the proceeds of the fixed price build-finance contract payment. The scheduled substantial completion date is in 2020. 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.

Interest is paid monthly in arrears. Borrowings under the facility bear interest at a rate per annum equal to the bankers’ acceptance rate plus a spread. As part of the loan facility, the Company entered into an interest rate swap agreement that effectively fixes the interest rate at 3.29%. The interest rate swap was executed on August 17, 2018 and expires on January 4, 2021. The notional amounts of the interest rate swap agreement matched the estimated draws under the loan facility. The interest rate swap agreement is not designated as a hedge, and changes in the fair market value are recorded in the statement of income. At December 31, 2018, the interest rate swap liability is $613 (December 31, 2017 – n/a). Interest expense on the loan during the year ended December 31, 2018 of $249 (December 31, 2017 – n/a) is included in finance costs.

8. Accounts receivable

		2018		2017 (restated)
Progress billings on construction contracts	$	**221,259**	$	216,623
Holdbacks receivable (due within one operating cycle)		**108,632**		132,049
Other		**7,772**		7,856
	$	**337,663**	$	356,528

Accounts receivable are reported net of an allowance for doubtful accounts of $1,271 as at December 31, 2018 ($1,672 – December 31, 2017).

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.

(in thousands of Canadian dollars, except per share amounts)

9. Other assets

		2018		2017
Subcontractor/Supplier insurance deposits	$	**5,727**	$	4,846
Notes receivable		**1,125**		1,145
Total return swap derivatives		**-**		1,995
Other assets	$	**6,852**	$	7,986
Less: current portion - total return swap derivatives		**-**		409
Non-current portion	$	**6,852**	$	7,577

Subcontractor/Supplier insurance deposits relate to the Company's insurance policies which provide Bird with comprehensive coverage, subject to a deductible, in respect of subcontractor or supplier default on certain projects where the subcontractor or supplier is enrolled in the program. As at December 31, 2018, the funds held by the Company's subcontractor insurance providers amounted to $5,727 (December 31, 2017 - $4,846).

The Company entered into Total Return Swap ("TRS") derivative contracts for the purpose of managing its exposure to changes in the fair value of its MTIP, EIP and DSU share-based compensation plans (note 16(b)), due to changes in the fair value of the Company's common shares. Derivatives are initially recognized at fair value when a derivative contract is entered into and are subsequently remeasured at their fair value. The TRS derivative contracts are not designated as a hedge, and changes in the fair market value are recorded as compensation expense in the statement of income (note 16(b)). As at December 31, 2018, the Company recorded a derivative liability of $2,218 (note 15) (December 31, 2017 – asset of $1,995).

10. Projects and entities accounted for using the equity method

The Company performs some construction and concession related projects through non-consolidated entities. The Company's participation in these entities is conducted through joint ventures and associates and is accounted for using the equity method. The Company also has a joint venture interest in Stack Modular group of companies and accounts for these investments using the equity method. The Company's joint ventures and associates are private entities and there is no quoted market value available for their shares.

(in thousands of Canadian dollars, except per share amounts)

	December 31, 2018		
	Joint Ventures	Associates	Total
Total current assets	$ 100,695	$ 47,410	$ 148,105
Total non-current assets	538,118	174,038	712,156
Total assets	638,813	221,448	860,261
Total current liabilities	56,071	20,766	76,837
Total non-current liabilities	545,431	175,211	720,642
Total liabilities	601,502	195,977	797,479
Net assets (liabilities) - 100%	$ 37,311	$ 25,471	$ 62,782
Attributable to the Company	$ 14,018	$ 2,547	$ 16,565
Revenue - 100%	$ 142,203	$ 33,283	$ 175,486
Total comprehensive income (loss) - 100%	$ 3,263	$ 5,812	$ 9,075
Attributable to the Company	$ 1,313	$ 581	$ 1,894

	December 31, 2017		
	Joint Ventures	Associates	Total
Total current assets	$ 168,370	$ 347,456	$ 515,826
Total non-current assets	307,951	169,401	477,352
Total assets	476,321	516,857	993,178
Total current liabilities	30,888	305,129	336,017
Total non-current liabilities	426,102	178,650	604,752
Total liabilities	456,990	483,779	940,769
Net assets (liabilities) - 100%	$ 19,331	$ 33,078	$ 52,409
Attributable to the Company	$ 8,929	$ 3,308	$ 12,237
Revenue - 100%	$ 192,150	$ 118,418	$ 310,568
Total comprehensive income (loss) - 100%	$ 3,711	$ 8,741	$ 12,452
Attributable to the Company	$ 901	$ 874	$ 1,775

(in thousands of Canadian dollars, except per share amounts)

The movement in the investment in projects and entities accounted for using the equity method is as follows:

Projects and entities accounted for using the equity method - December 31, 2016	$	**(881)**
Share of net income for the year		1,775
Share of other comprehensive income (loss) for the year		2
Distributions from projects and entities accounted for using the equity method		(803)
Investments in equity accounted entities		12,144
Projects and entities accounted for using the equity method - December 31, 2017		**12,237**
Share of net income for the year		1,894
Share of other comprehensive income (loss) for the year		1
Distributions from projects and entities accounted for using the equity method		(1,873)
Investments in equity accounted entities		4,020
Investments in equity accounted entities reclassified as held for sale		(3,762)
Projects and entities accounted for using the equity method - December 31, 2018	$	**12,517**

The Company has recognized the income and losses related to its investments in associates and joint ventures, as the Company has an obligation to fund its proportionate share of the net liabilities of these entities.

The carrying amount of investments in equity accounted entities may not always equal the Company's share of the net assets or net liabilities of these joint ventures and associates, due to fair value adjustments including goodwill, and the timing of capital contributions or distributions in accordance with contract terms.

Transactions with these related parties are described in note 25 in the financial statements. Amounts committed for future capital injections to concession entities are described in note 24 (a) in the financial statements.

Investments in equity accounted entities classified as held for sale:

During the year ended December 31, 2018, the Company initiated an active plan to sell its investments in two entities accounted for using the equity method. These investments have been classified as investments held for sale on the Consolidated Statements of Financial Position.

(in thousands of Canadian dollars, except per share amounts)

11. Property and equipment

2018		Land	Buildings	Leasehold improvements	Equipment, trucks and automotive	Furniture and office equipment		Total
Cost								
Balance January 1, 2018	$	1,774	13,446	7,355	95,651	2,294	$	120,520
Additions		-	443	686	11,660	314		13,103
Additions under finance leases		-	-	-	3,851	-		3,851
Disposals		(5)	(1,457)	-	(5,984)	-		(7,446)
Balance December 31, 2018	$	1,769	12,432	8,041	105,178	2,608	$	130,028
Accumulated depreciation								
Balance January 1, 2018	$	-	5,165	3,325	57,905	1,728	$	68,123
Disposals		-	(279)	-	(4,805)	-		(5,084)
Depreciation expense		-	697	519	9,390	157		10,763
Balance December 31, 2018	$	-	5,583	3,844	62,490	1,885	$	73,802
Net book value	$	1,769	6,849	4,197	42,688	723	$	56,226

2017		Land	Buildings	Leasehold improvements	Equipment, trucks and automotive	Furniture and office equipment		Total
Cost								
Balance January 1, 2017	$	1,681	12,396	7,765	85,672	2,182	$	109,696
Additions		40	1,050	921	14,088	123		16,222
Additions under finance leases		53	-	-	9,414	-		9,467
Disposals		-	-	(1,331)	(13,523)	(11)		(14,865)
Balance December 31, 2017	$	1,774	13,446	7,355	95,651	2,294	$	120,520
Accumulated depreciation								
Balance January 1, 2017	$	-	4,349	4,220	54,023	1,587	$	64,179
Disposals		-	-	(1,331)	(6,247)	(9)		(7,587)
Depreciation expense		-	816	436	10,129	150		11,531
Balance December 31, 2017	$	-	5,165	3,325	57,905	1,728	$	68,123
Net book value	$	1,774	8,281	4,030	37,746	566	$	52,397

The statement of cash flows for year December 31, 2018 excludes additions of equipment totalling $3,851 (December 31, 2017 - $9,467), leasehold improvements of $nil (December 31, 2017 - $861) and buildings $nil (December 31, 2017 - $1,050) acquired by financed leases and lessor inducements.

During the year ended December 31, 2018, the Company purchased, sold, and finance leased back equipment totalling $nil (December 31, 2017 - $6,337).

The carrying value of equipment, trucks and automotive held under finance leases at December 31, 2018 is $13,075 (December 31, 2017 - $10,747).

(in thousands of Canadian dollars, except per share amounts)

12. Intangible assets and goodwill

	2018	
	Computer Software	Goodwill
Cost		
Balance January 1, 2018	$ 6,250	$ 30,540
Additions	1,510	-
Disposals	-	-
Balance December 31, 2018	$ 7,760	$ 30,540
Accumulated amortization		
Balance January 1, 2018	$ 4,712	$ 14,151
Disposals	-	-
Amortization expense	473	-
Balance December 31, 2018	$ 5,185	$ 14,151
Net book value	$ 2,575	$ 16,389

	2017	
	Computer Software	Goodwill
Cost		
Balance January 1, 2017	$ 5,989	$ 30,540
Additions	261	-
Disposals	-	-
Balance December 31, 2017	$ 6,250	$ 30,540
Accumulated amortization		
Balance January 1, 2017	$ 4,254	$ 14,151
Disposals	-	-
Amortization expense	458	-
Balance December 31, 2017	$ 4,712	$ 14,151
Net book value	$ 1,538	$ 16,389

Goodwill	2018	2017
Rideau districts	$ 9,294	$ 9,294
Nason district	7,095	7,095
	$ 16,389	$ 16,389

The recoverable amounts for the Rideau and Nason cash generating units ("CGU") were determined based on a value in use calculation using cash flow projections from financial forecasts approved by senior management covering a three-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 income was based on expectation 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. An after-tax discount rate of 10.4%, which is based on a market-based cost of capital, was applied in determining the recoverable amounts.

(in thousands of Canadian dollars, except per share amounts)

13. Loans and Borrowings and Operating and Equipment Lines of Credit

	Maturity	Interest Rate			December 31, 2018		December 31, 2017
Revolving credit facility	December 31, 2021	Variable	3.87%	$	**15,000**	$	5,000
Equipment financing							
Term loans	2018-2023	Fixed	2.40% to 3.65%		**6,198**		4,381
Term loans	2018	Variable	2.65%		**-**		419
Term loan	fully repaid	Fixed	2.12%		**-**		377
					21,198		10,177
Finance lease liabilities					**8,759**		8,421
					29,957		18,598
Less: current portion of long-term debt					**2,151**		2,479
Less: current portion of finance lease liabilities					**3,053**		2,276
Current portion of loans and borrowings					**5,204**		4,755
Non-current portion of loans and borrowings				$	**24,753**	$	13,843

Committed revolving operating credit facilities:

The Company has a committed revolving credit facility up to $85,000. The term of the facility matures December 31, 2021. As part of the agreement, the Company continues to provide a general secured interest in the assets of the Company. At December 31, 2018, the Company has $24,291 letters of credit outstanding on the facility (December 31, 2017 – $26,446) and has drawn $15,000 on the facility (December 31, 2017 - $5,000). The full amount is recorded as non-current, as the facility is due and payable December 31, 2021. Borrowings under the facility bear interest at a rate per annum equal to the Canadian prime rate plus a spread. A commitment fee that varies depending on certain consolidated financial ratios is due on the unutilized portion of the facility. The Company is in compliance with the working capital, minimum equity and debt-to-equity covenants of this facility.

		Expiry date					
		2019	2020 to 2022	2023 and greater		December 31, 2018		December 31, 2017
Letters of credit	$	9,216	15,075	-	$	**24,291**	$	26,446

Committed revolving term loan facility:

The Company has a committed revolving term loan facility totalling $35,000 for the purpose of financing acquisitions and for working capital advances in support of major projects. The facility matures on December 31, 2020. As of December 31, 2018, the Company has drawn $nil (December 31, 2017 -n/a) 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 that varies depending on certain consolidated financial ratios is due on the unutilized portion of the facility. The Company is in compliance with the working capital, minimum equity and debt-to-equity covenants of this facility.

Equipment financing:
The Company and its subsidiaries have committed term credit facilities of up to $45,000 to be used to finance equipment purchases. Borrowings under the facilities are secured by a first charge against the equipment financed using the facilities. As of December 31, 2018, the Company has $6,656 outstanding on the facilities (December 31, 2017 - $5,823). Interest on the facilities can be charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears.

The Company and its subsidiaries obtained multiple fixed interest rate term loans which have been used to finance equipment purchases. The maturity dates of term loans outstanding at December 31, 2018 range from 2019 to 2023. These term loans bear interest at a range of fixed rates from 2.40% to 3.65%. Principal repayments and interest are payable monthly, and these term loans are secured by specific equipment of the Company and its subsidiaries.

The Company and its subsidiaries obtained a variable interest rate term loan which has been used to finance equipment purchases. The term loan outstanding at December 31, 2018 had an initial principal amount of $2,645 and matured in 2018.

Subsidiaries of the Company have established operating lease lines of credit of $32,500 with the financing arms of major heavy equipment suppliers to finance operating equipment leases. Draws under these facilities are generally recognized as finance leases or operating leases, with the lease obligations being secured by the specific leased equipment (see note 24). At December 31, 2018, the subsidiaries had used $6,630 under these facilities.

Term loan facility:
A subsidiary of the Company had a fixed rate term loan used to finance a building. Principal repayments in the amount of $2 were payable monthly based upon a 25-year amortization period with interest at a fixed rate of 2.12%. The term loan facility was repaid in full in the third quarter of 2018.

Finance lease liabilities:
Finance leases relate to construction and automotive equipment and mature between October 2018 and September 2022, and bear interest at the 30-day bankers' acceptance rate plus a spread. The Corporation has the option to purchase the construction and automotive equipment under lease at the conclusion of the lease agreements. As of December 31, 2018, the Company has $4,461 (December 31, 2017 - $2,598) outstanding as finance leases.

Letters of credit facilities:
The Company has authorized operating lines of credit totalling $80,000, at December 31, 2018, the lines were drawn for outstanding letters of credit of $8,468 (December 31, 2017 - $25,060).

The Company has an agreement with Export Development Canada (EDC) to provide 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. EDC has issued performance security guarantees totalling $5,948 (December 31, 2017 - $4,891).

The letters of credit represent performance guarantees primarily issued in connection with design-build construction contracts related to Public Private Partnership projects and other major construction projects. These letters of credit are supported through the hypothecation of certain financial instruments having a market value at December 31, 2018 of $2,645 (December 31, 2017 - $20,253).

(in thousands of Canadian dollars, except per share amounts)

	Expiry date				
	2019	2020 to 2022	2023 and greater	**December 31, 2018**	December 31, 2017
Letters of credit	$ 5,992	2,476	-	**$ 8,468**	$ 25,060

The following table provides details of the changes in the Company's Loans and Borrowings during the year ended December 31, 2018.

	Equipment financing	Revolving Credit Facility	Finance Leases	**Total**
Balance December 31, 2017	$ 5,177	$ 5,000	$ 8,421	$ **18,598**
Proceeds	4,242	10,000	3,851	**18,093**
Repayment	(3,221)	-	(3,513)	**(6,734)**
Balance December 31, 2018	$ 6,198	$ 15,000	$ 8,759	$ **29,957**

The aggregate amount of principal repayments and future minimum lease payments under finance leases for all loans and borrowings is as follows:

	Equipment Financing	Revolving Credit Facility	Finance Leases	**Total**
Within 1 year	$ 2,151	-	3,242	**$ 5,393**
Year 2	1,857	-	3,247	**5,104**
Year 3	1,292	15,000	2,339	**18,631**
Year 4	820	-	272	**1,092**
Year 5	78	-	4	**82**
More than 5 years	-	-	-	**-**
Balance December 31, 2018	$ 6,198	15,000	9,104	**$ 30,302**
Less interest	-	-	(345)	**(345)**
	$ 6,198	15,000	8,759	**$ 29,957**

(in thousands of Canadian dollars, except per share amounts)

14. Income taxes

		2018		2017 (restated)
Provision for income taxes				
Income tax expense (recovery) is comprised of:				
Current income taxes	$	**1,652**	$	11,724
Deferred income taxes		**(3,313)**		(7,482)
	$	**(1,661)**	$	4,242
Income tax rate reconciliation				
Combined federal and provincial income tax rate		**27.3%**		28.7%
Increases (reductions) applicable to:				
Capital gains on sale of investments		**36.8%**		-
Non-taxable items		**(10.5%)**		2.5%
Other		**8.5%**		1.2%
Effective rate		**62.1%**		32.4%

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

Composition of deferred income tax assets and liabilities

		2018		2017 (restated)
Provisions and accruals	$	**4,254**	$	3,173
Timing of recognition of construction profits		**(9,028)**		(12,066)
Property and equipment		**(1,819)**		(1,517)
Intangible assets		**(321)**		(498)
Investments in equity accounted entities		**(3,293)**		(3,309)
Other		**(72)**		(50)
Tax loss carry forward		**13,833**		14,508
	$	**3,554**	$	241
Balance sheet presentation				
Deferred income tax asset		**10,909**		8,615
Deferred income tax liability		**(7,355)**		(8,374)
	$	**3,554**	$	241

The Company has deferred tax assets in the amount of $945 that have not been recognized in these consolidated financial statements in respect of capital losses realized on the disposal of bonds and preferred share investments in 2011, 2013 and 2015. A deferred tax asset has not been recognized because it is not probable the Company will generate future taxable capital gains.

(in thousands of Canadian dollars, except per share amounts)

Movement in temporary differences for the year ended December 31, 2018

	Balance December 31, 2017 (restated)	Recognized in profit or loss	Balance December 31, 2018
Provisions and accruals	$ 3,173	$ 1,081	$ 4,254
Timing of recognition of construction profits	(12,066)	3,038	(9,028)
Property and equipment	(1,517)	(302)	(1,819)
Intangible assets	(498)	177	(321)
Investments in equity accounted entities	(3,309)	16	(3,293)
Other	(50)	(22)	(72)
Tax loss carry forward	14,508	(675)	13,833
	$ 241	$ 3,313	$ 3,554

Movement in temporary differences for the year ended December 31, 2017

	Balance January 1, 2017 (restated)	Recognized in profit or loss	Balance December 31, 2017 (restated)
Provisions and accruals	$ 2,577	$ 596	$ 3,173
Timing of recognition of construction profits	(11,191)	(875)	(12,066)
Property and equipment	(1,739)	222	(1,517)
Intangible assets	(671)	173	(498)
Investments in equity accounted entities	(899)	(2,410)	(3,309)
Other	(264)	214	(50)
Tax loss carry forward	4,946	9,562	14,508
	$ (7,241)	$ 7,482	$ 241

(in thousands of Canadian dollars, except per share amounts)

15. Other liabilities

		December 31, 2018		December 31, 2017
Liabilities for cash-settled share-based compensation plans (note 16(b))	$	**4,374**	$	5,558
Leasehold inducement		**2,224**		2,484
Deferred payment		**756**		1,136
Total return swap derivatives		**2,218**		-
Interest rate swaps		**54**		-
	$	**9,626**	$	9,178
Less: current portion - cash-settled share-based compensation plans (note 16(b))		**917**		1,726
Less: current portion - leasehold inducement		**218**		218
Less: current portion - deferred payment		**756**		436
Less: current portion - total return swap derivatives		**389**		-
Less: current portion - interest rate swaps		**-**		-
	$	**2,280**	$	2,380
Non-current portion	$	**7,346**	$	6,798

16. Share-based compensation plans

(a) Stock option plan:

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 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. With the approval of the Equity Incentive Plan in May 2017, the Board of Directors has resolved to suspend the stock option plan. All outstanding options will continue to vest in accordance with the term of the option and the vesting periods.

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, 2016	565,000	$	13.61
Forfeited during the year	(30,000)		13.98
Outstanding at December 31, 2017	535,000		13.59
Forfeited during the year	(45,000)		13.98
Outstanding at December 31, 2018	490,000	$	13.55

(in thousands of Canadian dollars, except per share amounts)

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2018:

	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	390,000	390,000	$ 13.98	$ 3.25	March 15, 2019	0.2
January 1, 2015 Grant	100,000	75,000	$ 11.87	$ 1.16	January 1, 2022	3.0

The stock-based compensation expense recognized during 2018 is $7 compared to an expense of $17 during 2017.

(b) Medium term incentive plan ("MTIP"), Equity incentive plan ("EIP") and Deferred share unit plan ("DSU Plan"):

	December 31, 2018	December 31, 2017
MTIP liability	$ **1,226**	$ 2,975
EIP liability	**1,336**	861
DSU liability	**1,812**	1,722
Liabilities for cash-settled share-based compensation plans	$ **4,374**	$ 5,558
Less: current portion - MTIP liability	**917**	1,726
	$ **917**	$ 1,726
Non-current portion	$ **3,457**	$ 3,832

The Company has recognized a derivative loss of $4,213 on its Total Return Swap contracts (note 9) and (note 15) for the year ended December 31, 2018 (December 31, 2017 - $1,995 gain).

	MTIP & EIP	
	2018	2017
Balance January 1,	$ **3,836**	$ 3,004
Annual award of phantom shares	**2,207**	2,403
Cash payments of vested shares	**(1,854)**	(2,270)
Shares awarded - notional dividends	**162**	167
Change in fair value of phantom shares	**(1,789)**	532
Balance December 31,	$ **2,562**	$ 3,836
Less: current portion	**917**	1,726
Non-current portion	$ **1,645**	$ 2,110

As at December 31, 2018, a total of 920,489 unvested phantom units of the MTIP and EIP (December 31, 2017 – 751,733) are outstanding and valued at $4,603, of which $2,562 has been recognized to date in the accounts of the Company.

As at December 31, 2018, a total of 296,536 deferred share units (DSU) (December 31, 2017 – 169,830) were issued and valued at $1,812.

(in thousands of Canadian dollars, except per share amounts)

17. 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 at December 31, 2018. 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, 2018 and December 31, 2017	**42,516,853**	$ 42,527

18. Earnings per share

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

	2018	2017 (restated)
Profit (loss) attributable to shareholders (basic and diluted)	$ **(1,013)**	$ 8,836
Average number of common shares outstanding	**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
Basic earnings (loss) per share	$ **(0.02)**	$ 0.21
Diluted earnings (loss) per share	$ **(0.02)**	$ 0.21

At December 31, 2018, 490,000 options (December 31, 2017 - 535,000 options) were excluded from the diluted weighted average number of common share calculation as their effect would have been anti-dilutive.

19. Provisions

	Warranty claims and other	Legal	Total
Balance December 31, 2017	$ **8,777**	$ **1,926**	$ **10,703**
Provisions made during the year	**25,142**	**1,634**	**26,776**
Provisions used during the year	**(23,732)**	**(1,362)**	**(25,094)**
Provisions reversed during the year	**(3,521)**	**(271)**	**(3,792)**
Balance December 31, 2018	$ **6,666**	$ **1,927**	$ **8,593**

(in thousands of Canadian dollars, except per share amounts)

	Warranty claims and other	Legal	Total
Balance January 1, 2017 (restated)	$ 10,164	$ 1,669	$ 11,833
Provisions made during the year	13,874	1,455	15,329
Provisions used during the year	(13,139)	(674)	(13,813)
Provisions reversed during the year	(2,122)	(524)	(2,646)
Balance December 31, 2017 (restated)	$ 8,777	$ 1,926	$ 10,703

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.

20. Finance income

	2018	2017 (restated)
Interest income	$ **1,386**	$ 1,298
	$ **1,386**	$ 1,298

21. Finance and other costs

	2018	2017 (restated)
Interest on loans and borrowings	$ **1,504**	$ 666
Loss (gain) on interest rate swaps (note 7 and note 15)	**957**	(282)
Interest on non-recourse project financing	**980**	1,152
Other	**1,035**	459
	$ **4,476**	$ 1,995

For the prior year certain borrowing costs included in general and administrative expenses were reclassified to finance and other costs to conform to the presentation adopted in the current year.

22. Personnel costs

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

	2018	2017
Wages, salaries and profit sharing	$ **174,818**	$ 172,460
Benefits	**28,807**	28,140
Deferred compensation	**670**	3,795
Stock-based compensation	**7**	17
	$ **204,302**	$ 204,412

(in thousands of Canadian dollars, except per share amounts)

23. Leases

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

	Maturities			
	2019	From 2020 to 2023	Beyond 2023	**Total**
Operating leases	$ 5,115	15,740	10,780	**$ 31,635**

The Company leases numerous pieces of heavy equipment under operating leases. The leases typically run for a period of three to four years with an option to purchase the equipment at the end of the lease.

Expenses under lease commitments on buildings and equipment are $6,029 (December 31, 2017 - $6,561).

24. Commitments and contingencies

(a) Commitments:

Outstanding surety lien bonds issued on behalf of the Company in connection with liens by subcontractors and suppliers at December 31, 2018 totalled $43,301 (December 31, 2017 - $24,109).

The Company has acquired minority equity interests in a number of PPP concession entities (note 10), which requires the Company to make $5,859 in future capital injections. These commitments have been secured by letters of credit totalling $5,859 (December 31, 2017 - $8,131).

(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.

(in thousands of Canadian dollars, except per share amounts)

25. Related party transactions

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

	2018						
	Base Salary	LTIP/MTIP/ DSU	Stock-based compensation	Short Term Incentive Plan	Other Taxable Benefits		Total
Executive & Directors	**$ 3,857**	**479**	**7**	**717**	**311**	**$**	**5,371**

	2017						
	Base Salary	LTIP/MTIP/ DSU	Stock-based compensation	Short Term Incentive Plan	Other Taxable Benefits		Total
Executive & Directors	$ 3,845	2,469	17	461	323	$	7,115

The Executive comprises the following positions:

- President & Chief Executive Officer
- Chief Operating Officer
- Chief Financial Officer
- Executive Vice President Buildings
- Executive Vice President Industrial
- Senior Vice President Risk Management, General Counsel & Secretary
- Senior Vice President Buildings
- Senior Vice President Organizational Excellence & Community Engagement
- Vice President Financial Planning & Analysis
- Vice President Strategic Development

At December 31, 2018, Directors and Executive of the Company controlled 4.2% (December 31, 2017 – 4.0%) of the voting shares of the Company.

In 2014, the Company issued a non-interest bearing five-year loan of $550 (due December 12, 2019) to one of its executives to assist with expenses relating to the relocation of the employee. As at December 31, 2018, $550 remained outstanding on the loan (December 31, 2017 - $550).

In 2016, the Company issued a non-interest bearing five-year loan of $500 (due August 14, 2021) to one of its executives to assist with expenses relating to the relocation of the employee. As at December 31, 2018, $500 remained outstanding on the loan (December 31, 2017 - $500).

A Director or related parties hold positions in other entities that result in them having control over the financial reporting or operating policies of these entities. All transactions with the Director and entities over which they have control are provided for in the normal course of business based on terms similar to those that prevail in arm's length transactions. The aggregate value of transactions during the year with entities over which directors have control was $7,386 (December 31, 2017 - $1,632) and the outstanding balance receivable at December 31, 2018 was $4,442 (December 31, 2017 - $nil).

Transactions with proportionally consolidated joint arrangements:
The Company provides services of its employees, management services, cost reimbursements, parental guarantees and letters of credit to the joint arrangements. These services were transferred at the exchange

amount, agreed to between the parties. The amounts recognized for services provided by the Company for the year ended December 31, 2018 totalled $11,831 (December 31, 2017 - $18,024).

The Company has accounts receivable from the joint arrangements at December 31, 2018 totalling $857 (December 31, 2017 - $1,443).

Transactions with equity accounted joint arrangements:
The Company and its proportionately consolidated joint arrangements (notes 3 and 8), provides development and construction services to its concession investments in associates and joint ventures which are in the normal course of business and on commercial terms. The Company's proportionate share of the amounts billed for construction services provided by these joint arrangements for the year ended December 31, 2018 totalled $147,008 (December 31, 2017 – $192,506), of which $136,620 has been recognized in revenue in 2018 (December 31, 2017 - $234,290). These amounts are not eliminated as they are deemed to be realized by the Company.

The Company and its proportionately consolidated joint arrangements have accounts receivable from these concession investment entities. The Company's proportionate share of accounts receivable at December 31, 2018 totalled $35,509 (December 31, 2017 - 42,944). The Company also has a note receivable from an equity accounted joint arrangement at December 31, 2018 totalling $1,125 (December 31, 2017 - $1,145).

(in thousands of Canadian dollars, except per share amounts)

26. Other cash flow information

		2018		2017 (restated)
Changes in non-cash working capital relating to operating activities				
Accounts receivable	$	**18,902**	$	17,254
Contract assets		**6,550**		(20,345)
Contract assets - alternative finance projects		**66,825**		(7,508)
Prepaid expenses		**(47)**		169
Inventory		**(326)**		53
Accounts payable		**10,346**		(63,233)
Contract liabilities		**(2,373)**		(19,178)
Provisions		**(2,110)**		(1,130)
Medium term incentive plan and other		**(2,235)**		(2,270)
	$	**95,532**	$	(96,188)

Contract assets - alternative finance project changes are driven by design build finance projects. Refer to note 7 for loan proceeds to fund contract assets - alternative finance projects.

		2018		2017
Cash and cash equivalents				
Cash	$	**113,993**	$	67,852
Cash held for joint operations		**43,158**		46,240
Bankers' acceptances and short-term deposits		**1,769**		18,963
	$	**158,920**	$	133,055

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

		2018		2017
Restricted cash and cash equivalents				
Cash and cash equivalents held to support letters of credit (note 13)	$	**2,645**	$	20,253
Cash deposited in restricted accounts for special projects		**1,870**		4,043
	$	**4,515**	$	24,296

Support for Letters of Credit:
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 (note 13).

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. Once Public Private Partnership projects that only involve short term financing reach final completion and the debt is repaid,

(in thousands of Canadian dollars, except per share amounts)

any remaining amounts in the project accounts become unrestricted and available for general corporate purposes.

27. Financial instruments

The Company's investments and derivative financial instruments, including interest rate swaps and TRS derivatives have been classified as fair value through profit and loss. The Company's cash, bankers' acceptances, short-term deposits, short-term investments, accounts receivable and other long-term assets are classified as financial assets. The Company's bank overdraft, if any, accounts payable, dividends payable to shareholders, non-recourse project financing, deferred payment and long-term debt have been classified as financial liabilities. The basis of the determination of the fair value of the Company's financial instruments is more fully described in note 3.

A. Classification and fair value of financial instruments:

		2018		2017 (restated)
Financial instruments at fair value through profit or loss				
Non-recourse project financing - interest rate swaps	$	**(613)**	$	290
Interest rate swaps		**(54)**		-
Total return swap derivatives		**(2,218)**		1,995
	$	**(2,885)**	$	2,285
Financial assets and financial liabilities				
Financial assets				
Cash and cash equivalents (note 26)	$	**158,920**	$	133,055
Accounts receivable		**337,663**		356,528
Other non-current assets		**6,852**		5,991
Short-term investments		**1,705**		-
	$	**505,140**	$	495,574
Financial liabilities				
Accounts payable	$	**(383,608)**	$	(373,081)
Dividends payable to shareholders		**(1,382)**		(1,382)
Non-recourse project financing - loan facilities (note 7)		**(11,211)**		(63,975)
Loans and borrowings		**(29,957)**		(18,598)
Deferred payment		**(756)**		(1,136)
	$	**(426,914)**	$	(458,172)
Total financial instruments	$	**75,341**	$	39,687

The following table presents information about the Company's financial instruments measured at fair value as at December 31, 2018 and December 31, 2017, and indicates the fair value hierarchy of inputs utilized by the Company to determine such fair value. The hierarchy of inputs is summarized below:

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

(in thousands of Canadian dollars, except per share amounts)

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

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
		2018		
Non-recourse project financing - interest rate swaps	$ -	$ (613)	$ -	$ (613)
Interest rate swaps	-	(54)	-	(54)
Total return swap derivatives	-	(2,218)	-	(2,218)
Total Financial Instruments through profit and loss	$ -	$ (2,885)	$ -	$ (2,885)
		2017		
Non-recourse project financing - interest rate swaps	$ -	$ 290	$ -	$ 290
Interest rate swaps	-	-	-	-
Total return swap derivatives	-	1,995	-	1,995
Total Financial Instruments through profit and loss	$ -	$ 2,285	$ -	$ 2,285

There were no transfers between levels during both years.

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.

B. Risk Management:

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

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

With respect to accounts receivable, concentration of credit risk is limited due to the geographic dispersion of revenues and a diversified customer base. Before entering into any construction contract and during the course of the construction project, the Company goes to considerable lengths to satisfy itself that the customer has adequate resources to fulfil its contractual payment obligations as construction work is completed. If a customer was unable or unwilling to pay the amount owing, the Company will generally have a right to register a lien against the project that will normally provide some security that the amount owed would be realized.

Bankers' acceptances, short-term deposits and short-term investments 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 several different Canadian financial institutions, thereby reducing the Company's exposure to a default by any one financial institution.

(in thousands of Canadian dollars, except per share amounts)

Accounts receivable outstanding for greater than 90 days and considered past due by the Company's management, represent 13.0% (December 31, 2017 – 17.0% restated) of the balance of progress billings on construction contracts receivable at December 31, 2018. Management has recorded an allowance of $1,271 (December 31, 2017 - $1,672) against these past due receivables, net of amounts recoverable from others.

	Amounts past due			
	Up to 12 months	Over 12 months	**December 31, 2018**	December 31, 2017
Trade receivables	$ **17,510**	$ **11,337**	$ **28,847**	$ 37,122
Impairment	**(37)**	**(1,234)**	**(1,271)**	(1,672)
Total Trade receivables	$ **17,473**	$ **10,103**	$ **27,576**	$ 35,450

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

	December 31, 2018	December 31, 2017
Balance, beginning of period	$ **1,672**	$ 1,524
Impairment loss recognized	**140**	383
Amounts written off	**(396)**	(96)
Impairment loss reversed	**(145)**	(139)
	$ **1,271**	$ 1,672

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 $70,215 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 $2,645 hypothecated to support outstanding letters of credit and $1,870 held in blocked accounts, are available to meet the financial obligations of the Company as they come due (note 26).

The Company has a committed line of credit of $85,000 available to finance operations and issue letters of credit. As at December 31, 2018, the Company has drawn $15,000 on the facility and has $24,291 letters of credit outstanding on the facility. The Company has a committed revolving term loan facility totalling $35,000 for the purpose of financing acquisitions and for working capital advances in support of major projects. The facility matures on December 31, 2020. As of December 31,2018, the Company has drawn $nil on the facility. Also, the Company and its subsidiaries have $45,000 in equipment facilities, of which $6,656 is outstanding at December 31, 2018. Subsidiaries of the Company have established operating lease lines of credit for $32,500 with the financing arms of major heavy equipment suppliers to finance operating equipment leases. At December 31, 2018, the subsidiaries have used $6,630 under these facilities. In addition, the Company has lines of credit totalling $80,000 available for issuing letters of credit for which $8,468 was drawn at December 31, 2018. Additional draws on this line require hypothecation of additional securities or cash deposits. Cash collateralization may not be required for certain letters of credit with an export component as the Company has entered into an agreement with EDC to provide 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.

(in thousands of Canadian dollars, except per share amounts)

Principal repayments due on the loans and borrowings and non-recourse project financing are disclosed in notes 13 and 7, respectively. As disclosed in notes 15 and 16, payments required pursuant to the Company’s MTIP granted in 2016, 2017 and 2018 are due on the vesting dates of November 2019, November 2020 and November 2021, respectively, or upon retirement, if earlier. Payments pursuant to the Company's EIP granted in 2017 and 2018 are due by December 2020 and December 2021 respectively. Payments pursuant to the Company's DSU Plan are cash settled when the eligible Director ceases to hold any position within the Company.

The following are the contractual maturities of financial liabilities, including estimated interest payments as at December 31, 2018:

	Carrying amount	Contractual cash flows	Up to 12 months	2-3 years	4-5 years
Trade payables	$ 383,608	$ 383,608	$ 371,283	$ 12,325	$ -
Dividends payable	1,382	1,382	1,382	-	-
Finance lease liabilities	8,759	9,104	3,247	5,580	277
Non-recourse project financing	11,824	12,900	347	12,553	-
Long-term debt	21,198	21,506	2,310	18,283	913
Deferred payment	756	786	786	-	-
	$ 427,527	**$ 429,286**	**$ 379,355**	**$ 48,741**	**$ 1,190**

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.

At December 31, 2018, the interest rate profile of the Company's long-term debt and non-recourse project financing was as follows:

	December 31, 2018
Fixed-rate facilities	$ 6,198
Variable-rate facilities	15,000
Non-recourse project financing facilities	12,235
Total long-term debt and non-recourse project financing	$ 33,433

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 and TRS derivatives are based on variable rates of interest. The Company has the option to convert all variable-rate term facilities to fixed-rate term facilities. Interest rate risk on the non-recourse project financing is managed with the objective of reducing the cash flow interest rate risk through the use of interest rate swaps.

As at December 31, 2018, 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 $150.

The Company has certain share-based compensation plans, whereby the values are based on the common share price of the Company. The Company has fixed a portion of the settlement costs of these plans by entering into various TRS derivatives maturing between 2019 and 2021. The TRS derivatives are not designated as a hedge. The TRS derivatives are recorded each quarter based on the difference between the fixed price and the market price of the Company's common shares at the end of each quarter. The TRS derivatives are classified as derivative financial instruments.

As at December 31, 2018, a 10 percent change in the share price applied to the Company's TRS derivatives will change income before income taxes by approximately $792. The intent of these derivatives is to offset the impact associated with changes to the Company's common share price for its cash-settled share-based plans (note 16(b)).

iv. Currency risk:
Currency risk is the risk that fluctuations in currency exchange rates will affect the Company's net income.

A 10% movement in the Canadian and U.S. dollar exchange rate would have changed annual income by approximately $1,155.

28. Capital disclosures

The Company's capital management objectives are to:

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

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

The Company manages its capital within the investment policy approved by the Board of Directors. The Company makes changes to capital based on changes in business conditions and the mix of construction contracts. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to Company shareholders, issue new debt or repay existing debt, issue new Company shares, and to a lesser degree, may adjust capital expenditures.

As a component of working capital, the Company maintains significant balances of cash and cash equivalents. These cash and cash equivalents are intended to cover net current liabilities, fund current dividends payable to shareholders and provide capital to support surety and contract security requirements, including issuing letters of credit relating to the current and near-term backlog of construction projects.

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

(in thousands of Canadian dollars, except per share amounts)

The amounts of shareholders' equity, working capital and loans and borrowings at December 31, 2018 and December 31, 2017 are as follows:

		2018		2017 (restated)
Shareholders' equity	**$**	**136,229**	$	153,816
Working capital		**70,215**		84,078
Loans and borrowings		**29,957**		18,598

29. Eligible dividends declared with a record date subsequent to the financial statement date

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

i. The January dividend of $0.0325 per share will be paid on February 20, 2019 to the Shareholders of record as of the close of business on January 31, 2019.

ii. The February dividend of $0.0325 per share will be paid on March 20, 2019 to the Shareholders of record as of the close of business on February 28, 2019.

iii. The March dividend of $0.0325 per share will be paid on April 18, 2019 to the Shareholders of record as of the close of business on March 29, 2019.

iv. The April dividend of $0.0325 per share will be paid on May 17, 2019 to the Shareholders of record as of the close of business on April 30, 2019.

30. Comparative figures

Certain comparative figures for the prior year have been reclassified to conform to the presentation adopted in the current year.

Five Year Summary
December 31, 2018
(in thousands of Canadian dollars, except Other Information)

		2018	2017 (restated)[1]	2016	2015	2014
OPERATING RESULTS:						
Revenue	$	**1,381,784**	1,418,557	1,589,868	1,444,806	1,364,456
Income before income taxes	$	**(2,674)**	13,078	34,327	35,347	48,617
Income taxes		**(1,661)**	4,242	9,325	13,865	12,380
Net income	$	**(1,013)**	8,836	25,002[2]	21,482[3]	36,237
Dividends	$	**16,582**	16,582	32,297	32,297	32,297
Cash flows from operations before changes in non-cash working capital	$	**12,185**	26,938	48,449	75,291	64,899

Notes: [1] 2017 reported figures have been restated applying IFRS 15.

[2] Adjusting 2016 net income for the non-cash impairment charge, the Company's adjusted net income was $27,741 (a non-GAAP measure).

[3] Adjusting 2015 net income for the non-cash impairment charge, the Company's adjusted net income was $41,802 (a non-GAAP measure).

		2018	2017 (restated)[1]	January 1, 2017 (restated)[1]	2015	2014
FINANCIAL POSITION:						
Current assets	$	**546,553**	607,979	729,799	652,864	530,479
Current liabilities		**476,338**	523,901	614,527	525,506	426,452
Working capital	$	**70,215**	84,078	115,272	127,358	104,027
Property and equipment	$	**56,226**	52,397	45,517	54,281	58,440
Shareholders' equity	$	**136,229**	153,816	161,543	170,891	181,587
BACKLOG:						
Firm price	$	**1,295,940**	1,186,000	1,137,000	1,662,800	1,149,700
Construction management	$	**82,155**	128,509	35,351	17,108	3,012
OTHER INFORMATION:						
Number of shares outstanding		**42,516,853**	42,516,853	42,516,853	42,516,853	42,516,853
Return on revenue	%	**(0.07)**	0.62	1.57	1.49	2.66
Return on prior year shareholders' equity	%	**(0.66)**	5.47	14.63	11.83	20.44
Net income per share	$	**(0.02)**	0.21	0.59	0.51	0.85
Book value per share	$	**3.20**	3.62	3.80	4.02	4.27

Eligible Dividends

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

Management and Office Directory

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Ian Boyd, *P.Eng.* – President & Chief Executive Officer
Teri McKibbon - Chief Operating Officer
Wayne Gingrich, *CPA, CMA* – Chief Financial Officer & Treasurer
Paul Bergman, *CET* - Executive Vice President - Commercial
Gilles Royer, *P.Eng.* – Executive Vice President - Industrial (*located in our Edmonton office*)
Charles Caza, *BA Sc. Eng., LL.B.* – General Counsel & Secretary
Durck deWinter, *P.Eng.* – Senior Vice President (*located in our Saint John office*)
Mark Dreschel - Senior Vice President Organizational Excellence & Community Engagement
Jason Leong, *MAcc, CPA, CA* - Vice President - Financial Planning & Analysis

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