

Consolidated Financial Statements of
TUCKAMORE CAPITAL MANAGEMENT INC.
Years ended December 31, 2012 and December 31, 2011

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of Tuckamore Capital Management Inc. ("Tuckamore") and all of the information in the annual report are the responsibility of management, including responsibility for establishing and maintaining disclosure controls and procedures and internal control over financial reporting to provide reasonable assurance that the information used internally by management and disclosed externally is complete and reliable in all material respects. Management has evaluated the effectiveness of the disclosure controls and procedures and has concluded that they are effective.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards and include certain estimates that are based on management's best judgments. Actual results may differ from these estimates and judgments. Management has ensured that the Consolidated Financial Statements are presented fairly in all material respects.

Management has developed and maintains a system of internal control to provide reasonable assurance that Tuckamore's assets are safeguarded, transactions are accurately recorded, and the Consolidated Financial Statements report Tuckamore's operating and financial results in a timely manner. Financial information presented elsewhere in the annual report has been prepared on a consistent basis with that in the Consolidated Financial Statements.

The Board of Directors of Tuckamore annually appoints an Audit Committee (the "Committee") comprised of Independent Directors. This Committee meets regularly with management and the auditors to review significant accounting, reporting and internal control matters. The auditors have unrestricted access to the Committee. The Committee reviews the Consolidated Financial Statements, Management's Discussion & Analysis, the external auditors' report and the annual report. The Committee reports its findings to the Board of Directors for their consideration in approving the Consolidated Financial Statements for issuance to the Shareholders. The Committee also considers, for review by the Board of Directors and approval by the Shareholders, the engagement or re-appointment of the external auditors.

Ernst & Young LLP, an independent firm of chartered accountants, was appointed by the Shareholders to audit the Consolidated Financial Statements in accordance with Canadian generally accepted auditing standards. They have provided an independent auditors' report.



Dean T. MacDonald
President & CEO

Toronto, Canada
March 21, 2013



Keith Halbert
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Tuckamore Capital Management Inc.

We have audited the accompanying consolidated financial statements of Tuckamore Capital Management Inc. (the "Company"), which comprise the consolidated balance sheets as at December 31, 2012 and 2011, and the consolidated statements of (loss) income and comprehensive (loss) income, shareholders' equity and cash flows for the years ended December 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tuckamore Capital Management Inc. as at December 31, 2012 and 2011, and its financial performance and its cash flows for the years ended December 31, 2012 and 2011 in accordance with International Financial Reporting Standards.

Toronto, Canada
March 21, 2013

Ernst + Young LLP

Chartered Accountants
Licensed Public Accountants

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Balance Sheets

As at December 31

(In thousands of Canadian dollars)

	2012	2011 ¹
Assets		
Current Assets:		
Cash (note 4)	\$ 12,082	\$ 28,625
Cash and short-term investments held in trust (note 4)	4,499	8,108
Accounts receivable (note 5)	174,417	149,371
Inventories (note 7)	25,788	37,464
Prepaid expenses	4,953	3,486
Other current assets (note 8)	2,950	3,046
Current assets of discontinued operations (note 2)	-	3,517
Total current assets	224,689	233,617
Property, plant and equipment (note 9)	66,438	63,709
Goodwill (notes 10 and 11)	72,466	76,667
Intangible assets (notes 10 and 11)	62,773	78,928
Other assets (notes 8 and 20)	1,767	3,114
Total assets	\$ 428,133	\$ 456,035
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 79,923	\$ 91,173
Deferred revenue (note 21)	8,151	8,608
Current portion of obligations under capital leases (note 14)	4,887	5,540
Current portion of senior credit facility (note 13)	-	10,000
Current liabilities of discontinued operations (note 2)	-	651
Total current liabilities	92,961	115,972
Obligations under capital leases (note 14)	12,228	3,681
Senior credit facility (note 13)	89,300	85,705
Secured debentures (note 13)	152,860	146,314
Unsecured debentures (note 13)	18,781	14,215
Deferred tax liabilities (note 17)	8,752	12,510
Shareholders' equity	53,251	77,638
Total liabilities & shareholders' equity	\$ 428,133	\$ 456,035

¹ See Business combinations (note 3)

See accompanying notes to consolidated financial statements

Signed on behalf of the Board of Directors,



Mark Kinney, Director



Francesco Aquilini, Director

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income

Years Ended December 31

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

	2012	2011 ¹
Revenue (note 16)	\$ 757,407	\$ 627,612
Cost of revenue	(611,194)	(489,805)
Gross profit	146,213	137,807
Selling, general and administrative	(107,790)	(96,210)
Amortization of intangible assets (note 10)	(10,826)	(15,710)
Depreciation (note 9)	(15,177)	(12,493)
Income from equity investments	-	252
Interest expense (note 4 and 13)	(32,827)	(33,056)
Gain on remeasurement of investment (note 3)	-	7,281
Gain on bargain purchase (note 3)	-	709
(Loss) gain on extinguishment / de-recognition of debt (note 13)	(1,534)	37,451
Fair value adjustment to stock-based compensation expense (note 19)	-	(883)
Restructuring costs	(861)	-
Transaction costs	-	(2,638)
Write-down of goodwill and intangible assets (notes 10 and 11)	(9,268)	-
Write-down of long term investment	-	(6,081)
(Loss) income before income taxes	(32,070)	16,429
Income tax expense - current (note 17)	(775)	(23)
Income tax recovery (expense) deferred (note 17)	5,320	(2,768)
Net (loss) income from continuing operations	(27,525)	13,638
Income from discontinued operations (net of income tax) (note 2)	1,962	15,928
Net (loss) income and comprehensive (loss) income	\$ (25,563)	\$ 29,566
 (Loss) income per share (note 18)		
Basic:		
Continuing operations	\$ (0.38)	\$ 0.19
Net (loss) income	\$ (0.36)	\$ 0.41
Diluted:		
Continuing operations	\$ (0.38)	\$ 0.19
Net (loss) income	\$ (0.36)	\$ 0.41

¹ See Business combinations (note 3) and comparative figures (note 28)
See accompanying notes to consolidated financial statements.

TUCKAMORE CAPITAL MANAGEMENT INC.
Consolidated Statements of Shareholders' Equity
(In thousands of Canadian dollars, except number of shares)

	Number of shares	Share Capital	Deficit	Contributed Surplus	Total Shareholders' Equity
Balance - January 1, 2012	71,631,431	\$414,884	\$ (344,163)	\$ 6,917	\$ 77,638
Net loss and comprehensive loss for the year	-	-	(25,563)	-	(25,563)
Stock-based compensation (note 19)	-	-	-	1,176	1,176
Balance - December 31, 2012	71,631,431	\$414,884	\$ (369,726)	\$ 8,093	\$ 53,251

	Number of shares	Share Capital	Deficit ¹	Contributed Surplus	Total Shareholders' Equity
Balance - January 1, 2011	71,631,431	\$414,884	\$ (373,729)	\$ 2,360	\$ 43,515
Net income and comprehensive income for the year	-	-	29,566	-	29,566
Stock-based compensation (note 19)	-	-	-	1,724	1,724
Reclassification of stock based compensation liability to equity (note 19)	-	-	-	2,833	2,833
Balance - December 31, 2011	71,631,431	\$414,884	\$ (344,163)	\$ 6,917	\$ 77,638

¹ See Business combinations (note 3)
See accompanying notes to consolidated financial statements.

TUCKAMORE CAPITAL MANAGEMENT INC.**Consolidated Statements of Cash Flows**

Years Ended December 31

(In thousands of Canadian dollars)

	2012	2011 ¹
Operating activities:		
Net (loss) income for the year	\$ (25,563)	\$ 29,566
Income from discontinued operations (net of income tax) (note 2)	(1,962)	(15,928)
Items not affecting cash:		
Amortization of intangible assets (note 10)	10,826	15,710
Depreciation (note 9)	15,177	12,493
Deferred income tax expense (recovery) (note 17)	(5,320)	2,768
Income from equity investments, net of cash received	-	(252)
Non-cash accretion expense	11,112	8,076
Amortization of deferred financing costs (note 13)	625	-
Gain on re-measurement of investment (note 3)	-	(7,281)
Loss (gain) on extinguishment / de-recognition of debt (note 13)	1,534	(37,451)
Gain on bargain purchase (note 3)	-	(709)
Stock-based compensation expense (note 19)	1,176	3,392
Write-down of long-term investment	-	6,081
Write-down of goodwill and intangible assets (notes 10 and 11)	9,268	-
Changes in non-cash working capital (note 24)	(27,320)	(22,528)
Distributions from discontinued operations	-	2,742
Cash provided by discontinued operations (note 2)	106	979
Total cash used in operating activities	(10,341)	(2,342)
Investing activities:		
Acquisition of businesses, net of cash acquired (note 3)	-	(31,865)
Purchase of property, plant and equipment (note 9)	(4,419)	(2,658)
Proceeds on disposition of property, plant and equipment	642	968
Proceeds on disposition of businesses (note 2)	7,866	38,730
Purchase of software (note 10)	(91)	(852)
Increase in other assets	(1,027)	(2,000)
Cash used in discontinued operations (note 2)	(7)	(219)
Total cash provided by investing activities	2,964	2,104
Financing activities:		
Increase in long-term debt	-	46,989
Repayment of long-term debt (note 13)	(6,200)	(36,973)
Decrease (increase) in cash held in trust (note 4)	3,609	(3,108)
Repayment of obligations under finance leases	(6,191)	(5,026)
Cash used in discontinued operations (note 2)	(384)	(1,269)
Total cash (used in) provided by financing activities	(9,166)	613
(Decrease) increase in cash	(16,543)	375
Cash beginning of year		
- continuing operations	28,340	27,741
Cash beginning of year		
- discontinued operations	285	509
Cash end of year	\$ 12,082	\$ 28,625
Cash end of year		
- continuing operations	\$ 12,082	\$ 28,625
Supplemental cash flow information:		
Interest paid	\$ 22,607	\$ 19,318
Cash acquired upon acquisition (bank indebtedness) (note 3)	\$ -	(1,575)
Supplemental disclosure of non-cash financing and investing activities:		
Acquisition of property, plant and equipment through capital leases	\$ 14,085	\$ 2,155
Debt and accrued interest repaid through issuance of debentures	\$ -	152,951

¹ See Business combinations (note 3)

See accompanying notes to consolidated financial statements.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2012 and 2011

Tuckamore Capital Management Inc. ("Tuckamore" or the "Company") is a corporation formed pursuant to the *Business Corporations Act* (Ontario). The registered office is located in Toronto, Ontario. Tuckamore was created to indirectly invest in securities of private businesses, either in limited partnerships or in corporations (collectively the "Operating Partnerships").

The annual consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors of Tuckamore on March 21, 2013.

1. Significant accounting policies

a) Basis of Presentation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements are prepared on a going concern basis. Standards and guidelines issued but not in effect up to the date of issuance are discussed in note 1(t).

b) Principles of Consolidation

The consolidated financial statements include the assets, liabilities and operating results of all subsidiary entities from the dates of acquisition. All intercompany balances and transactions have been eliminated on consolidation.

In cases where Tuckamore invests in limited partnerships, minority interest partners in such partnerships have certain major decision rights which result in the partnership operating as a joint venture. Under the proportionate consolidation method applied to jointly controlled entities, Tuckamore's share of assets, liabilities, revenue and expenses of these limited partnerships are included in each major financial statement caption from the date of acquisition. All intercompany balances and transactions are eliminated upon consolidation.

Tuckamore accounts for investments in which it has significant influence using the equity method. Under the equity method, the original cost of an investment is adjusted for Tuckamore's share of post-acquisition earnings or losses, less distributions in the case of investments in partnerships and dividends in the case of investments in corporations. Investments are written down when there is evidence that there is a decline in value.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2012 and 2011

The following table indicates the accounting method for each of Tuckamore's investments in Operating Partnerships categorized as continuing operations as at December 31, 2012. Tuckamore invested in all Operating Partnerships indirectly together with their respective general partners.

Operating Partnership	Initial Investment Date	December 31, 2012 Percentage Ownership	December 31, 2011 Percentage Ownership	Accounting Method	Business Description
ClearStream Energy Services LP ("ClearStream")	October 2004	100	100 ¹	Consolidation	Provider of oil and gas maintenance, construction and wear technology services to both the conventional oil and gas industry and the oilsands
Gemma Communications LP ("Gemma")	March 2005	100	100	Consolidation	Integrated direct marketing company.
Quantum Murray LP ("Quantum Murray")	March 2006	100	100 ¹	Consolidation	National provider of demolition, remediation and scrap metal services
IC Group LP ("IC Group")	July 2006	80	80	Proportionate consolidation	Provider of on-line promotional and loyalty programs and select insurance products
Titan Supply LP ("Titan")	September 2006	92	92	Proportionate consolidation	Distributor of rigging and wear products to the oil and gas, transportation, pipeline, construction, mining and forestry industries
Gusgo Transport LP ("Gusgo")	October 2006	80	80	Proportionate consolidation	Transportation and storage services provider
Rlogistics LP ("Rlogistics")	May 2006	36	36	Equity method	Reseller of close-out, discount and refurbished consumer electronics and household goods in Ontario.

¹ refer to note 3 (Business combinations)

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2012 and 2011

The following table indicates the accounting method for each of Tuckamore's investments in Operating Partnerships sold prior to December 31, 2012, as further described in note 2.

Operating Partnership	Initial Investment Date	December 31, 2012 Percentage Ownership	December 31, 2011 Percentage Ownership	Accounting Method	Business Description
Armstrong Partnership LP ("Armstrong")	October 2006	nil	80	Proportionate consolidation	Provider of in-store promotional marketing services
Brompton Corp ("Brompton")	August 2005	nil	nil	Equity method	Asset manager of public and private investment funds
Baird MacGregor Insurance Brokers LP ("BMI")	April 2007	nil	nil	Proportionate consolidation	Insurance broker specializing in the transportation and logistics industries of Ontario
Hargraft Schofield LP ("Hargraft")	April 2006	nil	nil	Consolidation	Specialty liability products insurance brokers
Morrison Williams Investment Management LP ("Morrison Williams")	August 2005	nil	nil	Proportionate consolidation	Institutional money manager

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2012 and 2011

c) Financial instruments

(i) Financial assets and financial liabilities

All financial instruments are classified into one of the following five categories; held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are included on the consolidated balance sheets and are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Held for trading financial investments are subsequently measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial assets are measured at fair value with changes in fair values recognized in other comprehensive income except for available-for-sale investments that do not have a quoted market price in an active market and cannot be reliably measured are recorded at cost.

Category	Financial statement caption
Held for trading	Cash and cash equivalents
Held-to-maturity investments	None owned
Loans and receivables	Accounts receivable
Available-for-sale financial assets	None owned
Other financial liabilities	Accounts payable, provisions, senior credit facility, secured and unsecured debentures and finance lease obligations (measured at amortized cost)

Tuckamore expenses all transaction costs as incurred, including fees paid to advisors and other related costs. Financing costs, including underwriting and arrangement fees paid to lenders are deferred and netted against the carrying value of the related debt and amortized to interest expense using the effective interest method. The legal release of a debt obligation from an old lender to a new lender is considered to be an extinguishment of debt and, as such, financing costs related to the pre-existing lender are immediately written off. Financing costs incurred in the process of arranging the debt with a new lender are capitalized against the debt and amortized over the term of the new debt.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2012 and 2011

(ii) Comprehensive income (loss)

Comprehensive income (loss) is the change in shareholders' equity, which results from transactions and events from sources other than Tuckamore's shareholders. Other comprehensive income includes income and expense items that are not recorded in income such as unrealized gains and losses resulting from changes in the fair value of certain financial instruments classified as available-for-sale. During the years ended December 31, 2012 and 2011, there were no transactions recorded in other comprehensive income (loss).

(iii) Effective interest method

Deferred financing charges are included in loan balances and are recognized in interest expense over the term of the related loan. Tuckamore uses the effective interest method to recognize deferred financing charges whereby the amount recognized varies over the term of the loan based on principal outstanding.

d) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes the costs to purchase and other costs incurred in bringing the inventories to their present location. Costs such as storage costs and administrative overheads that do not directly contribute to bringing the inventories to their present location and condition are specifically excluded from the cost of inventories and are expensed in the period incurred. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using specific identification of their individual costs. The first-in, first-out or weighted average cost formula are used for inventories other than those dealt with by the specific identification of cost formula.

e) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Equipment under capital lease is initially recorded at the present value of minimum lease payments at the inception of the lease.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets are capitalized.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year and adjusted prospectively, if appropriate.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2012 and 2011

Depreciation is calculated following the method that best reflects usage and annual rates based on the estimated useful lives of the assets as follows:

Asset	Basis	Rate
Equipment under capital lease	Straight-line	Lesser of the term of lease or useful life
Furniture and equipment	Declining balance	14% - 50%
Computer hardware	Declining balance	20% - 100%
Automotive and heavy equipment	Declining balance	15% - 40%
Structural elements of automotive and heavy equipment	Declining balance	10% - 20%
Buildings	Declining balance	4% and 5%
Leasehold improvements	Straight-line	Shorter of expected useful life or term of the lease

f) Impairment of long-lived assets

Assets with definite useful lives, including property, plant and equipment and intangible assets, are amortized over their estimated useful lives. Long-lived assets are assessed for impairment at each balance sheet date to assess whether there is an indication that such assets may not be recoverable.

If the carrying amount of an asset or cash generating unit ("CGU") exceeds its recoverable amount, an impairment charge is recognized for the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. If it is not possible to estimate the recoverable amount of an individual asset, the CGU to which the asset belongs is tested for impairment. Value in use is determined using the estimated future cash flows generated from use and eventual disposition of an asset or CGU discounted to their present value using a pre-tax discount rate.

Assets to be disposed of are separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale have been presented separately in the appropriate asset and liability sections of the prior period consolidated balance sheet.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, Tuckamore estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumption used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had the impairment loss not been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2012 and 2011

g) Impairment of goodwill and indefinite life intangible assets

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. When Tuckamore enters into a business combination, the acquisition method of accounting is used. After initial recognition goodwill is measured at cost less any accumulated impairment losses.

Goodwill and indefinite life intangible assets are not amortized and are tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the asset might be impaired. Goodwill impairment is determined by assessing whether the carrying value of the Operating Partner exceeds the recoverable amount. Indefinite life intangible impairment is determined by assessing whether the carrying value of the CGU including allocated goodwill and indefinite life intangible assets exceed the recoverable amount.

The recoverable amount is the higher of an Operating Partner/CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses recognized in respect of an Operating Partner/CGU are allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Impairment losses are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired assets.

h) Intangible assets

Intangible assets acquired individually or as part of a group of other assets are recognized and measured at cost. Intangible assets acquired in a transaction, including those acquired in business combinations, are initially recorded at their fair value. Intangible assets with determinable useful lives, such as customer relationships, management contracts, computer software and sales orders are amortized over their useful lives and are tested for impairment, as described in note 1(f). Intangible assets having an indefinite life, such as brands, are not amortized but instead are tested for impairment as described in note 1 (g).

Some intangible assets are contained in a physical form, such as a compact disc in the case of computer software. When the software is not an integral part of the related hardware, computer software is treated as an intangible asset.

Intangible assets with determinable lives are amortized using the following methods and rates based on the estimated useful life of the asset as follows:

Asset	Basis	Rate/Term
Customer relationships/ management contracts/sales orders	Straight-line	2 – 10 years
Computer software	Declining balance	40%

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2012 and 2011

i) Revenue recognition

Revenue is recorded on a net or gross basis depending on whether Tuckamore acts as an agent or principal in the respective transaction.

(i) Marketing

Marketing revenue includes revenue generated from marketing campaign projects, teleservice programs and the sale of advertisements. Revenue from marketing campaign projects is recognized using the percentage of completion method where dependable estimates of progress toward completion can be made. The stage of completion is assessed by an analysis of costs incurred to date compared to total costs. Revenue from teleservice programs is recognized as services are performed, generally based on hours incurred.

(ii) Industrial Services

Industrial services revenue includes revenue from contracts entered into to provide maintenance and construction services to the energy industry and from contracts to provide demolition and remediation services. Revenue from such contracts is recorded either using (i) the percentage of completion method or (ii) as services are performed and related costs are incurred. The stage of completion is assessed by an analysis of costs incurred to date compared to total costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. Provisions for estimated losses on all uncompleted contracts are made in the period in which such losses are determined. Revenue for demolition services includes consideration in the form of scrap materials which are recorded as non-monetary transactions measured at fair value using active market prices (note 27).

(iii) Other

Other revenue includes revenue from a container transportation service provider, and a distributor and manufacturer of heavy industrial equipment.

Revenue is recognized as services are performed and upon delivery of products when significant risks and rewards of ownership have been transferred to the customer and receivables are reasonably assured of collection.

j) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the consolidated balance sheet dates and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or liabilities assumed. Revenue and expenses other than depreciation and amortization are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in income.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2012 and 2011

k) Income taxes

Income tax expense comprises current and deferred taxes. Current tax is the expected tax payable or recoverable on the taxable income for the year and is recognized in the period to which it relates. Amounts included in current tax reflect the income tax expense or recovery relating to the taxable income of Tuckamore and taxable corporations which are subsidiaries of the Operating Partnerships.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if Tuckamore has a legally enforceable right to offset current tax assets/liabilities and if the corresponding deferred tax assets and liabilities relate to the income taxes raised by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle their current tax assets and liabilities either on a net basis or simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Leases

The determination of a lease arrangement is based on the substance of the arrangement at the inception date. Leases entered into by Tuckamore as the lessee, which transfer substantially all the benefits and risks of ownership to the lessee are recorded as finance lease obligations and included in property, plant and equipment. All other leases are classified as operating leases under which leasing costs are recorded as expenses in the period in which they are incurred. In instances where there are periods of lease incentives, the benefit is allocated over the term of the lease.

m) Stock-based compensation

The fair value of stock options granted is recognized on a graded vesting schedule on a straight-line basis over the applicable stock option vesting period as stock based compensation expense in the consolidated statement of income and comprehensive income and contributed surplus on the consolidated statement of changes in shareholders' equity. The initial fair value of the options is determined based on the application of the Black-Scholes option valuation model at the date the

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options were granted. The options granted by Tuckamore are accounted for as equity awards under IFRS 2, Share-based payments. In accordance with IFRS 2, the services received in relation to the options granted are recorded as stock based compensation expense and contributed surplus. Prior to April 1, 2011, the trust units awarded were considered puttable instruments and therefore were treated as cash settled awards under IFRS 2. In accordance with IFRS 2, the accumulated services received in relation to the options granted was recorded as a liability and remeasured to fair value at each balance sheet date up to April 1, 2011, the date of conversion to a corporation.

n) Income (loss) per share

The income (loss) per share of Tuckamore is computed by dividing Tuckamore's income (loss) by the weighted average number of shares outstanding during the reporting period. Diluted income (loss) per share is similar to basic income per share, except that the denominator is increased to account for the impact of the number of additional shares that would have been outstanding if the potentially dilutive shares had been issued and the numerator is adjusted to reflect the stock-based compensation using grant date values.

The shares issuable as options are the only potentially dilutive units.

o) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with remaining maturities, at the date of investment, of three months or less, and cash on deposit with financial institutions, which are unrestricted as to their use.

p) Provisions

A provision is recognized if, as a result of a past event, Tuckamore has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

q) Discontinued Operations

A discontinued operation represents an Operating Partnership which has been sold or classified as held for sale. An Operating Partnership is classified as discontinued if its carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated statement of income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. The resulting income or loss (after taxes) is reported separately in the consolidated statement of income. In the

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consolidated balance sheet for the current year, assets and liabilities from discontinued operations are reported separately from the assets and liabilities of continuing operations.

r) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate fair values of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange for control of the acquiree. Transaction costs directly attributable to the acquisition are expensed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any non-controlling interest. Where necessary, management engages qualified third-party professionals to assist in the determination of fair values.

Goodwill is initially measured as the excess of the fair value of consideration paid over the fair value of the net identifiable tangible and intangible assets acquired. If the fair value of consideration paid is less than the fair value of the net identifiable tangible and intangible assets acquired, the difference is recognized directly in the income statement as a gain on bargain purchase.

If Tuckamore holds a non-controlling interest in an investment immediately before obtaining control, the existing ownership is remeasured to fair value as at the date control was obtained, with any gain or loss on remeasurement recognized in income or loss. A change from a non-controlling interest to obtaining control is viewed as a significant change in the nature and economic circumstances of the investment, which results in a change in the classification and measurement of the investment.

s) Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment in future periods to the carrying amount of the asset or liability affected.

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Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below.

(i) Proportionate consolidation

Judgment has been used in assessing that certain major decision rights which accrue to the benefit of minority partners of the limited partnerships in which Tuckamore and the minority partners have both invested, indicates that Tuckamore does not have control of the limited partnership for the purposes of consolidation accounting. It has been concluded that the rights of the minority partners result in joint control, and as such Tuckamore accounts for its investments in such limited partnerships using the proportionate consolidation method applied to jointly controlled entities. Tuckamore's share of assets, liabilities, revenue and expenses of these limited partnerships are included in each major financial statement caption from the date of acquisition.

(ii) Business combinations

The amount of goodwill initially recognized as a result of a business combination and the determination of fair value of the identifiable assets acquired and the liabilities assumed includes the use of management's judgment with respect to assumptions in fair value.

(iii) Property, plant and equipment

Measurement of property, plant and equipment involves the use of estimates for determining the expected useful lives of depreciable assets. Management's judgment is also required to determine depreciation methods and an asset's residual value.

(iv) Determination of Cash Generating Units ("CGUs")

Assets are grouped into CGUs that have been identified as being the smallest identifiable group of assets that generate cash flows, that are independent of cash flows of other assets or group of assets. The determination of these CGUs was based on management's judgment with regards to determining the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If the recoverable amount could not be determined for an individual asset, management identified the lowest aggregation of assets that generate largely independent cash flows.

(v) Income taxes

Income tax liabilities must be estimated for Tuckamore, including an assessment of temporary differences. Any temporary differences will generally result in the recognition of deferred tax assets and liabilities in the consolidated financial statements. Tax interpretations, regulations and legislation are subject to change. As such, income taxes involve estimates regarding the amount and timing of future taxable income. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

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(vi) Stock-based compensation

Assumptions are used in the underlying calculation of fair values of Tuckamore's stock options. Fair value is determined using the Black-Scholes pricing model, which is based on significant assumptions such as volatility, dividend yield, expected forfeitures and expected term.

Provisions

Judgment is used in measuring and recognizing provisions and the exposure to contingent liabilities. Judgment is necessary to determine the likelihood that a pending litigation or other claim will succeed, or a liability will arise and to quantify the possible range of the final settlement.

(vii) Impairment

There are various estimates used in the annual impairment tests of goodwill and indefinite life intangible assets. Please refer to note 11 for a summary of these estimates and how they were derived.

t) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations were not yet effective as at January 1, 2012 and have not been applied in preparing these annual consolidated financial statements. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. IAS 32 is effective for annual periods beginning on or after January 1, 2014. All other new standards are effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. Tuckamore's intention is to adopt the standards when they become effective.

The following is a brief summary of the new standards:

(i) IFRS 9, Financial Instruments ("IFRS 9")

In November 2009, the IASB issued IFRS 9, which represented the first phase of its replacement of IAS 39. IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows and it removes the need to separately account for certain embedded derivatives.

The impact on IFRS 9 of Tuckamore's consolidated financial statements is not known at this time.

(ii) IFRS 10, Consolidation ("IFRS 10")

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 supersedes all of the guidance in SIC-12 *Consolidation—Special Purpose Entities* IAS 27 *Consolidated and Separate Financial Statements*. Tuckamore is currently assessing the impact of IFRS 10 on its consolidated financial statements.

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(iii) IFRS 11, Joint Arrangements ("IFRS 11")

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas in a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions by Venturers*. Tuckamore is currently assessing the impact of IFRS 11 on its consolidated financial statements.

(iv) IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12")

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. Tuckamore is currently assessing the impact of IFRS 12 on the its consolidated financial statements.

(v) IFRS 13, Fair Value Measurement ("IFRS 13")

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received on the sale of an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements. Tuckamore is currently assessing the impact of IFRS 13 on the its consolidated financial statements.

(vi) Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, *Separate Financial Statements*, IAS 28, *Investments in Associates and Joint Ventures*, IFRS 7, *Financial Instruments* and IAS 32, *Financial Instruments: Presentation*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to 13. IFRS 7 amendments require disclosure about the effects of offsetting financial assets and financial liabilities and related arrangements on an entity's financial position. IAS 32 addresses the inconsistencies when applying the offsetting requirements.

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2. Discontinued operations

2012

Marketing

- a) On June 29, 2012, Tuckamore sold its 80% interest in Armstrong Partnership LP for cash proceeds of \$5,366 and a distribution settled of \$243. This resulted in an accounting gain of approximately \$3,186. Approximately \$3,800 of the total proceeds were used to repay the senior credit facility.

Industrial Services

- a) In November 2011, the majority limited partner of Waydex Services LP ("Waydex") delivered to ClearStream an offer letter pursuant to the shotgun buy-sell provision of the limited partnership agreement governing Waydex. In December 2011 ClearStream elected to sell its 40% interest in Waydex to the majority partner. The buy-sell transaction closed on January 24, 2012 for gross proceeds of \$2,500 resulting in a nominal accounting loss. Net proceeds were used to repay senior indebtedness in the amount of \$2,400. No income or loss was recorded in 2012 related to Waydex.

2011

Financial Services

- a) On July 27, 2011 Tuckamore sold its 86.66% interest in Morrison Williams Investment Management LP ("Morrison Williams") for gross proceeds of \$10,107 realizing an accounting gain of approximately \$1,505.
- b) On July 28, 2011 Tuckamore sold its 77.5% interest in Baird MacGregor Insurance Brokers LP ("Baird MacGregor") and its 100% interest in Hargraft Schofield LP ("Hargraft") for gross proceeds of \$11,250. This resulted in an accounting gain of approximately \$2,540.
- c) On September 8, 2011 Tuckamore completed the sale of Brompton Corp for gross proceeds of \$17,373, realizing an accounting gain of \$9,055.

Industrial Services

- a) In 2011, the Wear technology operations of Brospec LP, a subsidiary of ClearStream were discontinued. Management determined that due to the geographic location in Eastern Canada and the resulting long haul logistics of pipe wear products, it would be more cost effective to consolidate operations in existing facilities in Western Canada. Proceeds from the sale of certain assets were approximately \$675.

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The following tables show the revenue, expenses and net income (loss) from discontinued operations for the years ended December 31, 2012 and December 31, 2011.

For the year ended December 31, 2012

	Marketing
Revenue	5,215
Expenses	(4,877)
Income before taxes	338
Gain on sale of investment	3,186
Income tax expense - deferred	(1,562)
Net income from discontinued operations	\$ 1,962
Net income per share - basic	\$ 0.02
Net income per share - diluted	\$ 0.02

For the year ended December 31, 2011

	Marketing	Industrial	Financial Services	Total
Revenue	\$ 10,788	\$ 7,526	\$ 7,633	\$ 25,947
Expenses	(9,459)	(9,401)	(8,481)	(27,341)
Income (loss) before taxes	1,329	(1,875)	(848)	(1,394)
(Loss) income from equity investments	(35)	-	943	908
Gain (loss) on sale of discontinued operations	3,300	(11)	13,100	16,389
Write-down of goodwill and intangible assets	-	(321)	-	(321)
Income tax (expense) recovery - deferred	(88)	-	434	346
Net income (loss) from discontinued operations	\$ 4,506	\$ (2,207)	\$ 13,629	\$ 15,928
Net income (loss) per share - basic	\$ 0.06	\$ (0.03)	\$ 0.19	\$ 0.22
Net income (loss) per share - diluted	\$ 0.06	\$ (0.03)	\$ 0.19	\$ 0.22

The following table shows the assets and liabilities held for sale as at December 31, 2011:

Effect of disposal on the financial position	Industrial
Total assets of discontinued operations	3,517
Total liabilities of discontinued operations	651
Net assets of discontinued operations	2,866

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3. Business combinations

The following investments made by Tuckamore during the year ended December 31, 2011 were accounted for using the acquisition method, and the results of the operations have been included in Tuckamore's consolidated financial statements since the date of investment. All of the estimated fair values assigned to the assets acquired and liabilities assumed were based on a combination of independent appraisals and internal estimates. All valuations and estimates related to the Quantum Murray acquisition were finalized in 2012. See below.

Morrison Williams LP

Effective January 1, 2011 Tuckamore made an additional 6.66% investment in Morrison Williams for \$755, increasing the total investment to 86.66%. The purchase satisfied Tuckamore's initial obligation to redeem or acquire the interest of the minority partner over a period of three years. The investment was sold in July 2011 (see note 2).

ClearStream Energy Services LP

On February 10, 2011, ClearStream paid \$13,813 to acquire the remaining 20% interest in Golosky Energy Services ("GES") bringing its total ownership interest to 100% and obtaining control of GES. The acquisition completed Tuckamore's strategy of obtaining 100% of its investment in the oilsands sector. The acquisition was accounted for using the acquisition method of accounting as a step acquisition, which required ClearStream to remeasure its previously held 80% interest. An additional \$5,954 was paid to settle unpaid distributions and other obligations. From the date of acquisition, the purchase of the additional 20% interest of GES contributed \$40,641 of revenue and \$2,506 to net income for the year ended December 31, 2011. If the acquisition had taken place at the beginning of the year ended December 31, 2011, revenue from continuing operations would have increased \$5,716 and income from continuing operations would have increased by \$358. The estimated fair value of the assets acquired and liabilities assumed for GES were finalized during the year ended December 31, 2011.

Tuckamore's acquisition of the remaining 20% of ClearStream on December 20, 2010, resulted in the fair valuation of 100% of ClearStream being recorded at fair value. This transaction resulted in 80% of GES being recorded at fair value as at December 20, 2010, due to ClearStream's 80% ownership in GES at that time. From December 20, 2010 until ClearStream's acquisition of the remaining 20% of GES on February 10, 2011, there were no material changes in the fair value of GES therefore, Tuckamore did not record additional fair value adjustments on the remeasurement of the existing 80% of GES previously owned by ClearStream.

Quantum Murray LP

On September 30, 2011, Tuckamore paid \$15,722 to acquire the remaining 35.7% interest in Quantum Murray. The acquisition completes Tuckamore's strategy of obtaining 100% of its investment in the Industrial Services segment. The acquisition was accounted for using the acquisition method of accounting as a step acquisition, which required Tuckamore to remeasure its previously held 64.3% interest to fair value. This remeasurement resulted in a gain of \$7,281. From the date of acquisition, the purchase of the additional

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35.7% of Quantum Murray contributed \$21,705 of revenue and \$312 to net income for the year ended December 31, 2011. If the acquisition had taken place at the beginning of the year ended December 31, 2011, revenue would have increased by \$37,568 and income from continuing operations would have increased by \$2,077.

During 2012, Tuckamore completed its purchase price allocation to reflect the finalization of the valuations of property, plant and equipment (\$3,883 increase), including the impact of the change on the deferred tax liability (\$1,482 increase), change in net assets related to the allocation within the PPA (\$1,700), gain on remeasurement (\$1,269 increase) and the related gain on bargain purchase realized on the 35.7% interest in Quantum Murray that was acquired (\$709 increase). Related changes were retrospectively applied, resulting in changes to the comparative consolidated balance sheet and statement of income, and comprehensive income for the year ended December 31, 2011.

Tuckamore recognized a bargain purchase gain of \$709, as the fair value of the net assets acquired exceeded the cash consideration paid. Tuckamore owned 64.3% of Quantum Murray and as such was able to acquire the minority share at a small discount to fair value.

The acquisition date fair value of the Company's pre-existing ownership of Quantum Murray was \$49,024. The table below provides the adjustments made to pre-acquisition book values to reflect the fair value of the assets acquired and liabilities assumed for the Quantum Murray, GES and Morrison Williams acquisitions:

	Quantum Murray	GES	Morrison Williams ¹	Total
Current assets ²	\$ 29,997	\$10,997	\$ 101	\$ 41,095
Property, plant and equipment	16,148	5,065	2	21,215
Goodwill ³	(7,183)	2,352	364	(4,467)
Intangible assets	2,928	8,960	505	12,393
Current liabilities	(20,495)	(3,373)	(78)	(23,946)
Long-term liabilities	(823)	(8,071)	(7)	(8,901)
Deferred tax liability	(1,638)	(2,117)	(132)	(3,887)
Net assets acquired	18,934	13,813	755	33,502
Less: Gain on remeasurement of investment	(7,281)	-	-	(7,281)
Less: Bargain purchase gain	(709)	-	-	(709)
Add: Distribution settled	4,778	-	-	4,778
Consideration paid, in cash	15,722	13,813	755	30,290
Bank indebtedness/ (cash acquired)	1,074	521	(20)	1,575
Net cash outflow	\$ 16,796	\$14,334	\$ 735	\$ 31,865

¹ The results of Morrison Williams are included in discontinued operations as a result of its sale on July 27, 2011.

² Included in current assets are gross contractual amounts of acquired receivables of \$29,067, net of \$105 of contractual cash flows not expected to be collected.

³ Goodwill for GES is attributable to: 1) the expected synergies arising from the acquisition. 2) The excess of enterprise value over the accounting fair value of the net identifiable tangible and intangible assets acquired. This goodwill is not deductible for tax purposes.

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4. Financial instruments

a) Tuckamore has classified its financial instruments as follows:

As at December 31,	2012	2011
Financial Assets		
Held for trading, measured at fair value:		
Cash	\$ 12,082	\$ 28,625
Cash and short term investments held in trust	4,499	8,108
Total financial assets, held for trading	\$ 16,581	\$ 36,733
Loans and receivables, measured at amortized cost:		
Accounts receivable	\$174,417	\$ 149,371
Advances to Operating Partners	1,359	1,520
Employee loans	1,335	1,572
Total loans and receivables	\$177,111	\$ 152,463
Financial liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	\$ 79,923	\$ 91,173
Capital lease obligations	17,115	9,221
Current portion of senior credit facility	-	10,000
Senior credit facility	89,300	85,705
Secured debentures	152,860	146,314
Unsecured debentures	18,781	14,215
Total financial liabilities	\$357,979	\$ 356,628

The fair value of loans and receivables and financial liabilities, other than those discussed below, do not differ significantly from their carrying value due to their short term nature and the fact that any interest on these instruments reflect market rates. The secured debentures, unsecured debentures and senior credit facility at December 31, 2012 had fair values of \$110,143, \$6,638 and \$90,755, respectively compared to \$114,548, \$11,484 and \$103,789, respectively at December 31, 2011.

Cash in trust represents restricted cash which is backing letters of credit and cash in trust held on behalf of insurance providers. Letters of credit are predominately used to secure cash management services and as a performance guarantee at certain operating partners.

Tuckamore determines fair value of its financial instruments based on the following hierarchy:

- Level 1 – Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – If there is no active market, fair value is established using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable market data where possible, including recent arm's-length market transactions, and

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comparisons to the current fair value of similar instruments; but where this is not feasible, inputs such as liquidity risk, credit risk and volatility are used.

- Level 3 – Valuations in this level are those with inputs that are not based on observable market data. Tuckamore does not have any financial instruments recorded at fair value using level 3 as at December 31, 2012 and December 31, 2011.

The fair value disclosures for the assets classified as held for trading and the secured and unsecured debentures are categorized as Level 1. The fair value disclosure for the senior credit facility is categorized as Level 2. The cash flows of the senior credit facility are discounted at the current market rates.

b) Net Interest Expense

Tuckamore has recorded net interest expense in relation to the following financial instruments:

For the year ended December 31,	2012	2011
Interest expense on senior credit facility	\$ 4,911	\$ 10,617
Interest on the subordinated revolving credit facility	-	224
Interest expense on convertible debentures	-	2,741
Interest expense on secured debentures	14,098	10,873
Net interest income earned on advances to Operating Partners	(160)	(262)
Interest expense on capital leases (note 14)	987	855
Interest expense (income) other	292	(814)
Interest expense on unsecured debentures	962	746
Deferred financing costs amortized	625	-
Accretion expense related to secured and unsecured debentures	11,112	8,076
Interest expense	\$ 32,827	\$ 33,056

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5. Accounts receivable

Tuckamore establishes an allowance for doubtful accounts that represents its estimate of expected losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and an overall loss component established based on historical trends and other information. When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable.

Accounts receivable are comprised of the following:

	2012	2011
Trade receivables	\$ 136,733	\$ 113,255
Allowance for doubtful accounts	(1,659)	(1,317)
Holdback receivable	8,540	12,994
Other	30,803	24,439
Total accounts receivable	\$ 174,417	\$ 149,371

Other receivables primarily consist of unbilled accounts receivable.

Trade receivables are non-interest bearing and generally due on 30-90 day terms. The changes in the allowance during the year were as follows:

Allowance for doubtful accounts, December 31, 2010	\$	1,022
Increase in allowance during the year		478
Receivables written off as uncollectible		(417)
Obtained through acquisitions		234
Allowance for doubtful accounts December 31, 2011		1,317
Increase in allowance during the year		1,301
Receivables written off as uncollectible		(959)
Allowance for doubtful accounts December 31, 2012	\$	1,659

The aging analysis of trade receivables is as follows:

	Total	Current	30-60 days	61-90 days	91-120 days	>120 days
December 31, 2012	\$ 136,733	\$ 102,102	\$ 7,616	\$ 18,019	\$ 4,675	\$ 4,321
December 31, 2011	113,255	97,413	6,232	5,416	3,928	266

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6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of the following:

	2012	2011
Trade payables	\$ 48,493	\$ 48,333
Accrued liabilities	29,299	32,397
Interest payable	1,715	10,373
Other	416	70
Total accounts payable and accrued liabilities	\$ 79,923	\$ 91,173

7. Inventories

Inventories are comprised as follows:

	2012	2011
Raw materials	\$ 3,541	\$ 3,919
Work-in-progress	9,066	19,504
Finished goods	2,292	3,136
Goods held for resale	9,400	9,744
Parts and supplies	1,489	1,161
Total inventories	\$ 25,788	\$ 37,464

Work in progress includes amounts for work performed in excess of amounts billed for contracts accounted for using the percentage of completion method.

Goods held for resale reflects inventory held at Titan.

Inventory write-downs of \$43 were recorded for the year ended December 31, 2012 (2011 - \$37).

Included in cost of revenue is the cost of inventories of \$93,632 (2011 - \$88,880).

As at December 31, 2012, inventory with a carrying amount of \$25,788 was subject to a general security agreement under the senior credit facility. (2011 - \$37,464).

8. Other assets

	2012	2011
Advances to Operating Partners	\$ 1,359	\$ 1,520
Other	3,358	4,640
Total other assets	4,717	6,160
Less: Current portion	2,950	3,046
Other assets (long-term)	\$ 1,767	\$ 3,114

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9. Property, plant and equipment

	Equipment under capital lease	Furniture and equipment	Computer hardware	Automotive and heavy equipment	Land and buildings	Leasehold improvements	Total
Cost							
Balance at December 31, 2010	\$ 19,896	\$ 15,286	\$ 5,038	\$ 38,850	\$ 6,199	\$ 7,086	\$ 92,355
Additions	2,155	240	499	1,936	48	85	4,963
Disposals	(1,237)	(1,760)	(154)	(2,943)	(272)	(600)	(6,966)
Acquisitions through business combinations	5,826	2,063	369	15,829	1,674	1,348	27,109
Sold through dispositions of business	-	(242)	(389)	-	-	(126)	(757)
Other	(1,322)	(26)	-	1,210	(304)	304	(138)
Balance at December 31, 2011 (as previously published)	\$ 25,318	\$ 15,561	\$ 5,363	\$ 54,882	\$ 7,345	\$ 8,097	\$ 116,566
Add: Finalization of purchase price accounting (see note 3)	(2,941)	(2,476)	1	15,076	(1,364)	(1)	8,295
Adjusted balance at December 31, 2011	\$ 22,377	\$ 13,085	\$ 5,364	\$ 69,958	\$ 5,981	\$ 8,096	\$ 124,861
Additions	14,085	597	485	2,479	327	531	18,504
Disposals	(775)	(19)	(26)	(2,015)	(80)	(118)	(3,033)
Sold through dispositions of businesses	-	(309)	(283)	-	-	(349)	(941)
Other	-	6	-	371	18	-	395
Balance as December 31, 2012	\$ 35,687	\$ 13,360	\$ 5,540	\$ 70,793	\$ 6,246	\$ 8,160	\$ 139,786
Depreciation							
Balance at December 31, 2010	(11,059)	(4,200)	(3,433)	(15,272)	(1,559)	(2,995)	\$ (38,518)
Depreciation for the year	(2,491)	(2,270)	(654)	(6,081)	(177)	(1,822)	(13,495)
Disposals	961	1,312	114	1,425	-	1,008	4,820
Acquisitions through business combinations	(2,034)	(871)	(317)	(5,521)	(11)	(1,023)	(9,777)
Sold through dispositions of businesses	-	167	309	-	-	41	517
Reclassification	614	(4)	-	(614)	28	(36)	(12)
Balance at December 31, 2011 (as previously published)	(14,009)	(5,866)	(3,981)	(26,063)	(1,719)	(4,827)	\$ (56,465)
Add: Finalization of purchase price accounting (see note 3)	4,037	981	(3)	(9,709)	8	(1)	(4,687)
Adjusted balance at December 31, 2011	\$ (9,972)	\$ (4,885)	\$ (3,984)	\$ (35,772)	\$ (1,711)	\$ (4,828)	\$ (61,152)
Depreciation for the year	(3,722)	(1,289)	(584)	(8,131)	(179)	(1,272)	(15,177)
Disposals	632	3	17	1,618	6	115	2,391
Sold through dispositions of businesses	-	180	210	(88)	-	288	590
Balance at December 31, 2012	\$ (13,062)	\$ (5,991)	\$ (4,341)	\$ (42,373)	\$ (1,884)	\$ (5,697)	\$ (73,348)
Net book value							
At December 31, 2011	\$ 12,405	\$ 8,200	\$ 1,380	\$ 34,186	\$ 4,270	\$ 3,268	\$ 63,709
At December 31, 2012	\$ 22,625	\$ 7,369	\$ 1,199	\$ 28,420	\$ 4,362	\$ 2,463	\$ 66,438

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a) Collateral:

As at December 31, 2012, property, plant and equipment with a carrying amount of \$43,813 is subject to a general security agreement under the senior credit facility (2011 - \$51,304).

b) Capital commitments:

As at December 31, 2012, Tuckamore had no capital commitments for the acquisition of new equipment.

10. Goodwill and intangible assets

	Goodwill	Customer relationships	Computer software	Brands	Sales Orders	Management Contracts	Intangible Total
Cost							
Balance at December 31, 2010	\$ 107,668	\$ 142,417	\$ 494	\$ 20,909	\$ 882	\$ -	\$ 164,702
Additions	-	-	852	-	-	2,000	2,852
Acquisitions through business combinations	(4,458)	11,583	-	(769)	1,562	-	12,376
Sold through dispositions of businesses	(1,212)	(21,223)	-	(2,293)	-	-	(23,516)
Other	(1,222)	-	835	-	-	-	835
Balance at December 31, 2011 (as previously published)	\$ 100,776	\$ 132,777	\$ 2,181	\$ 17,847	\$ 2,444	\$ 2,000	\$ 157,249
Add: Finalization of purchase price accounting (see note 3)	(426)	-	-	-	-	-	-
Adjusted balance as at December 31, 2011	\$ 100,350	\$ 132,777	\$ 2,181	\$ 17,847	\$ 2,444	\$ 2,000	\$ 157,249
Additions	-	-	91	-	-	-	91
Reclassification	-	(489)	(83)	(64)	-	-	(636)
Other	-	(352)	(1)	-	-	-	(353)
Balance at December 31, 2012	\$ 100,350	\$ 131,936	\$ 2,188	\$ 17,783	\$ 2,444	\$ 2,000	\$ 156,351
Amortization and impairments							
Balance at December 31, 2010	(23,683)	(69,564)	(332)	-	-	-	(69,896)
Amortization for the year	-	(16,500)	(478)	-	(711)	(167)	(17,856)
Impairment	-	-	-	(321)	-	-	(321)
Sold through dispositions of businesses	-	10,271	-	-	-	-	10,271
Other	-	(519)	-	-	-	-	(519)
Balance at December 31, 2011	\$ (23,683)	\$ (76,312)	\$ (810)	\$ (321)	\$ (711)	\$ (167)	\$ (78,321)
Amortization for the year	-	(8,243)	(693)	-	(1,224)	(666)	(10,826)
Impairment	(4,201)	-	-	(5,067)	-	-	(5,067)
Reclassification	-	636	(1)	(1)	2	-	636
Balance at December 31, 2012	\$ (27,884)	\$ (83,919)	\$ (1,504)	\$ (5,389)	\$ (1,933)	\$ (833)	\$ (93,578)
Net book value							
At December 31, 2011	\$ 76,667	\$ 56,465	\$ 1,371	\$ 17,526	\$ 1,733	\$ 1,833	\$ 78,928
At December 31, 2012	\$ 72,466	\$ 48,017	\$ 684	\$ 12,394	\$ 511	\$ 1,167	\$ 62,773

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11. Impairment testing of goodwill and intangible assets with indefinite lives

Tuckamore performed its annual test for the potential impairment of goodwill and intangible assets with an indefinite life in the fourth quarter of 2012. This test was performed in accordance with the policy described in note 1 and also took into consideration the Company's market capitalization compared to its book value. The difference between Tuckamore's market capitalization and book value is primarily due to a high leverage ratio, as well as ClearStream and Quantum Murray being recorded at fair value as a result of the acquisition of control (refer to note 3 – "Business Combinations") in 2010 and 2011. These businesses were externally valued by specialists and there have been no significant changes in the variables used to perform the valuation from the valuation date up until December 31, 2012. As such, the market capitalization deficiency was not considered to be an indicator of impairment.

Tuckamore has 12 CGUs, six of which include goodwill and/or intangible assets with an indefinite life. The carrying value of goodwill by Operating Partner and indefinite life intangible assets by significant CGUs are identified separately in the table below.

Operating Partner	Indefinite life intangibles	Goodwill
ClearStream		
Wear	\$ 1,574	
Oilsands	1,178	
Total ClearStream	\$ 2,752	\$ 61,127
Quantum Murray-Remediation	5,332	-
Gemma	3,001	2,711
IC Group	656	5,822
Gusgo	653	2,806
Total	\$ 12,394	\$ 72,466

The valuation techniques, significant assumptions and sensitivities applied in the goodwill and indefinite life intangible asset impairment test are described below:

Valuation technique

The recoverable value is based on the higher of value in use ("VIU"), using the income approach or the fair value less costs to sell ("FVLCS"), using the market approach. The income approach is predicated upon the value of the future cash flows that a business will generate. The discounted cash flow ("DCF") method was used which involves projecting cash flows and converting them into a present value equivalent through discounting. The discounting process uses a rate of return that is commensurate with the risk associated with the business or asset and the time value of money. This approach requires assumptions about earnings before taxes, interest, depreciation and amortization ("EBITDA"), capital expenditures, growth rates and discount rates.

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Growth

The assumptions used were based on the Company's internal budget. The Company used projected EBITDA and capital expenditures for five years and applied a perpetual long-term growth rate of 2% thereafter. The perpetual growth rates are management's estimate of long-term inflation and productivity growth in the industry and geographic locations in which it operates. In arriving at its forecasts, Tuckamore considered past experience, economic trends such as GDP growth and inflation as well as industry and market trends.

Discount rate

Tuckamore assumed discount rate of 18.5% in order to calculate the present value of projected future cash flows. The discount rate represented a weighted average cost of capital ("WACC") for comparable companies operating in similar industries, based on publicly available information. The WACC is an estimate of the overall required rate of return on an investment for both debt and equity owners and serves as the basis for developing an appropriate discount rate.

During the year ended December 31, 2012, \$5,067 of brand related to various subsidiaries of ClearStream were written down due to a name change to ClearStream resulting from a "one company strategy" to improve the market presence and brand strength of the organization as a whole.

During the year ended December 31, 2011 \$321 of brand related to a subsidiary of ClearStream were written down as a result of the wind-up of that particular subsidiary. This amount is recorded in discontinued operations on the consolidated statement of (loss) income and comprehensive (loss) income. During the year ended December 31, 2012, \$4,201 of goodwill related to Gemma was impaired as a result of the revenue impact of anticipated declines in the volume of business from a significant customer.

Management has considered reasonably possible changes in assumptions for the discounted cash flows. In all of these scenarios, with the exception of those discussed above, the recoverable amount was greater than the carrying value, providing evidence that there is no further impairment.

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12. Construction contracts

The total income and expense recognized from construction contracts in progress for Quantum Murray at year end were as follows:

For the year ended December 31,	2012	2011
Costs incurred for the year	\$ 49,925	\$ 135,005
Recognized (losses) profits	(2,861)	26,542
Contract revenue for the year	\$ 47,064	\$ 161,547
Progress billings	(46,213)	(152,568)
Gross costs in excess of billings	\$ 851	\$ 8,979

The following are additional details for all construction contracts:

For the year ended December 31,	2012	2011
Aggregate gross costs in excess of billings (WIP)	\$ 9,103	\$ 18,995
Aggregate gross billings in excess of costs (deferred revenue)	(4,833)	(2,893)
Aggregate net costs in excess of billings	\$ 4,270	\$ 16,102

For the year ended December 31,	2012	2011
Aggregate amounts of costs incurred and recognized profits (less losses to date)	\$ 119,907	\$ 150,781
Holdbacks receivable	8,540	12,994
Billings in advance	120	2,304

Holdbacks receivable are recorded in accounts receivable on the consolidated balance sheet. Billings in advance are recorded in deferred revenue on the consolidated balance sheet.

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13. Senior credit facility and debentures

a) Senior credit facility

As at December 31, 2011 senior debt was \$96,955 before deferred financing charges of \$1,250.

On January 24, 2012 the sale of Waydex Services LP closed for net proceeds of \$2,400 which was used to repay senior indebtedness.

On June 29, 2012 the sale of Armstrong Partnership LP closed for net proceeds of \$3,800 which was used to repay senior indebtedness.

On March 9, 2012 Tuckamore completed an assignment (the "Assignment") to the Bank of Montreal ("BMO") of its senior credit facility from Marret. In connection with the Assignment, BMO received an assignment of all of the rights and obligations of the Marret Lenders under the Senior Credit Facility. Tuckamore also entered into a third amended and restated credit agreement, providing improved borrowing terms to the Tuckamore group of companies (the "Amended Senior Credit Facility") and appointing BMO as agent. The maturity date of the senior credit facility is March 9, 2015.

For accounting purposes, the assignment of the Senior Credit Facility to BMO was a de-recognition of debt. A loss on de-recognition of \$1,534 was recorded representing transaction costs and the write-off of deferred financing costs related to the de-recognized credit facility.

Effective November 13, 2012 Tuckamore reached an agreement to amend the financial covenants related to the Amended Senior Credit facility. The amended covenants include the interest coverage ratio, priority senior debt ratio and the minimum EBITDA ("Earnings Before Interest, Taxes, Depreciation & Amortization") amount. The amended covenants will be in effect for three quarters commencing the quarter ended September 30, 2012. After these three quarters, the covenants will revert back to the requirements prior to the November 13, 2012 amendment. As part of the amendment, the interest rate on the Amended Senior Credit Facility was adjusted to prime plus 1.625%. This rate can be reduced when certain leverage ratios are achieved. The total cost of the amendment is 0.125% or \$113 and this amount were expensed in the current year. Without the amendment, Tuckamore would have been in default on certain covenants at September 30, 2012, resulting in the senior credit facility and debentures being due on demand.

Tuckamore is obligated to repay a portion of the senior credit facility prior to the maturity date of the senior credit facility based on proceeds from specified dispositions, proceeds from the issuance of equity instruments or based on excess operating cash flows as defined.

Advances outstanding under the Amended Senior Credit Facility as at December 31, 2012 totalled \$90,755 with \$60,000 of this amount as a revolving facility and the balance as a term facility. The full amount of the revolving facility was drawn as at December 31, 2012.

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Senior credit facility at December 31, 2010	\$ 86,939
Repayments	(36,973)
Advances	46,989
Senior credit facility at December 31, 2011	\$ 96,955
Repayments	(6,200)
Senior credit facility at December 31, 2012	\$ 90,755
Deferred financing costs at December 31, 2011	(1,250)
Additional deferred financing costs incurred on the old facility	(403)
Deferred costs written off on de-recognition of debt	1,534
Deferred financing costs incurred on new senior credit facility	(1,961)
Amortization of deferred financing costs	625
Deferred financing costs at December 31, 2012	\$ (1,455)
Net balance of senior credit facility at December 31, 2012	\$ 89,300

b) Secured and unsecured debentures

On February 28, 2011, Tuckamore issued a management information circular to debenture holders which provided details of the proposed exchange of the existing convertible debentures (the "Exchange"). Under the proposed Exchange, the existing Debentures were to be mandatorily exchanged for second lien notes (the "Secured Debentures") and the unpaid accrued interest on the Debentures were to be exchanged for unsecured subordinated notes (the "Unsecured Debentures"). On March 18, 2011, the serial meetings of the debenture holders were held and at each meeting the debenture holders voted in favour of the Exchange transaction. As a result, the Secured Debentures and the Unsecured Debentures (the "New Debentures") were issued on March 23, 2011 pursuant to a new indenture agreement.

The aggregate principal amount of the Secured Debentures is \$176,228 which satisfied the principal amount of the Debentures and principal amount and interest outstanding on the Subordinated Revolving Credit Facility on March 23, 2011. The maturity date of the Secured Debentures is March 23, 2016 (the "Secured Debenture Maturity Date"). The interest rate is 8% per annum, payable semi-annually in arrears on June 30 and December 31 in each year until the Secured Debenture Maturity Date. Tuckamore has the option to repurchase any or all of the Secured Debentures outstanding at any time and Tuckamore also has the right to redeem in cash any or all Secured Debentures outstanding at any time in its sole discretion without bonus or penalty, provided all accrued interest is paid at redemption, assuming Tuckamore has cash available and subject to any restrictions in the senior credit facility. Tuckamore is also obligated to redeem a portion of the Secured Debentures prior to the Secured Debenture Maturity Date in certain circumstances based on proceeds from specified dispositions, proceeds from the issuance of equity instruments or based on excess operating cash flow as defined. The Secured Debentures have a security interest in substantially all of Tuckamore's assets which is subordinated to similar security interests granted in connection with the Senior Credit Facility or certain debt incurred in the future by Tuckamore's subsidiaries. The Secured Debentures were listed on the Toronto Stock Exchange ("TSX") on the date of closing of March 23, 2011.

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The aggregate principal amount of the Unsecured Debentures is equal to the accrued and unpaid interest on the Debentures at March 23, 2011 of \$26,552. The maturity date is March 23, 2014 (the "Unsecured Debenture Maturity Date"). Interest will accrue on the principal amount of the Unsecured Debentures at a non-compounding rate of 3.624% per annum, payable in cash at the Unsecured Debenture Maturity Date.

Tuckamore will repay the principal amount of the Unsecured Debentures on the Unsecured Debenture Maturity Date either in cash or by delivering common shares of Tuckamore at a conversion price of \$0.2254 per common share. The total number of common shares to be issued on the repayment of the Unsecured Debentures is capped at 10% of the fully diluted common shares of Tuckamore on the repayment date. The Unsecured Debentures were listed on the TSX on the closing date of March 23, 2011. In the event of a change of control, Tuckamore's ability to settle the obligation through the issuance of shares will not be available.

	Secured Debentures	Unsecured Debentures
Issue date	March 23, 2011	March 23, 2011
Principal amount	\$ 176,228	\$ 26,552
Interest rate	8.0%	3.624%
Carrying value at December 31, 2012	\$ 152,860	\$ 18,781
Accretion expense recorded in 2012	\$ 6,546	\$ 4,566
Accretion expense recorded in 2011	\$ 5,190	\$ 2,880
Maturity date	March 23, 2016	March 23, 2014

For accounting purposes, the Exchange transactions have been accounted for as extinguishments of the Debentures, the Subordinated Revolving Credit Facility and the related accrued interest payable. The Secured Debentures and Unsecured Debentures were initially recorded at their estimated fair value of \$141,545 and \$11,406, respectively. All costs incurred in connection with the issuance of the Secured and Unsecured Debentures were expensed resulting in a net gain on extinguishment of \$37,451. The Secured Debentures and Unsecured Debentures will be accreted up to their principal amount over the period to the respective Maturity Dates using the effective interest method.

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14. Obligations under finance leases

Finance lease obligations relate to vehicles and heavy equipment. The leases bear interest at rates from 0% to 12% (2011 – 0% to 17%) per annum and are secured by specific assets. Tuckamore's future minimum payments are as follows:

	2012	2011
2012	\$ -	\$ 5,795
2013	6,147	2,124
2014	5,346	1,687
2015	3,709	469
2016	2,301	293
2017	2,062	-
Total minimum lease payments	19,565	10,368
Less amount representing interest (at rates ranging from 0% to 17%)	2,450	1,147
Present value of net minimum capital lease payments	17,115	9,221
Less current portion of obligations under capital leases	4,887	5,540
Long-term portion of obligation under capital leases	\$ 12,228	\$ 3,681

Interest of \$987 for the year ended December 31, 2012 (2011 - \$855) relating to finance lease obligations has been included in interest expense.

15. Commitments and other contingencies

(a) Tuckamore is committed to payments under operating leases for equipment, office premises and land through 2027 in the total of approximately \$73,183. Operating lease payments are based on contracts currently in place. Changes to these contracts may result in changes to future commitments. The minimum annual payments, exclusive of operating costs under these lease arrangements are as follows:

	2012	2011
2012	\$ -	\$ 11,762
2013	14,492	8,132
2014	12,065	5,843
2015	9,575	3,939
2016	7,657	2,725
2017	6,227	2,382
Thereafter	23,167	-
Total commitments under operating leases	\$ 73,183	\$ 34,783
Last year of commitment	2027	2018

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Tuckamore's contractual obligations for the years 2013 to 2027 and thereafter are as follows:

	2013	2014	2015	2016	2017	Thereafter	Total
Accounts payable and accrued liabilities	79,923	-	-	-	-	-	79,923
Senior Credit Facility	-	-	90,755	-	-	-	90,755
Secured Debentures	-	-	-	176,228	-	-	176,228
Unsecured Debentures ²	-	26,552	-	-	-	-	26,552
Capital lease obligations	6,147	5,346	3,709	2,301	2,062	-	19,565
Operating leases	14,492	12,065	9,575	7,657	6,227	23,167	73,183
Contractual undiscounted interest payments ¹	18,296	21,182	14,880	3,167	-	-	57,525
Total Contractual Obligations	118,858	65,145	118,919	189,353	8,289	23,167	523,731

¹ Contractual undiscounted interest payments are calculated using fixed interest rates on the Senior Credit Facility, Secured Debentures and Unsecured Debentures. These calculations are made using the assumption that the debt balances as at December 31, 2012 will not change until they are fully repaid at maturity.

² Upon maturity, amounts outstanding for the Unsecured Debentures can be settled in shares of Tuckamore (note 13).

- (b) The various acquisition agreements provide that elections may be made under the Income Tax Act (Canada) to transfer the assets of the predecessor businesses to the various respective limited partnerships on a tax deferred basis. Accordingly, the tax cost to the Operating Partnership of the assets transferred where such elections are made may be less than the fair market value of such assets and, as such, some of the Operating Partnerships may realize a taxable gain on a future disposition of the assets. Certain acquisitions involved various corporate structuring steps to complete the transactions in a tax effective manner. These transactions involved interpretations of the Income Tax Act (Canada) which could if interpreted differently result in additional tax liabilities.
- (c) Tuckamore and its Operating Partnerships are subject to claims and litigation proceedings arising in the normal course of operations. These contingencies are provided for when they are likely to occur and can be reasonably estimated.

A statement of claim has been filed by a former employee of Tuckamore alleging breach of contract, wrongful dismissal, defamation and intentional interference with economic relations. The claim is for an amount of \$6,500. The claim is being defended and management is of the opinion that the claim is without merit.

A statement of claim has been filed by a seller of a minority position in a subsidiary of Tuckamore in connection with the calculation of income as related to a promissory note forming part of the transaction. The claim is being defended and management feels it is without merit.

- (d) Tuckamore has \$2,935 of letters of credit outstanding at December 31, 2012. The letters of credit are predominantly used to secure cash management services and as a performance guarantee in certain Operating Partnerships. The letters of credit are cash collateralized and the cash balance is included in cash and short-term investments held in trust.

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16. Revenue

The following are amounts for each significant category of revenue recognized during the years ended December 31, 2012 and December 31, 2011:

For the year ended December 31,	2012	2011
Sales of goods	\$ 99,245	\$ 90,405
Rendering of services	658,162	537,207
Total revenue	\$ 757,407	\$ 627,612

17. Income taxes

The reconciliation of statutory income tax rates to Tuckamore's effective tax rate is as follows:

For the year ended December 31,	2012	2011
Income tax recovery (expense) at statutory rates	\$ 8,499	\$ (4,430)
Permanent differences	(3,130)	(452)
Change in tax rates on temporary differences	866	396
Other	(1,690)	1,695
Income tax recovery (expense)	\$ 4,545	\$ (2,791)

The major components of income tax recovery (expense) are as follows:

For the year ended December 31,	2012	2011
Current income tax expense		
Based on taxable income of the current year	\$ (325)	\$ (23)
Adjustment with respect to prior years	(450)	-
	\$ (775)	\$ (23)
Deferred income tax recovery (expense):		
Origination and reversal of temporary differences	4,454	(3,164)
Deferred tax due to changes in tax rates	866	396
Income tax recorded	\$ 4,545	\$ (2,791)

The tax effects of temporary differences that give rise to deferred income tax assets (liabilities) are as follows:

December 31	2012	2011
Deferred income tax assets (liabilities):		
Fixed assets	\$ (5,282)	\$ (6,118)
Intangible assets	(1,779)	(3,930)
Debentures	(8,252)	(10,563)
Net operating losses	5,575	6,801
Other	986	1,300
Total deferred income tax liabilities	\$ (8,752)	\$ (12,510)

Tuckamore has approximately \$122,269 of capital losses that have not been recognized in the consolidated financial statements as at December 31, 2012 (2011 - \$112,877). There is no expiry of capital losses.

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18. Income (loss) per share

The shares issuable under the stock options are the only potentially dilutive shares.

The following table sets forth the adjustments to the numerator and denominator for fully diluted income (loss) per share:

For the year ended December 31,	2012	2011
Numerator:		
Net (loss) income from continuing operations	\$ (27,525)	\$ 13,638
Net income from discontinued operations	1,962	15,928
Net (loss) income	\$ (25,563)	\$ 29,566
Denominator:		
Weighted average number of shares outstanding (basic)	71,631	71,631
Effect of stock options ¹	-	289
Weighted average number of shares outstanding (diluted)	71,631	71,920

The authorized share capital of the Company consists of: (i) an unlimited number of shares and (ii) preferred shares issuable in series to be limited in number of an amount equal to not more than one half of the limited and outstanding shares at the time of issuance of such preferred share. As at December 31, 2012, there were 71,631,431 shares issued and outstanding and no preferred shares issued and outstanding.

19. Stock-based compensation

On November 30, 2009 the unitholders of Tuckamore approved an Incentive Option Plan ("IOP"). Pursuant to the IOP, 7,100,590 shares were listed and reserved for issuance upon the exercise of the stock options granted. On March 25, 2011, the IOP was amended to permit the adoption of a new Management Incentive Plan ("MIP").

Pursuant to the MIP, 7,150,000 shares were listed and reserved for issuance upon the exercise of stock options. The term and conditions of the grants are as follows:

Plan	Grant date	Number of options	Exercise price	Vesting dates	Contractual life of options
IOP	January 13, 2010	7,000,000	\$0.403	2010 to 2013	5 years
	March 25, 2011	50,000	\$0.358	50% vest on March 25, 2012 50% vest on March 25, 2013	5 years
MIP	March 25, 2011	7,150,000	\$0.358	50% vest on March 25, 2012 50% vest on March 25, 2013	5 years
Total options granted		14,200,000			

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The number and weighted average exercise prices of share options are as follows:

	IOP		MIP		Total
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	
Outstanding at January 1, 2011	\$0.403	7,000,000	-	-	7,000,000
Granted during the year	\$0.358	50,000	\$0.358	7,150,000	7,200,000
Outstanding at December 31, 2011		7,050,000		7,150,000	14,200,000
Exercisable at December 31, 2011		5,020,900		-	5,020,900
Outstanding at December 31, 2012		7,050,000		7,150,000	14,200,000
Exercisable at December 31, 2012		6,841,800		3,575,000	10,416,800

The options outstanding at December 31, 2012 have an exercise price in the range of \$0.358 to \$0.403 and a weighted average remaining contractual life of 3 years.

Tuckamore estimates stock-based compensation expense at the grant date based on the fair value of the options as calculated by the Black-Scholes fair value option pricing model. This fair value model requires various judgmental assumptions including volatility and expected life of the options. The resulting fair value is charged to compensation expense over the vesting period of the options. The following assumptions were used in arriving at the fair value of the options granted:

	IOP	MIP
Risk free interest rate	1.63%	1.69%
Expected volatility	141%	122%
Expected weighted average life of options	2.42 years	2 years
Expected dividend yield	0%	0%

On April 1, 2011 the Company converted to a corporation from an income trust structure. Prior to the conversion the trust units were considered puttable instruments and therefore the options were accounted for as cash settled awards and classified as a liability, which is remeasured to fair value at each consolidated balance sheet date. On April 1, 2011 the Company units were exchanged on a one for one basis for shares of Tuckamore. As a result of the conversion, the stock options are considered equity awards and the stock-based payment liability of \$2,833 was re-classified to contributed surplus on the consolidated balance sheet at the April 1, 2011 fair value.

Year ended December 31, 2012	IOP	MIP	Total
2012 Stock based compensation expense using grant date fair value	\$ 216	\$ 960	\$ 1,176
Contributed surplus related to stock based compensation as at December 31, 2012	\$ 2,841	\$ 2,892	\$ 5,733
Year ended December 31, 2011	IOP	MIP	Total
Stock based compensation expense using grant date for fair value	\$ 528	\$ 1,981	\$ 2,509
Fair value adjustment to stock based compensation expense	932	(49)	883
Total stock based compensation expense	\$ 1,460	\$ 1,932	\$ 3,392
Contributed surplus related to stock based compensation as at December 31, 2011	\$ 2,625	\$ 1,932	\$ 4,557

The intrinsic value of vested stock-based compensation awards outstanding as at December 31, 2012 was \$nil.

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20. Related party disclosures

a) Advances to Operating Partnerships

The consolidated financial statements include Tuckamore and the subsidiaries and joint ventures listed in note 1. Tuckamore regularly provides advances to the Operating Partnerships to fund working capital needs. The advances bear interest at prime plus 1%, are unsecured and are due on demand. Advances are included in other current assets. The following table reflects the advances to the other joint venture partners of the Operating Partnerships:

	2012	2011
Net advances to joint venture Operating Partners	\$ 1,359	\$ 1,520

b) Employee loans

Employee loans were made to certain management and employees. In accordance with the terms and conditions, the loans bear interest at prime, were used to purchase shares of Tuckamore and are collateralized by shares and in certain cases personal guarantees. The loan balance is disclosed in the table below.

	2012	2011
Loans to current and former employees	\$ 1,335	\$ 1,572

c) Other related party transactions

Selling, general and administrative expenses includes \$638 of rent expense paid to a company owned by the minority shareholder of Gusgo for the year ended December 31, 2012 (2011 - \$568). These transactions occurred in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to between the parties. Tuckamore shares space and services with a business which employs two of its directors, and paid \$176 for the year ended December 31, 2012 (2011-\$167) for such services. Interest charged to joint venture Operating Partners on advances was \$160 (2011 - \$262). One of Tuckamore's board members is a member of the executive team for a client of Gemma. Revenues in the amount of \$14,200 were realized from this client during the year ended December 31, 2012. One of Tuckamore's board members is a senior partner at a vendor from which Tuckamore obtains services. Total expenses for services obtained during the year amount to approximately \$1,900, of which approximately \$900 remains payable at December 31, 2012.

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d) Compensation for Key Management Personnel

Tuckamore's key management personnel includes the CEO, CFO, Vice Presidents and other senior management at Tuckamore and the CEO, CFO and Vice Presidents at the Operating Partners. The remuneration for these key management personnel during the years ended December 31, 2012 and December 31, 2011 are as follows:

For the year ended December 31,	2012	2011
Short-term employment benefits	\$ 12,044	\$ 12,404
Post-employment benefits	8	13
Termination benefits	99	570
Share based payment	1,176	3,392
Total compensation	\$ 13,327	\$ 16,379

21. Deferred revenue

Balance at December 31, 2010	\$ 6,788
Deferred during the year	17,659
Realized in the consolidated statement of income during the year	(16,916)
Acquired through business combinations	1,077
Balance at December 31, 2011	\$ 8,608
Deferred during the year	15,982
Realized in the income statement during the year	(14,994)
Sold through the disposition of a business	(1,445)
Balance at December 31, 2012	\$ 8,151

22. Financial risk management

Tuckamore has exposure to credit risk, customer concentration risk, liquidity risk and market risk. Tuckamore's Board of Directors has overall responsibility for the establishment and oversight of Tuckamore's risk management framework.

(a) Credit risk

Credit risk is the risk of financial loss to Tuckamore if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Tuckamore's accounts receivable. The carrying amount of financial assets represents the maximum credit exposure.

Cash and short term deposits are held at Canadian financial institutions (Schedule A Banks).

Tuckamore has a credit policy under which each new customer is analyzed individually for creditworthiness before standard payment terms and conditions are offered. Tuckamore's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. When available, Tuckamore reviews credit bureau ratings, bank accounts and financial information for each new customer. A majority of Tuckamore's customers are located in Canada and represent various industries.

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ClearStream's customers are primarily multinational oil and gas and construction companies, all of which have strong creditworthiness.

(b) Customer concentration risk

Revenues of ClearStream are concentrated, with its top three customers representing 35% of consolidated revenue for Tuckamore (2011 – 36%).

Revenues from the top three ClearStream customers represent 54% of ClearStream's total revenues for the year ended December 31, 2012 and 39% of the accounts receivable balance at December 31, 2012 is due from these customers (2011 – 62% of revenues and 36% of accounts receivable).

Revenues from the top three Quantum Murray customers represent 25% of Quantum Murray's total revenues for the year ended December 31, 2012 and 14% of the accounts receivable balance at December 31, 2012 is due from these customers (2011 – 24% of revenues and 14% of accounts receivable).

Revenues from the top three Gemma customers represent 76% of Gemma's total revenues for the year ended December 31, 2012 and 85% of the accounts receivable balance at December 31, 2012 is due from these customers (2011 – 75% of revenues and 66% of accounts receivable).

On a consolidated basis, the aforementioned customers of ClearStream, Quantum Murray and Gemma represent 43% of Tuckamore's revenues for the year ended December 31, 2012 and 31% of Tuckamore's accounts receivable balance at December 31, 2012 (2011 – 48% of revenues and 26% of accounts receivable).

(c) Liquidity risk

Liquidity risk is the risk that Tuckamore will not be able to meet its financial obligations as they come due. Tuckamore's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The maturity dates for long-term debt are 2014, 2015 and 2016 respectively. The capital lease obligations expire in the years 2013 to 2019.

Tuckamore's strategy is that long-term debt should always form part of its capital structure, assuming an appropriate cost. As existing debt approaches maturity, Tuckamore will either replace it with new debt, convert it into equity or refinance or restructure, depending on the state of the capital markets at the time.

Tuckamore manages its liquidity risk by continuously monitoring forecast and actual gross profit and cash flows from operations.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices, will affect Tuckamore's income or the value of its financial instruments.

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Tuckamore markets its products primarily in Canada and substantially all of its financial assets and liabilities originate in Canadian dollars. Tuckamore is exposed to currency risk for sales and purchases that are denominated in U.S. dollars. Tuckamore believes this risk is minimal and has not entered into any currency hedging transactions.

Tuckamore is exposed to currency risk on certain sales and purchases. At December 31, 2012 and December 31, 2011, Tuckamore's consolidated financial statements included the Canadian equivalent of the following U.S. dollar denominated balances:

As at December 31,	2012	2011
Accounts receivable	\$ 3,957	\$ 4,167
Accounts payable and accrued liabilities	(1,969)	(1,480)
	\$ 1,988	\$ 2,687

A 10% strengthening (weakening) in the Canadian dollar against the \$U.S dollar at December 31, 2012 would result in \$199 gain (loss).

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company faces commodity price risk arising from changes to the market prices for scrap metal. The average price for scrap metal was \$404/tonne at December 31, 2012(2011 - \$331/tonne). A \$100/tonne price decrease would result in a \$9,484 (2011 - \$9,597) reduction to pre-tax earnings.

(e) Interest rate risk

This company is subject to risks associated with debt financing, including the risk that credit facilities may not be re-financed on terms that are as favourable as those of existing indebtedness. If variable interest rates increased or decreased by one percent, there would be a \$908 change in the annual net income for the year ended December 31, 2012.

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23. Interest in jointly controlled assets

At December 31, 2012 and 2011 Tuckamore holds a 92% interest in Titan, and 80% interests in Gusgo and IC Group. The consolidated financial statements include Tuckamore's proportionate share of the revenue, expenses, assets and liabilities of the jointly controlled assets described in note 1(b) as follows:

As at December 31,	2012	2011
Current assets	\$ 24,697	\$ 25,399
Property, plant and equipment	1,965	2,161
Long-term investments	-	7,239
Goodwill and intangibles	4,681	4,683
Other assets	-	-
Total Assets	\$ 31,343	\$ 39,482
Current liabilities	\$ 11,778	\$ 31,632
Long-term obligations	472	375
Total Liabilities	\$ 12,250	\$ 32,007

For the year ended December 31,	2012	2011
Revenues	\$ 64,024	\$ 60,381
Expenses	58,193	56,842
Net income	\$ 5,831	\$ 3,539

Cash flows provided by operating activities	\$ 7,048	\$ 1,993
Cash flows used in financing activities	(6,939)	(1,907)
Cash flows used in investing activities	(133)	(166)
	\$ (24)	\$ (80)

24. Changes in non-cash balances

	2012	2011
Accounts receivable	\$ (27,681)	\$ (30,107)
Inventories	11,483	2,117
Prepaid expenses	(1,570)	206
Other current assets	(197)	(119)
Accounts payable and accrued liabilities	(10,343)	4,630
Deferred revenue	988	745
Total changes in non-cash balances	\$ (27,320)	\$ (22,528)

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25. Segmented Information

Tuckamore has four reportable operating segments, each of which has separate operational management and management reporting information. A majority of Tuckamore's operations, assets and employees are located in Canada. The marketing segment represents an outsourced contact centre operator providing outbound revenue generation and inbound customer care services and a provider of on-line promotional and loyalty programs and select insurance products. The industrial services segment includes two reportable segments and represents the investments in a fully integrated provider of mid-stream production services to the energy industry and a provider of demolition contract services and site remediation services. The other segment includes a distributor and manufacturer of heavy equipment, a container transportation business and a reverse logistics provider. The corporate segment includes head office administrative and financing costs incurred by Tuckamore.

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Year Ended December 31, 2012	Marketing	Industrial Services	Quantum ClearStream Murray	Other	Corporate	Total
Revenue	\$36,566	\$ 500,490	\$169,163	\$51,188	\$ -	\$ 757,407
Cost of revenue	(23,962)	(413,555)	(139,085)	(34,592)	-	(611,194)
Gross profit	12,604	86,935	30,078	16,596	-	146,213
Selling, general and administrative	(9,735)	(49,246)	(31,304)	(10,623)	(6,882)	(107,790)
Amortization of intangible assets	(3,129)	(5,812)	(1,161)	-	(724)	(10,826)
Depreciation	(639)	(8,491)	(5,509)	(535)	(3)	(15,177)
Interest expense	(46)	(11,948)	(347)	(716)	(19,770)	(32,827)
Loss on de-recognition of debt	-	-	-	-	(1,534)	(1,534)
Restructuring costs	-	-	(861)	-	-	(861)
Write-down of goodwill and intangibles	(4,201)	(5,067)	-	-	-	(9,268)
Income before income taxes	\$ (5,146)	\$ 6,371	\$ (9,104)	\$ 4,722	\$ (28,913)	\$ (32,070)
Income tax expense - current	(90)	(685)	-	-	-	(775)
Income tax recovery (expense) - deferred	53	1,900	2,027	(100)	1,440	5,320
Income (loss) from continuing operations	\$ (5,183)	\$ 7,586	\$ (7,077)	\$ 4,622	\$ (27,473)	\$ (27,525)
Add back:						
Interest expense	46	11,948	347	716	19,770	32,827
Amortization	3,129	5,812	1,161	-	724	10,826
Depreciation	639	8,491	5,509	535	3	15,177
Income tax expense - current	90	685	-	-	-	775
Income tax expense (recovery) - deferred	(53)	(1,900)	(2,027)	100	(1,440)	(5,320)
EBITDA	\$ (1,332)	\$ 32,622	\$ (2,087)	\$ 5,973	\$ (8,416)	\$ 26,760
Total assets as at:						
December 31, 2012	25,560	263,449	91,920	24,954	22,250	428,133
Total liabilities as at:						
December 31, 2012	11,253	172,915	53,104	23,035	114,575	374,882

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Year Ended	Marketing		Industrial Services		Other	Corporate	Total
December 31, 2011							
		ClearStream	Quantum Murray				
Revenue	\$ 42,931	\$ 370,160	\$ 166,029	\$ 48,492	\$ -	\$ -	\$ 627,612
Cost of revenue	(27,950)	(300,995)	(127,776)	(33,084)	-	-	(489,805)
Gross profit	14,981	69,165	38,253	15,408	-	-	137,807
Selling, general and administrative	(10,845)	(39,203)	(24,472)	(10,444)	(11,246)	-	(96,210)
Amortization of intangible assets	(3,975)	(6,565)	(3,839)	(1,097)	(234)	-	(15,710)
Depreciation	(670)	(8,326)	(3,054)	(442)	(1)	-	(12,493)
Income from equity investment	-	-	-	252	-	-	252
Interest expense	(125)	(11,292)	(470)	(697)	(20,472)	-	(33,056)
Gain on re-measurement of investment	-	-	7,281	-	-	-	7,281
Gain on bargain purchase	-	-	709	-	-	-	709
Gain on extinguishment of debt	-	-	-	-	37,451	-	37,451
Fair value adjustment to stock based compensation expense	-	-	-	-	(883)	-	(883)
Transaction costs	-	(246)	-	-	(2,392)	-	(2,638)
Write-down of long-term investments	-	-	-	(6,081)	-	-	(6,081)
Income before taxes	\$ (634)	\$ 3,533	\$ 14,408	\$ (3,101)	\$ 2,223	\$ -	\$ 16,429
Income tax expense - current	-	(9)	-	-	(14)	-	(23)
Income tax recovery (expense) - deferred	1,768	6,017	(1,476)	91	(9,168)	-	(2,768)
Income (loss) from continuing operations	\$ 1,134	\$ 9,541	\$ 12,932	\$ (3,010)	\$ (6,959)	\$ -	\$ 13,638
Add back:							
Interest expense	125	11,292	470	697	20,472	-	33,056
Amortization	3,975	6,565	3,839	1,097	234	-	15,710
Depreciation	670	8,326	3,054	442	1	-	12,493
Income tax expense - current	-	9	-	-	14	-	23
Income tax (recovery) expense - deferred	(1,768)	(6,017)	1,476	(91)	9,168	-	2,768
EBITDA	\$ 4,136	\$ 29,716	\$ 21,771	\$ (865)	\$ 22,930	\$ -	\$ 77,688
Total assets as at:							
December 31, 2011	39,757	233,662	118,663	24,733	39,220	-	456,035
Total liabilities as at:							
December 31, 2011	15,572	166,982	70,452	22,346	103,045	-	378,397

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26. Capital management

Tuckamore's capital structure is comprised of shareholders' equity and long-term debt. Tuckamore's objective is to maintain access to diverse and cost-effective sources of capital with which to finance its operations, cash resources and investments made by it in the Operating Partnerships. Tuckamore also provides working capital advances to the Operating Partnerships.

Tuckamore is not subject to any externally imposed capital requirements other than standard and restrictive financial covenants on its senior facility with which it must comply. At December 31, 2012 and 2011 Tuckamore was in compliance with all financial covenants.

27. Non-monetary transactions

The receipt of consideration in the form of scrap materials was recorded as non-monetary transactions measured at fair value using active market prices. During the year ended December 31, 2012, \$12,745 (2011 - \$18,341) of scrap materials were received as consideration for demolition services provided and recorded as revenue.

28. Comparative figures

As a result of the discontinued operations, the comparative consolidated statement of (loss) income and comprehensive (loss) income has been reclassified from statements previously presented to conform to the presentation in the December 31, 2012 consolidated financial statements. The comparative consolidated statement of (loss) income and comprehensive (loss) income categorizes the revenues and expenses of businesses sold in 2011 and 2012 as discontinued operations.