

Consolidated Interim Financial Statements of  
**TUCKAMORE CAPITAL MANAGEMENT INC.**  
(Formerly Newport Partners Income Fund)  
Three and Six Months Ended June 30, 2011 and 2010  
(Unaudited)

## TUCKAMORE CAPITAL MANAGEMENT INC. (formerly “Newport Partners Income Fund”)

Consolidated Balance Sheets  
(In thousands of Canadian dollars)  
(unaudited)

	June 30, 2011	December 31, 2010
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 8,212	\$ 27,230
Cash and short-term investments held in trust	6,011	5,000
Accounts receivable	125,215	90,184
Inventories	31,020	28,202
Prepaid expenses	2,946	3,354
Other current assets	9,340	8,513
Assets of discontinued operations (notes 3 and 14)	46,765	45,233
	\$ 229,509	\$ 207,716
Property, plant and equipment (note 5)	51,232	52,443
Long-term investments	7,595	7,594
Goodwill (note 6)	59,446	49,841
Intangible assets (note 6)	129,341	131,096
Other assets	1,511	1,492
	\$ 478,634	\$ 450,182
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	71,686	58,232
Provisions (note 12)	1,023	5,401
Deferred revenue	6,816	6,757
Current portion of obligations under capital leases	4,440	4,534
Liabilities of discontinued operations (notes 3 and 14)	22,870	22,221
Revolving credit facilities (note 7)	-	10,089
Accrued interest on revolving credit facilities (note 7)	-	1,449
Current portion of long-term debt (notes 7 and 13)	46,700	86,939
Convertible debentures (note 7)	-	159,829
Accrued interest on convertible debentures (note 3)	-	23,870
	\$ 153,535	\$ 379,321
Obligations under capital leases	2,956	4,306
Long-term debt (note 7)	68,356	-
Secured debentures (note 7)	143,146	-
Unsecured debentures (note 7)	12,368	-
Stock based payment liability (note 10)	-	1,165
Deferred tax liability (note 8)	24,735	21,898
Unitholders' equity	-	43,492
Shareholders' equity	73,538	-
	\$ 478,634	\$ 450,182

Subsequent events (note 14)

See accompanying notes to unaudited interim consolidated financial statements.

**TUCKAMORE CAPITAL MANAGEMENT INC. (formerly “Newport Partners Income Fund”)**  
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)  
(In thousands of Canadian dollars, except per share amounts)  
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2011	2010	2011	2010
Revenue	\$ 150,293	\$ 123,542	\$ 291,314	\$ 220,838
Cost of revenue	(117,142)	(96,306)	(228,931)	(173,022)
Gross profit	33,151	27,236	62,383	47,816
Expenses				
Selling, general and administrative	(23,534)	(18,925)	(48,168)	(38,375)
Amortization of intangible assets	(7,779)	(2,987)	(15,447)	(6,164)
Depreciation	(3,077)	(2,622)	(6,310)	(5,296)
	\$ (34,390)	\$ (24,534)	\$ (69,925)	\$ (49,835)
Income (loss) before the undernoted	(1,239)	2,702	(7,542)	(2,019)
Income from equity investments	-	335	372	486
Interest expense, net	(7,483)	(6,752)	(14,630)	(16,382)
Gain on re-measurement of investment (note 4)	-	-	9,644	9,051
Gain on debt extinguishment (note 7)	-	-	37,451	-
Fair value adjustment to stock based compensation expense (note 10)	-	46	(883)	351
Transaction costs	(205)	-	(1,388)	(40)
Write-down of goodwill and intangible assets	(321)	(1,779)	(321)	(1,779)
Income (loss) before income taxes	\$ (9,248)	\$ (5,448)	\$ 22,703	\$ (10,332)
Income tax expense - current	(5)	(44)	(8)	(44)
Income tax (expense) recovery - deferred (note 8)	3,173	(2,291)	195	574
Net income (loss) from continuing operations	\$ (6,080)	\$ (7,783)	\$ 22,890	\$ (9,802)
Income from discontinued operations (net of income tax) (note 3)	3,689	3,587	3,796	5,718
Net income (loss) and comprehensive income	\$ (2,391)	\$ (4,196)	\$ 26,686	\$ (4,084)
Income (loss) per share (note 9)				
Basic:				
Continuing operations	\$ (0.08)	\$ (0.11)	\$ 0.32	\$ (0.14)
Net income (loss)	\$ (0.03)	\$ (0.06)	\$ 0.37	\$ (0.06)
Diluted:				
Continuing operations	\$ (0.08)	\$ (0.11)	\$ 0.32	\$ (0.14)
Net income (loss)	\$ (0.03)	\$ (0.06)	\$ 0.37	\$ (0.06)

See accompanying notes to unaudited interim consolidated financial statements.

**TUCKAMORE CAPITAL MANAGEMENT INC. (formerly “Newport Partners Income Fund”)**

Consolidated Statements of Shareholders' Equity

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

(unaudited)

Six months ended June 30, 2011	Number of shares	Share Capital	Deficit	Contributed Surplus	Total Shareholders' Equity
Balance - January 1, 2011	71,631,431	\$ 414,884	\$ (373,752)	\$ 2,360	\$ 43,492
Net income for the period	-	-	26,686	-	26,686
Stock based compensation (note 10)	-	-	-	3,360	3,360
Balance - June 30, 2011	71,631,431	\$ 414,884	\$ (347,066)	\$ 5,720	\$ 73,538

Six months ended June 30, 2010	Number of units	Unitholders' Capital	Deficit	Contributed Surplus	Total Unitholders' Equity
Balance - January 1, 2010	71,631,431	\$ 414,884	\$ (396,380)	\$ 2,360	\$ 20,864
Net loss for the period	-	-	(4,084)	-	(4,084)
Balance - June 30, 2010	71,631,431	\$ 414,884	\$ (400,464)	\$ 2,360	\$ 16,780

See accompanying notes to unaudited interim consolidated financial statements.

# TUCKAMORE CAPITAL MANAGEMENT INC. (formerly "Newport Partners Income Fund")

## Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

(unaudited)

	Six months ended June 30	
	2011	2010
Cash provided by (used in):		
Operating activities:		
Net income (loss) for the period	\$ 26,686	\$ (4,084)
Items not affecting cash:		
Income from discontinued operations (note 3)	(3,796)	(5,718)
Amortization of intangible assets	15,447	6,164
Depreciation	6,337	5,326
Deferred income tax expense (recovery)	(195)	(574)
Income from equity investments, net of cash received	372	579
Non-cash interest expense	3,262	1,848
Gain on re-measurement of investment (note 4)	(9,644)	(9,051)
Gain on extinguishment of debt (note 7)	(37,451)	-
Stock based compensation expense (note 10)	2,195	729
Write-down of goodwill and intangible assets	321	1,779
Changes in non-cash working capital	(33,074)	(7,027)
Distributions from discontinued operations	1,401	9,061
Cash provided by (used in) discontinued operations (note 3)	(838)	13,243
	\$ (28,977)	\$ 12,275
Investing activities:		
Acquisition of businesses, net cash acquired (note 4)	(14,547)	(4,321)
Purchase of property, plant and equipment	(671)	(1,229)
Net proceeds on disposal of property, plant and equipment	523	-
Purchase of software	(710)	-
Increase in other assets	-	(405)
Cash provided by (used in) discontinued operations (note 3)	567	(485)
	\$ (14,838)	\$ (6,440)
Financing activities:		
Increase in long-term debt	29,766	-
Repayment of long term debt	-	(18,225)
Decrease in cash held in trust	(1,011)	(1,047)
Repayment of capital lease obligations	(2,828)	(2,416)
Cash used in discontinued operations (note 3)	(1,017)	(11,507)
	\$ 24,910	\$ (33,195)
Decrease in cash and cash equivalents	(18,905)	(27,360)
Cash and cash equivalents, beginning of period		
- continuing operations	27,230	41,262
Cash and cash equivalents, beginning of period		
- discontinued operations	509	2,620
Cash and cash equivalents, end of period	\$ 8,834	\$ 16,522
Cash and cash equivalents, end of period		
- continuing operations	\$ 8,212	\$ 12,651
Cash and cash equivalents, end of period		
- discontinued operations	622	3,871
Supplemental cash flow information:		
Interest paid	\$ 6,621	\$ 7,774
Cash acquired upon acquisition	\$ 20	-
Supplemental disclosure of non-cash financing and investing activities:		
Acquisition of property, plant and equipment through capital leases	\$ 728	\$ 645
Debt and accrued interest repaid through issuance of debentures	\$ 152,951	-

See accompanying notes to unaudited interim consolidated financial statements.

## **TUCKAMORE CAPITAL MANAGEMENT INC. (formerly “Newport Partners Income Fund”)**

Notes to Interim Consolidated Financial Statements

(In thousands of Canadian dollars)

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(unaudited)

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Tuckamore Capital Management Inc. (“Tuckamore”) formerly named Newport Inc., 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”).

Tuckamore was formerly named Newport Inc. Newport Inc. was the entity arising from the conversion of Newport Partners Income Fund (the “Fund”) to a corporation pursuant to a plan of arrangement under the *Business Corporations Act* (Ontario). Effective April 1, 2011, unitholders of the Fund received one common share of Newport Inc. in exchange for each unit of the Fund.

The interim consolidated financial statements were authorized for issue in accordance with a resolution of the directors of Tuckamore on August 9, 2011.

### **1. Significant accounting policies**

#### **a) Basis of Presentation**

These unaudited interim condensed consolidated financial statements have been prepared in accordance with the Amended International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The same accounting policies were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of the interim condensed consolidated financial statements for the three months ended March 31, 2011. In addition, the interim condensed consolidated financial statements for the three months ended March 31, 2011 contain certain incremental annual IFRS disclosures not included in the Fund’s annual financial statements for the year ended December 31, 2010 prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). Accordingly, these interim condensed consolidated financial statements for the three and six months ended June 30, 2011 should be read together with the annual consolidated financial statements for the year ended December 31, 2010 prepared in accordance with Canadian GAAP as well as the interim condensed consolidated financial statements for the three months ended March 31, 2011, which was prepared in accordance with IFRS.

These interim consolidated financial statements have been prepared on the basis of IFRS that are effective or available at Tuckamore’s first IFRS annual reporting date, December 31, 2011. Based on these IFRS’, management has made assumptions about the accounting policies expected to be adopted (“Accounting Policies”) when the first IFRS annual financial statements are prepared for the year ending December 31, 2011.

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The IFRS<sup>1</sup> that will be effective or available in the annual financial statements for the year ending December 31, 2011 are still subject to change and to the issue of additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period that are relevant to this interim financial information will be determined only when the first IFRS annual consolidated financial statements are prepared at December 31, 2011.

### 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.

Under the proportionate consolidation method applied to jointly controlled operations, Tuckamore's share of assets, liabilities, revenue and expenses 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 companies. Investments are written down when there is evidence that a decline in value, that is other than temporary, has occurred.

The following table indicates the accounting method for each of Tuckamore's investments in Operating Partnerships categorized as continuing operations as at June 30, 2011. Tuckamore invested in all Operating Partnerships indirectly together with their respective general partner.

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<b>Operating Partnership</b>	<b>Initial Investment Date</b>	<b>June 30, 2011 Percentage Ownership</b>	<b>Accounting Method</b>	<b>Business Description</b>
Gemma Communications LP (“Gemma”)	March 2005	100 <sup>1</sup>	Consolidation	Integrated direct marketing company
NPC Integrity Energy Services LP (“NPC”)	October 2004	100 <sup>1</sup>	Consolidation	Provider of oil and gas maintenance, construction and wear technology services to both the conventional oil and gas industry and the oilsands
Quantum Murray LP (“Quantum Murray”)	March 2006	64	Proportionate consolidation	National provider of demolition, remediation and scrap metal services
IC Group LP (“IC Group”)	July 2006	80	Proportionate consolidation	Provider of on-line promotional and loyalty programs and select insurance products
Titan Supply LP (“Titan”)	September 2006	92	Proportionate consolidation	Distributor of rigging and wear products to the oil and gas, transportation, pipeline, construction, mining and forestry industries
Armstrong Partnership LP (“Armstrong”)	October 2006	80	Proportionate consolidation	Provider of in-store promotional marketing services
Gusgo Transport LP (“Gusgo”)	October 2006	80	Proportionate consolidation	Transportation and storage services provider
Rlogistics LP (“Rlogistics”)	May 2006	36	Equity method	Re-seller of close-out, discount and refurbished consumer electronics and household goods in Ontario.

<sup>1</sup> refer to note 4



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### 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 sheet 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 generally recognized in other comprehensive income except for available-for-sale investments that do not have a quoted market price in an active market which are measured at cost. Tuckamore has used the following classifications:

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<b>Category</b>	<b>Financial statement caption</b>
Held for trading	Cash and cash equivalents
Held-to-maturity investments	None owned
Loans and receivables	Accounts receivable and long-term note receivables
Available-for-sale financial assets	None owned
Other financial liabilities	Revolving credit facilities, accounts payable, provisions, long-term debt, secured and unsecured debentures, convertible debentures and capital lease obligations (measured at amortized cost)

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Transaction costs that are incremental and directly attributed to debt or equity issuances are capitalized. All other transaction costs, including fees paid to advisors and costs that are related to fair value through profit and loss transactions, are expensed as incurred. Financing costs, including underwriting and arrangement fees paid to lenders are deferred and netted against the carrying value of the related debt and amortized into interest expense using the effective interest method.

#### (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. These transactions and events include unrealized gains and losses resulting from changes in the fair value of certain financial instruments classified as available-for-sale. During the periods ended June 30, 2011 and 2010 there were no transactions recorded in comprehensive income (loss).

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(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 specific identification of costs 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.

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

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<b>Asset</b>	<b>Basis</b>	<b>Rate</b>
Equipment under capital lease	Straight-line	Term of lease or useful life
Furniture and equipment	Declining balance	14% - 40%
Computer hardware and software	Declining balance	20% - 100%
Automotive and heavy equipment	Declining balance	30% - 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 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 consolidated balance sheets.

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 assets’ 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 income statement.

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### 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. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the CGUs that are expected to benefit from the synergies of the combination.

Goodwill and indefinite life intangibles 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. The impairment is determined by assessing whether the carrying value of the CGU including allocated goodwill and indefinite life intangibles exceeds the recoverable amount. The recoverable amount is the higher of a 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 a 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 income statement in those expense categories consistent with the function of the impaired assets. Impairment losses on goodwill are not subsequently reversed.

### 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/contracts, management contracts, distribution licences, intellectual property and non-competition agreements 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 on 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:

<b>Asset</b>	<b>Basis</b>	<b>Rate</b>
Customer relationships/contracts	Straight-line	2 – 10 years
Computer software	Declining balance	40%

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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) Financial services

Financial services revenue primarily includes management fee income generated from investment management services, commission income from insurance policies, and corporate finance and advisory fees.

Management fees are based on contracts, calculated as a percentage of the net asset value of the assets being managed and are recognized when earned, in accordance with contract terms. Commission income related to insurance policies is recognized on a net basis when there is persuasive evidence of an agreement, service delivery has occurred and collectability is considered probable. Corporate finance and advisory fees relate to financial advisory assignments and are recorded when the underlying transaction is substantially completed under the terms of the agreement.

Revenue from financial services has been included in income from discontinued operations.

(ii) Marketing

Marketing revenue includes revenue generated from marketing campaign projects, teleservice programs and the sale of advertisements. Revenues from marketing campaign projects are 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 are recognized as services are performed, generally based on hours incurred. Advertisements are recognized at the time the advertisement is displayed and when collection of the relevant receivable is probable and the sale price is fixed or determinable. Deposits received in excess of amounts billed for marketing campaign projects and on sales of advertisements not yet displayed are recorded as deferred revenue, and the related costs are included in work in progress or prepaid expenses.

(iii) 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 using the percentage of completion method and revenue is recognized 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

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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.

(iv) Other

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

All other revenue is recognized when the service has been completed or the goods have been shipped. Provisions for estimated losses on all uncompleted contracts are made in the period in which such losses are determined.

j) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated to 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 obligations incurred. 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.

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 undistributed 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 laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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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 inception date. Leases entered into by Tuckamore as lessee that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital 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 grading 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 (loss) and contributed surplus in the consolidated balance sheet. The initial fair value of the options is determined based on the application of the Black-Scholes option valuation model at the date the options were granted. The options granted by Tuckamore are accounted for as equity awards under IFRS 2. In accordance with IFRS 2 Share-based payments, the services received in relation to the options granted are recorded as 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 re-measured to fair value at each balance sheet date up to 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 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 include 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.

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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 pre-tax 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 (loss) 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 statement of income (loss). In the consolidated balance sheet of the reporting period, and of the comparable period, 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.

If Tuckamore holds a non-controlling equity interest in an investment immediately before obtaining control, the existing investment is re-measured to fair value as at the date control was obtained, with any gain or loss on re-measurement recognized in income or loss. A change from a non-controlling interest to obtaining control is



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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

The preparation of 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 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 to the carrying amount of the asset or liability affected in future periods.

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

(i) 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.

(ii) 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.

(iii) Impairment

The impairment test on CGUs is carried out by comparing the carrying amount of the CGU and its recoverable amount. The recoverable amount is the higher of fair value, less costs to sell and its value in use. This complex valuation process includes the use of discounted cash flows which use assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows and the growth rate used for the extrapolation. Changes in any of these assumptions or judgments could result in significant changes to the fair value of the asset or CGU.

(iv) 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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(v) 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 and expected term.

(vi) 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.

t) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations were not yet effective as at June 30, 2011 and have not been applied in preparing these interim consolidated financial statements. Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. Tuckamore is assessing the impact that the new and amended standards will have on its consolidated financial statements.

The following is a brief summary of the new standards:

(i) IFRS 9, Financial Instruments (“IFRS 9”)

IFRS 9 replaces IFRS 39, Financial Instruments: Recognition and Measurement. 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.

(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 replaces SIC-12 *Consolidation—Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

(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 for 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*

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*Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.*

(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.

(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 to sell 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.

(vi) Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, *Separate Financial Statements* (IAS 27), and IAS 28, *Investments in Associates and Joint Ventures* (IAS 28). 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 – 13.

## 2. Transition to IFRS

IFRS requires that comparative financial information be provided. As a result, the first date at which Tuckamore applied IFRS was January 1, 2010 (the “Transition Date”). The accounting policies in note 1 have been applied in preparing the interim consolidated financial statements as at and for the three and six months ended June 30, 2011, the comparative information for the three and six months ended June 30, 2010 as well as the balance sheet as at December 31, 2010.

In preparing the comparative information for the three and six months ended June 30, 2010 Tuckamore has adjusted amounts reported previously in the interim and annual consolidated financial statements prepared in accordance with Canadian GAAP.

### *Reconciliation of Canadian GAAP to IFRS*

IFRS 1 requires an entity to reconcile equity, and comprehensive income (loss) for prior periods. Tuckamore’s adoption of IFRS did not have an impact on the total operating, investing or financing cash flows. The following

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represents the adjustments net of tax to reconcile Canadian GAAP to IFRS for the respective periods noted for unitholders' equity (deficit) and comprehensive income (loss):

### Reconciliation of Unitholders' Equity

As at		June 30, 2010
Unitholders' equity under Canadian GAAP	\$	8,037
a) Property, plant and equipment		1,448
b) Business combinations		9,259
c) Stock based compensation		(729)
d) Deferred taxes		(1,235)
Unitholders' equity under IFRS	\$	16,780

### Reconciliation of Comprehensive Loss

	For the three months ended		For the six months ended	
	June 30, 2010		June 30, 2010	
Net loss and comprehensive loss under Canadian GAAP	\$	(4,554)	\$	(14,062)
a) Property, plant and equipment		53		106
b) Business combinations		124		9,259
c) Stock based compensation		46		351
d) Deferred taxes		135		262
Loss and comprehensive loss under IFRS	\$	(4,196)	\$	(4,084)

- a) Property, plant and equipment: Under both Canadian GAAP and IFRS, each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Under Canadian GAAP, componentization was not applied to the same level and extent as required under IFRS. Through the componentization analysis, it was determined that lower depreciation expense should be recorded under IFRS. The depreciation of these assets resulted in an adjustment to the Transition Date, June 30, 2010 and December 31, 2010 balance sheets as well as comprehensive income (loss) for the year ended December 31, 2010 and three and six months ended June 30, 2010 increasing the value of the assets and reducing previous depreciation.
- b) Business combinations: Under IFRS, step acquisitions which result in obtaining control require the existing investment to be re-measured to fair value at the date on which control was obtained, any gain or loss on re-measurement is recognized in income or loss. In the first six months of 2010, Tuckamore completed a step acquisition in which control was obtained resulting in the re-measurement of Tuckamore's previous ownership interest and a gain on re-measurement was recorded in income. In addition, under IFRS, acquisition related transaction costs are expensed as incurred, rather than included in the cost of the investment under Canadian GAAP. Refer to note 4 for details of the impact of the fair value re-measurements for Gemma and NPC.
- c) Stock based compensation: Under Canadian GAAP, Tuckamore accounted for stock based compensation plans using grant date fair value and recording as an expense and contributed surplus. Under IFRS, prior to the conversion from an income trust to a corporation, the Fund units were considered puttable instruments and

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therefore the options are considered a cash settled awards which require the options to be recorded as a liability. The liability is then re-measured to fair value at each balance sheet date prior to the conversion to a corporation.

- d) Deferred taxes: Under Canadian GAAP the difference between the carrying value and tax basis of Tuckamore's convertible debentures are categorized as a permanent difference. IFRS requires such difference be treated as a taxable temporary difference and accordingly a deferred tax liability has been recorded.

### **3. Discontinued operations**

#### **Marketing**

- a) On June 23, 2010, Tuckamore sold substantially all of the assets of its investment in Sports and Entertainment LP (“S&E”), for net cash proceeds of \$271 plus a promissory note for \$250.
- b) On December 1, 2010 Tuckamore sold its 67.13% interest in Capital C Communications LP (“Capital C”). Capital C includes two divisions, Capital C and Kenna. The investment (including goodwill of \$11,971) was sold for net proceeds of \$27,000, resulting in an accounting gain of \$1,539 (net of tax of \$1,816).

#### **Other**

- a) On August 19, 2010 Tuckamore sold its 90% interest in Peerless Garments LP (“Peerless”). The investment (including goodwill of \$920) was sold for net proceeds of \$20,381 resulting in an accounting loss of \$3,396 (net of tax of \$4,404).

#### **Financial Services**

- a) On December 23, 2010 Tuckamore sold its 100% investment in Newport Partners LP (“NP LP”) and certain related assets to a group of principals of NP LP. The investment (including goodwill of \$9,037) was sold for net proceeds of \$15,000, resulting in an accounting loss of \$3,454.
- b) On July 27, 2011 Tuckamore sold its 86.66% interest in Morrison Williams Investment Management LP for gross proceeds of \$10,100 realizing an accounting gain of approximately \$1,600. The net proceeds were deposited into an escrow account in accordance with the terms of the senior credit facility and the terms of the secured and unsecured debentures to be held and used for specified acquisition purposes and specified working capital needs.
- c) On July 5, 2011 Tuckamore announced that it had entered an agreement with Brompton Corp. and Brompton Group Limited (“BGL”), a significant shareholder of Brompton Corp., whereby BGL granted to Tuckamore an option to require BGL to acquire substantially all of Tuckamore's interest in Brompton Corp. for a purchase price of approximately \$17,500. Tuckamore's option to require BGL to purchase its interest was conditional on a number of items, including the sale by Brompton of the shares of a subsidiary that manages certain Brompton investment funds to Aston Hill (the “Brompton Sale”), as well as regulatory

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compliance. The Brompton sale closed on July 27, 2011. In accordance with the agreement, Tuckamore intends to exercise its option on August 29, 2011, with closing of the transaction expected during September 2011, subject to regulatory compliance.

- d) On July 28, 2011 Tuckamore sold its 77.5% interest in Baird Macgregor Insurance Brokers LP and its 100% interest in Hargraff Schofield LP for gross proceeds of \$11,250. This resulted in an accounting gain of approximately \$2,450. Approximately 50% of the net proceeds were deposited into an escrow account in accordance with the terms of the senior credit facility and the terms of the secured and unsecured debentures to be held and used for specified acquisition purposes and specified working capital needs, with the other 50% being used to repay senior indebtedness.

The Morrison Williams, Baird MacGregor, Hargraff and Brompton operations qualified under IFRS 5 as assets held for sale at June 30, 2011 and accordingly, the current and prior period results are re-classified as discontinued operations.

The following table shows the revenue and net income (loss) from discontinued operations for the six months ended June 30, 2010.

For the six months ended June 30, 2011			
	Marketing	Financial Services	Total
Revenue	\$ -	\$ 6,609	\$ 6,609
Expenses	-	(7,322)	(7,322)
Income (loss) before taxes	-	(713)	(713)
Income from equity investments	-	713	713
Gain on sale of discontinued operations	3,300	-	3,300
Income tax expense - current	-	-	-
Income tax (expense) recovery - deferred	(2)	498	496
Income from discontinued operations	\$ 3,298	\$ 498	\$ 3,796
Income per share - basic			\$ 0.05
Income per share - diluted			\$ 0.05
Cash flows provided by (used in) discontinued operations			
Net cash used in operating activities	\$ (25)	\$ (813)	\$ (838)
Net cash provided by investing activities	\$ -	\$ 567	\$ 567
Net cash used in financing activities	\$ -	\$ (1,017)	\$ (1,017)

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For the six months ended June 30, 2010

	Marketing	Other	Financial Services	Total
Revenue	\$ 16,945	\$ 18,148	\$ 13,615	\$ 48,708
Expenses	(15,822)	(16,127)	(13,539)	(45,488)
Income before taxes	1,123	2,021	76	3,220
Income from equity investments	-	-	887	887
Gain on sale of discontinued operations	204	-	-	204
Income tax expense - current	-	-	(20)	(20)
Income tax recovery - deferred	308	669	450	1,427
Income from discontinued operations	\$ 1,635	\$ 2,690	\$ 1,393	\$ 5,718
Income per share - basic				\$ 0.08
Income per share - diluted				\$ 0.08
Cash flows provided by (used in) discontinued operations				
Net cash provided by operating activities	\$ 1,489	\$ 6,195	\$ 5,559	\$ 13,243
Net cash used in investing activities	\$ (301)	\$ (16)	\$ (168)	\$ (485)
Net cash used in financing activities	\$ (2,040)	\$ (5,926)	\$ (3,541)	\$ (11,507)

The following table shows the assets are liabilities of assets held for sale as at June 30, 2011 and December 31, 2010.

As at June 30, 2011

Effect of disposal on the financial position	Marketing	Financial Services	Total
Current assets of discontinued operations	157	46,608	46,765
Current liabilities of discontinued operations	-	22,870	22,870
Net assets (liabilities) of discontinued operations	157	23,738	23,895

As at December 31, 2010

Effect of disposal on the financial position	Marketing	Financial Services	Total
Current assets of discontinued operations	223	45,010	45,233
Current liabilities of discontinued operations	(62)	22,283	22,221
Net assets (liabilities) of discontinued operations	285	22,727	23,012

**4. Business combinations**

The following investments made by Tuckamore during the six months ended June 30, 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.

On February 10, 2011, NPC paid \$13,812 to acquire the remaining 20% interest in Golosky Energy Services (“GES”) bringing total ownership to 100% and obtaining control of GES. The acquisition completes Tuckamore's strategy of obtaining 100% of its investment in the oil and gas sector. The acquisition was accounted for using the acquisition method of accounting as a step acquisition, which required NPC to re-measure its previously held 80% interest. An additional \$5,954 was paid to settle unpaid distributions and other obligations.

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From the date of acquisition, the purchase of the additional 20% interest of GES has contributed \$23,126 of revenue and \$1,065 to net income. If the acquisition had taken place at the beginning of the six months ended June 30, 2011, revenue from continuing operations would have been \$295,166 and income from continuing operations would have been \$23,019.

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 preliminary estimated fair value of the assets acquired and liabilities assumed for the GES and Morrison Williams acquisitions were as follows:

	GES			Morrison Williams <sup>2</sup>	Total
	20% purchase allocation	Fair value adjustments <sup>1</sup>	Recognized values on acquisition	6.66% purchase allocation	
Current assets	\$ 9,010		\$ 9,010	\$ 101	\$ 9,111
Property, plant and equipment	4,976	216	5,192	2	5,194
Goodwill	-	9,485	9,485	364	9,849
Intangible assets	13,154	-	13,154	505	13,659
Current liabilities	10,305	-	10,305	78	10,383
Long-term liabilities	48	-	48	7	55
Deferred tax liability	2,975	57	3,032	132	3,164
Net assets	13,812	9,644	23,456	755	24,211
Consideration paid, cash	13,812			755	14,567
Cash acquired	-			20	20
Net cash outflow	\$ 13,812			\$ 735	\$ 14,547

<sup>1</sup> Fair value adjustments to existing 80% interest

<sup>2</sup> The results of Morrison Williams are included in discontinued operations

The following investments made by Tuckamore during the year ended December 31, 2010, 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.

On January 4, 2010 Tuckamore paid \$4,285 to acquire the remaining 20% interest in Gemma. Tuckamore now owns 100% of Gemma. The acquisition was made pursuant to a shot-gun buy-sell provision of the limited partnership agreement governing Gemma. The acquisition was accounted for under the acquisition method of accounting as a step acquisition which required Tuckamore to re-measure its previously held 80% interest resulting in a gain of \$9,051.

The estimated fair values assigned to the assets and liabilities assumed were based on internal estimates. The final estimated fair values of the assets acquired and liabilities assumed for the 20% interest in Gemma and the re-measurement of its previously held 80% interest are detailed in the table below:



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	Gemma			
	20% purchase allocation	Fair value adjustments <sup>1</sup>	Recognized values on acquisition	Total
Current assets	\$ 830	\$	830	\$ 830
Property, plant and equipment	293		293	293
Goodwill	1,758	10,545	12,303	12,303
Intangible assets	2,706	(1,985)	721	721
Current liabilities	544	-	544	544
Long-term liabilities	56	-	56	56
Deferred tax liability	702	(491)	211	211
Net assets	4,285	9,051	13,336	13,336
Consideration paid, cash	4,285			4,285
Cash acquired	4			4
Net cash outflow	\$ 4,281			\$ 4,281

<sup>1</sup> Fair value adjustments to existing 80% interest<sup>2</sup> In connection with this transaction Tuckamore also recorded a reduction in amortization of \$248 and transaction costs of \$40. The total impact to shareholders' equity was \$9,259

On December 20, 2010 Tuckamore paid \$14,488 to acquire the remaining 20% interest in NPC. Tuckamore now owns 100% of NPC.

The acquisition was made to meet Tuckamore's strategy of obtaining 100% interest of its investment in the oil and gas sector. The acquisition was accounted for under the acquisition method of accounting as a step acquisition which required Tuckamore to re-measure its previously held 80% interest which resulted in a gain of \$74,561.

The estimated fair values assigned to the assets and liabilities assumed were based on a combination of independent appraisals and internal estimates. The preliminary estimated fair values of the assets acquired and liabilities assumed for the 20% interest in NPC and the re-measurement of its previously held 80% interest are detailed in the table below:

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	NPC			Total
	20% purchase allocation	Fair value adjustments <sup>1</sup>	Recognized values on acquisition	
Current assets	\$ 14,636	\$ -	\$ 14,636	\$ 14,636
Property, plant and equipment	7,268	9,179	16,447	16,447
Goodwill	1,735	13,480	15,215	15,215
Intangible assets	21,354	75,724	97,078	97,078
Current liabilities	24,776	-	24,776	24,776
Long-term liabilities	251	-	251	251
Deferred tax liability	5,478	23,822	29,300	29,300
Net assets	14,488	74,561	89,049	89,049
Consideration paid, cash	14,488			14,488
Cash acquired	-			-
Net cash outflow	\$ 14,488			\$ 14,488

<sup>1</sup> Fair value adjustments to existing 80% interest

Fair value estimates relating to the GES and NPC acquisitions are not complete and therefore the acquisition accounting is preliminary and subject to adjustments.

### 5. Property, plant and equipment

	Equipment under capital lease	Furniture and equipment	Computer hardware and software	Automotive and heavy equipment	Land and buildings	Leasehold improvements	Total
<b>Cost</b>							
<b>Balance at January 1, 2011</b>	\$ 18,653	\$ 10,121	\$ 4,524	\$ 39,154	\$ 8,083	\$ 6,407	\$ 86,942
Additions	728	84	317	278	6	(13)	1,400
Disposals	(913)	(218)	(60)	(820)	-	(3)	(2,014)
Acquisitions through business combinations	380	1,981	58	2,223	16	534	5,192
Other	(178)	-	-	(834)	(319)	361	(970)
<b>Balance at June 30, 2011</b>	\$ 18,670	\$ 11,968	\$ 4,839	\$ 40,001	\$ 7,786	\$ 7,286	\$ 90,550
<b>Depreciation</b>							
<b>Balance at January 1, 2011</b>	(9,818)	(1,964)	(3,099)	(15,141)	(1,558)	(2,919)	\$ (34,499)
Depreciation for the period	(1,872)	(841)	(305)	(2,138)	(49)	(1,105)	(6,310)
Disposals	721	161	48	561	-	-	1,491
<b>Balance at June 30, 2011</b>	\$ (10,969)	\$ (2,644)	\$ (3,356)	\$ (16,718)	\$ (1,607)	\$ (4,024)	\$ (39,318)
<b>Net book value</b>							
At December 31, 2010	\$ 8,835	\$ 8,157	\$ 1,425	\$ 24,013	\$ 6,525	\$ 3,488	\$ 52,443
At June 30, 2011	\$ 7,701	\$ 9,324	\$ 1,483	\$ 23,283	\$ 6,179	\$ 3,262	\$ 51,232

a) Collateral:

As at June 30, 2011, property, plant and equipment with a carrying amount of \$51,232 are subject to a general security agreement under the long-term debt (December 31, 2010 - \$52,443).

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### b) Capital Commitments:

As at June 30, 2011, Tuckamore had no capital commitments for the acquisition of new equipment (December 31, 2010 - \$34).

## 6. Goodwill and intangible assets

	Goodwill	Customer relationships	Computer software	Brands	Total
<b>Cost</b>					
<b>Balance at January 1, 2011</b>	\$ 49,841	\$ 140,788	\$ 1,301	\$ 32,552	\$ 224,482
Acquisitions through business combinations	9,485	9,636	-	3,518	22,639
Impairment	-	-	-	(321)	(321)
Additions	-	-	710	-	710
Other	120	149	-	-	269
<b>Balance at June 30, 2011</b>	\$ 59,446	\$ 150,573	\$ 2,011	\$ 35,749	\$ 247,779
<b>Amortization</b>					
<b>Balance at January 1, 2011</b>	\$ -	\$ (43,213)	\$ (332)	\$ -	\$ (43,545)
Amortization for the period	-	(15,317)	(130)	-	(15,447)
<b>Balance at June 30, 2011</b>	\$ -	\$ (58,530)	\$ (462)	\$ -	\$ (58,992)
<b>Net book value</b>					
At December 31, 2010	\$ 49,841	\$ 97,575	\$ 969	\$ 32,552	\$ 180,937
At June 30, 2011	\$ 59,446	\$ 92,043	\$ 1,549	\$ 35,749	\$ 188,787

## 7. Senior credit facility and debenture

### a) Senior credit facility

On December 20, 2010, Tuckamore announced the successful assignment of senior debt financing in the amount of \$86,939 to Marret, on behalf of various funds under management (“Marret Lenders”). In connection with the assignment, the Marret Lenders received an assignment of all of the rights and obligations of the previous lenders under the senior credit facility, including under the current forbearance agreement and the related forbearance period, which the Marret Lenders agreed to extend until December 31, 2011, unless amendments curing existing events of default were entered into prior to that date. Marret, as agent and on behalf of the Marret Lenders, also at the same time entered into an amended and restated credit agreement with Newport Finance Corp. (“NFC”) and certain of its affiliates, providing improved borrowing terms to the Tuckamore group of companies, as well as an amended and restated forbearance agreement. Tuckamore has provided security over all of its assets. In addition, the operating partnerships have guaranteed the obligations of NFC by a general security agreement on the present and future property of the limited partnerships.

On March 23, 2011, Tuckamore, through NFC, entered into a second amended restated credit agreement with the Marret Lenders, at which time the amended and restated forbearance agreement was cancelled.

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The key terms of the second amended restated credit agreement are as follows: mandatory repayment of 100% of the net proceeds on sale of investments, subject to the ability to utilize up to \$15,000 for specified acquisition purposes in certain circumstances, repayments based on 75% of excess cash flow beginning in the final quarter of 2011, maturity date of December 20, 2013, annual covenants for 2011 and 2012 requiring a minimum EBITDA, senior debt ratio and fixed charge ratios, and similar quarterly covenants through 2013. In addition, the agreement provides for an additional \$10,000 advance available for working capital purposes and \$5,234 advance available for acquisitions. Transaction costs related to the assignment and amendment of the senior credit facility in the amount of \$1,719 have reduced the liability, and will be amortized to income using the effective interest rate method over the term of the facility

During the first quarter of 2011, Tuckamore drew a further \$19,766 to fund NPC's acquisition of the 20% interest in GES that it did not already own and during the second quarter of 2011, Tuckamore drew an additional \$10,000 for working capital purposes. The latter amount has been classified as a current liability as it is to be repaid by October 31, 2011.

Estimated net proceeds of \$36,700 from asset sales subsequent to the quarter end have been classified as a current liability as they will be used to pay down debt, subject to certain conditions.

### 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 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 satisfies 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 Secured Debentures outstanding at any time. 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. 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. At June 30, 2011, Tuckamore is unable to estimate any amounts repayable in 2011 in connection with this mandatory, redemption provision. The

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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.

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 outstanding common shares of Tuckamore on the repayment date. The Unsecured Debentures were listed on the TSX on the closing date of March 23, 2011.

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 have been 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 have been 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.

### c) Classification

Tuckamore completed the refinancing of its senior credit facility and unsecured convertible debentures on March 23, 2011. Because this refinancing was completed prior to the finalization of Tuckamore's 2010 Canadian GAAP consolidated financial statements, the amended senior credit facility, and new secured debentures and new unsecured debentures were classified as long-term liabilities on the Canadian GAAP December 31, 2010 consolidated balance sheet. IFRS requires the refinancing to be finalized by the balance sheet date for long-term classification, and consequently the same debt liabilities are reflected as current liabilities on the comparative IFRS December 31, 2010 consolidated balance sheet.

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**8. Income taxes**

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

Three months ended June 30	2011	2010
Income tax (expense) recovery at statutory rates	\$ 2,669	\$ 1,689
Permanent differences	(602)	(2,937)
Change in tax rates on temporary differences	1,218	(1,277)
Derecognition of deferred tax (asset)/ liabilities	-	(350)
Release of tax reserve	280	-
Other	(392)	584
Income tax (expense) recovery - deferred	\$ 3,173	\$ (2,291)
Six months ended June 30	2011	2010
Income tax (expense) recovery at statutory rates	\$ (6,357)	\$ 3,203
Permanent differences	1,925	(608)
Change in tax rates on temporary differences	3,630	(791)
Derecognition of deferred tax assets/(liabilities)	-	(350)
Release of tax reserve	280	-
Other	717	(880)
Income tax (expense) recovery - deferred	\$ 195	\$ 574

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

Three months ended June 30	2011	2010
Total current income tax expense	\$ (5)	\$ (44)
Deferred income tax (expense) recovery:		
Origination and reversal of temporary differences	1,955	(1,014)
Deferred tax due to changes in tax rates	1,218	(1,277)
Total deferred income tax (expense) recovery	\$ 3,173	\$ (2,291)

Six months ended June 30	2011	2010
Total current income tax expense	\$ (8)	\$ (44)
Deferred income tax (expense) recovery:		
Origination and reversal of temporary differences	(3,435)	1,365
Deferred tax due to changes in tax rates	3,630	(791)
Total deferred income tax recovery	\$ 195	\$ 574

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

	June 30, 2011	December 31, 2010
Deferred income tax assets (liabilities):		
Fixed assets	\$ (2,872)	\$ (3,440)
Intangible assets	(20,241)	(23,721)
Convertible debentures		(917)
Debentures	(11,680)	-
Other	10,058	6,180
	\$ (24,735)	\$ (21,898)

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Tuckamore has approximately \$20,497 of capital losses that have not been recognized in the consolidated financial statements as of June 30, 2011 (December 31, 2010 - \$20,497). There is no expiry of capital losses.

### 9. 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:

Three months ended June 30	2011	2010
Numerator:		
Loss from continuing operations	\$ (6,080)	\$ (7,783)
Income from discontinued operations	3,689	3,587
Net loss	\$ (2,391)	\$ (4,196)
Denominator:		
Weighted average number of shares outstanding (basic)	71,631,431	71,631,431
Effect of stock options issued <sup>1</sup>	3,917,330	-
Weighted average number of shares outstanding (diluted)	75,548,761	71,631,431
Six months ended June 30		
Numerator:		
Income (loss) from continuing operations	\$ 22,890	\$ (9,802)
Income from discontinued operations	3,796	5,718
Net income (loss)	\$ 26,686	\$ (4,084)
Denominator:		
Weighted average number of shares outstanding (basic)	71,631,431	71,631,431
Effect of stock options issued <sup>1</sup>	2,916,861	-
Weighted average number of shares outstanding (diluted)	74,548,292	71,631,431

<sup>1</sup> The effect of stock options issued during 2010 was anti-dilutive.

For purposes of the six months ended June 30, 2011 diluted calculation, the numerator is increased by \$883 representing the period increase in the fair value of stock options since grant date.

### 10. Stock-based compensation

On November 30, 2009 the shareholders 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, 2010	-	-	-	-	-
Granted during the year	\$0.403	7,000,000	-	-	7,000,000
Outstanding at December 31, 2010	\$0.403	7,000,000	-	-	7,000,000
Exercisable at December 31, 2010	-	3,225,000	-	-	3,225,000
Forfeited during the period	-	-	-	-	-
Exercised during the period	-	-	-	-	-
Granted during the period	\$0.358	50,000	\$0.358	7,150,000	7,200,000
Outstanding at June 30, 2011		7,050,000		7,150,000	14,200,000
Exercisable at June 30, 2011		4,358,400		-	4,358,400

The options outstanding at June 30, 2011 have an exercise price in the range of \$0.358 to \$0.403 and a weighted average remaining contractual life of 5 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	1.69%	1.69%
Expected volatility	122%	122.0%
Expected weighted average life of options	2.42 years	2 years
Expected dividend yield	0%	0%

The expense (income) recognized related to stock-based compensation is as follows:

Three months ended June 30, 2011	IOP	MIP	Total
Stock based compensation using grant date for fair value	\$ 81	\$ 446	\$ 527
Fair market value adjustment reflected to liability classification			0
Total stock based compensation expense	\$ 81	\$ 446	\$ 527
Contributed surplus	\$ 2,331	\$ 1,029	\$ 3,360
Six months ended June 30, 2011	IOP	MIP	Total
Stock based compensation using grant date for fair value	\$ 234	\$ 1,078	\$ 1,312
Fair market value adjustment reflected to liability classification	932	(49)	883
Total stock based compensation expense	\$ 1,166	\$ 1,029	\$ 2,195
Contributed surplus	\$ 2,331	\$ 1,029	\$ 3,360

On April 1, 2011 the Fund converted to a corporation from an income trust structure. Prior to the conversion the trust units were considered puttable instruments and therefore were accounted for as cash settled awards and classified



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as a liability, which is re-measured at each balance date. On April 1, 2011 the Fund units were exchanged on a one for one basis for shares of Tuckamore. As a result of the change, the stock options are considered equity awards and the stock option liability was re-classified to contributed surplus on the balance sheet at the April 1, 2011 fair value.

<b>Three months ended June 30, 2010</b>		<b>IOP</b>
Stock based compensation using grant date for fair value	\$	153
Fair market value adjustment reflected to liability classification		(46)
Total stock based compensation expense	\$	107
Stock based payment liability	\$	729
<b>Six months ended June 30, 2010</b>		<b>IOP</b>
Stock based compensation using grant date for fair value	\$	1,080
Fair market value adjustment reflected to liability classification		(351)
Total stock based compensation expense	\$	729
Stock based payment liability	\$	729

The intrinsic value of vested stock based compensation awards outstanding as at June 30, 2011 was \$423.

### 11. Related party disclosures

#### a) Advances to operating partnerships

The consolidated interim 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 partnership that do not eliminate on consolidation:

As at	June 30, 2011	December 31, 2010
Murray	3,793	1,125
Titan	1,321	1,120
Armstrong	110	70
Total advances	\$ 5,224	\$ 2,315

#### 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 balances are disclosed in the table below.

As at	June 30, 2011	December 31, 2010
Employee loans	\$ 1,868	\$ 1,869

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### c) Other related party transactions

Selling, general and administrative expenses includes \$418 of rent expense paid to related parties of Quantum Murray and Gusgo for the three months ended June 30, 2011 (2010 - \$544) and \$775 for the six months ended June 30, 2011 (2010 - \$899). 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 the directors of Tuckamore, and paid \$90 during the three months ended June 30, 2011 (2010-\$52) and \$182 during the six months ended June 30, 2011 (2010-\$105) for such services.

## 12. Provisions

		NPC		Tax		Other		Total
Balance at January 1, 2011	\$	1,101	\$	4,300		\$		5,401
Provisions made during the period		303		-		250		553
Provisions used during the period		(631)		-				(631)
Provisions reversed during the period				(4,300)				(4,300)
Balance at June 30, 2011	\$	773	\$	-	\$	250	\$	1,023

### a) NPC operational restructuring

NPC Integrity Energy Services Limited Partnership has recorded provisions for costs related to restructuring its senior management team and the closure of certain location. Estimated costs were based on the terms of employment contracts and lease contracts

### b) Tax

From time to time management re-assesses the adequacy of its accounting provisions. In the current quarter, management assessed that previously recorded tax provisions were no longer required. The reversal of the provision is included in discontinued operations (\$3,300) and interest expense (\$1,000)

## 13. Segmented information

Tuckamore has four reportable operating segments (the former Financial Services segment is now included in discontinued operations), each of which has separate operational management and management reporting information. All of Tuckamore's operations, assets and employees are located in Canada. The marketing segment represents the investment in a fully integrated marketing agency providing in-store promotional marketing, digital and social media marketing solutions, 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 incorporates 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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Three months ended June 30, 2011	Marketing	Industrial Services NPC	Quantum Murray	Other	Corporate	Total
Revenue	\$ 12,577	\$ 97,165	\$ 30,146	\$ 10,405		\$ 150,293
Cost of revenue	(8,321)	(78,556)	(23,313)	(6,952)		(117,142)
	4,256	18,609	6,833	3,453	-	33,151
Expenses						
Selling, general and administrative	(3,088)	(10,450)	(4,778)	(2,456)	(2,762)	(23,534)
Amortization of intangible assets	(449)	(6,200)	(782)	(329)	(19)	(7,779)
Depreciation	(206)	(2,428)	(245)	(110)	(88)	(3,077)
	\$ (3,743)	\$ (19,078)	\$ (5,805)	\$ (2,895)	\$ (2,869)	\$ (34,390)
Income (loss) before the undemoted	513	(469)	1,028	558	(2,869)	(1,239)
Interest expense	(43)	(2,932)	(88)	(169)	(4,251)	(7,483)
Transaction costs	-	-	-	-	(205)	(205)
Write-down of goodwill and intangible assets		(321)	-	-	-	(321)
Income tax expense - current	-	-	-	-	(5)	(5)
Income tax (expense) recovery - deferred	85	2,451	(87)	(33)	757	3,173
Income (loss) from continuing operations	\$ 555	\$ (1,271)	\$ 853	\$ 356	\$ (6,573)	\$ (6,080)
Add back:						
Interest expense	43	2,932	88	169	4,251	7,483
Amortization	449	6,200	782	329	19	7,779
Depreciation <sup>(i)</sup>	206	2,428	245	124	88	3,091
Income tax expense - current	-	-	-	-	5	5
Income tax (expense) recovery - deferred	(85)	(2,451)	87	33	(757)	(3,173)
EBITDA	\$ 1,168	\$ 7,838	\$ 2,055	\$ 1,011	\$ (2,967)	\$ 9,105
Total assets as at:						
June 30, 2011 <sup>(ii)</sup>	38,163	257,945	66,409	33,349	82,768	478,634

(i) Depreciation of \$14 relating to production equipment has been included in cost of revenue.

(ii) Discontinued operations previously part of the Financial Services segment are included in the Corporate segment (refer to note 3).

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Six months ended June 30, 2011	Marketing	Industrial Services	Other	Corporate	Total	
		Quantum NPC	Murray			
Revenue	\$ 24,539	\$ 182,579	\$ 61,593	\$ 22,603	\$ -	\$ 291,314
Cost of revenue	(16,268)	(149,251)	(48,125)	(15,287)	-	(228,931)
	8,271	33,328	13,468	7,316	-	62,383
Expenses						
Selling, general and administrative	(6,254)	(20,840)	(9,835)	(4,997)	(6,242)	(48,168)
Amortization of intangible assets	(2,105)	(11,084)	(1,564)	(658)	(36)	(15,447)
Depreciation	(398)	(3,990)	(1,167)	(226)	(529)	(6,310)
	\$ (8,757)	\$ (35,914)	\$ (12,566)	\$ (5,881)	\$ (6,807)	\$ (69,925)
Income (loss) before the undemoted	(486)	(2,586)	902	1,435	(6,807)	(7,542)
Income from equity investment	-	-	-	372	-	372
Interest expense	(75)	(5,473)	(182)	(331)	(8,569)	(14,630)
Gain on re-measurement of investment	-	9,644	-	-	-	9,644
Gain on debt extinguishment	-	-	-	-	37,451	37,451
Fair value adjustment to stock based compensation expense	-	-	-	-	(883)	(883)
Transaction costs	-	(194)	-	-	(1,194)	(1,388)
Write-down of goodwill and intangible assets	-	(321)	-	-	-	(321)
Income tax expense - current	-	(3)	-	-	(5)	(8)
Income tax (expense) recovery - deferred	414	6,004	604	37	(6,864)	195
Income (loss) from continuing operations	\$ (147)	\$ 7,071	\$ 1,324	\$ 1,513	\$ 13,129	\$ 22,890
Add back:						
Interest expense	75	5,473	182	331	8,569	14,630
Amortization	2,105	11,084	1,564	658	36	15,447
Depreciation <sup>(i)</sup>	398	3,990	1,167	253	529	6,337
Income tax expense - current	-	3	-	-	5	8
Income tax expense (recovery) - deferred	(414)	(6,004)	(604)	(37)	6,864	(195)
EBITDA	\$ 2,017	\$ 21,617	\$ 3,633	\$ 2,718	\$ 29,132	\$ 59,117
Segment balances total assets as at:						
June 30, 2011 <sup>(ii)</sup>	38,163	257,945	66,409	33,349	82,768	478,634

(i) Depreciation of \$27 relating to production equipment has been included in cost of revenue.

(ii) Discontinued operations previously part of the Financial Services segment are included in the Corporate segment (refer to note 3).

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Three months ended June 30, 2010	Marketing	Industrial Services	Quantum NPC Murray	Other	Corporate	Total
Revenue	\$ 13,441	\$ 76,820	\$ 24,365	\$ 8,916	\$ -	\$ 123,542
Cost of revenue	(9,186)	(62,732)	(18,386)	(6,002)	-	(96,306)
	4,255	14,088	5,979	2,914	-	27,236
Expenses						
Selling, general and administrative	(2,988)	(5,686)	(5,111)	(2,343)	(2,797)	(18,925)
Amortization of intangible assets	(1,054)	(799)	(782)	(329)	(23)	(2,987)
Depreciation	(220)	(1,338)	(932)	(132)	-	(2,622)
	\$ (4,262)	\$ (7,823)	\$ (6,825)	\$ (2,804)	\$ (2,820)	\$ (24,534)
Income (loss) before the undernoted	(7)	6,265	(846)	110	(2,820)	2,702
Income from equity investment	35	-	-	300	-	335
Interest expense	(30)	(1,884)	(30)	(145)	(4,663)	(6,752)
Fair value adjustment to stock based compensation expense	-	-	-	-	46	46
Write-down of goodwill & intangible assets	-	(1,779)	-	-	-	(1,779)
Income tax expense - current	-	(14)	-	-	(30)	(44)
Income tax (expense) recovery - deferred	(1,345)	502	(380)	46	(1,114)	(2,291)
Income (loss) from continuing operations	\$ (1,347)	\$ 3,090	\$ (1,256)	\$ 311	\$ (8,581)	\$ (7,783)
Add back:						
Interest expense	30	1,884	30	145	4,663	6,752
Amortization	1,054	799	782	329	23	2,987
Depreciation <sup>(i)</sup>	220	1,338	932	147	-	2,637
Income tax expense - current	-	14	-	-	30	44
Income tax expense (recovery) - deferred	1,345	(502)	380	(46)	1,114	2,291
EBITDA	\$ 1,302	\$ 6,623	\$ 868	\$ 886	\$ (2,751)	\$ 6,928
Total assets as at:						
December 31, 2010 <sup>(ii)</sup>	35,927	218,047	66,948	34,250	95,010	450,182

(i) Depreciation of \$15 relating to production equipment has been included in cost of revenue.

(ii) Discontinued operations previously part of the Financial Services segment are included in the Corporate segment (refer to note 3)

## TUCKAMORE CAPITAL MANAGEMENT INC. (formerly “Newport Partners Income Fund”)

Notes to Interim Consolidated Financial Statements  
(In thousands of Canadian dollars)  
Three and Six months ended June 30, 2011 and 2010  
(unaudited)

Six months ended June 30, 2010	Marketing	Industrial Services	Other	Corporate	Total	
		NPC	Quantum Murray			
Revenue	\$ 26,800	\$ 129,224	\$ 45,390	\$ 19,424	\$ -	\$ 220,838
Cost of revenue	(17,925)	(106,393)	(35,486)	(13,218)	-	(173,022)
	8,875	22,831	9,904	6,206	-	47,816
Expenses						
Selling, general and administrative	(5,959)	(11,387)	(10,391)	(4,659)	(5,979)	(38,375)
Amortization of intangible assets	(2,307)	(1,588)	(1,564)	(658)	(47)	(6,164)
Depreciation	(458)	(2,701)	(1,865)	(272)	-	(5,296)
	\$ (8,724)	\$ (15,676)	\$ (13,820)	\$ (5,589)	\$ (6,026)	\$ (49,835)
Income (loss) before the undernoted	151	7,155	(3,916)	617	(6,026)	(2,019)
Income from equity investment	36	-	-	450	-	486
Interest expense	(56)	(3,793)	(105)	(291)	(12,137)	(16,382)
Gain on re-measurement of investment	9,051	-	-	-	-	9,051
Fair value adjustment to stock based compensation expense	-	-	-	-	351	351
Transaction costs	-	-	-	-	(40)	(40)
Write-down of goodwill & intangible assets	-	(1,779)	-	-	-	(1,779)
Income tax expense - current	-	(14)	-	-	(30)	(44)
Income tax (expense) recovery - deferred	704	1,105	(2,049)	93	721	574
Income (loss) from continuing operations	\$ 9,886	\$ 2,674	\$ (6,070)	\$ 869	\$ (17,161)	\$ (9,802)
Add back:						
Interest expense	56	3,793	105	291	12,137	16,382
Amortization	2,307	1,588	1,564	658	47	6,164
Depreciation <sup>(i)</sup>	458	2,701	1,865	302	-	5,326
Income tax expense - current	-	14	-	-	30	44
Income tax expense (recovery) - deferred	(704)	(1,105)	2,049	(93)	(721)	(574)
EBITDA	\$ 12,003	\$ 9,665	\$ (487)	\$ 2,027	\$ (5,668)	\$ 17,540
Total assets as at:						
December 31, 2010 <sup>(ii)</sup>	35,927	218,047	66,948	34,250	95,010	450,182

(i) Depreciation of \$30 relating to production equipment has been included in cost of revenue.

(ii) Discontinued operations previously part of the Financial Services segment are included in the Corporate segment (refer to note 3).

## **TUCKAMORE CAPITAL MANAGEMENT INC. (formerly “Newport Partners Income Fund”)**

Notes to Interim Consolidated Financial Statements

(In thousands of Canadian dollars)

Three and Six months ended June 30, 2011 and 2010

(unaudited)

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### **14. Subsequent events**

On July 27, 2011 Tuckamore sold its 86.66% interest in Morrison Williams Investment Management LP for gross proceeds of \$10,100 realizing an accounting gain of approximately \$1,600. The net proceeds were deposited into an escrow account in accordance with the terms of the senior credit facility and the terms of the Secured Debentures and Unsecured Debentures to be held and used for specified acquisition purposes and specified working capital needs.

On July 28, 2011 Tuckamore sold its 77.5% interest in Baird Macgregor Insurance Brokers LP and its 100% interest in Hargraff Schofield LP for gross proceeds of \$11,250. This resulted in an accounting gain of approximately \$2,450. Approximately 50% of the net proceeds were deposited into an escrow account in accordance with the terms of the senior credit facility and the terms of the Secured Debentures and Unsecured Debentures to be held and used for specified acquisition purposes and specified working capital needs with the other 50% being used to repay senior indebtedness.

On July 5, 2011 Tuckamore announced that it had entered an agreement with Brompton Corp. and Brompton Group Limited (“BGL”), a significant shareholder of Brompton Corp., whereby BGL granted to Tuckamore an option to require BGL to acquire substantially all of Tuckamore’s interest in Brompton Corp. for a purchase price of approximately \$17,500. Tuckamore’s option to require BGL to purchase its interest was conditional on a number of items, including the sale by Brompton of the shares of a subsidiary that manages certain Brompton investment funds to Aston Hill (the “Brompton Sale”), as well as regulatory compliance. The Brompton sale closed on July 27, 2011. In accordance with the agreement, Tuckamore intends to exercise its option on August 29, 2011, with closing of the transaction expected during September 2011, subject to regulatory compliance.

A statement of claim had been filed in the Court of Queen’s Bench Alberta alleging breach of contract and negligence. The claim was for \$630 relating to third party costs and \$38,600 in damages. The claim was settled subsequent to the quarter end for an immaterial amount after insurance claim proceeds.