TUCKAMORE CAPITAL

ANNUAL REPORT 2011

Portfolio Performance Summary

$ 000s Operating Partner	Ownership Interest	2011 Adjusted EBITDA	2010 Adjusted EBITDA	2009 Adjusted EBITDA
ClearStream	100%	$ 29,716	$ 20,703	$ 19,478
Quantum Murray	100%	13,781	2,481	5,565
Gemma	100%	3,213	3,023	3,786
Titan	92%	2,937	2,191	1,324
Armstrong	80%	1,170	1,137	1,175
Gusgo	80%	2,027	2,093	1,877
IC Group	80%	923	592	2,685
Rlogistics	36%	252	1,031	1,105
Total Current Portfolio		**$ 54,019**	**$ 33,251**	**$ 36,995**

2011 Financial Summary

$ 000s, except per share amounts	2011	2010	2009[1]
Financial highlights			
Revenue	**$ 638,401**	$ 454,145	$ 488,100
Gross profit	**141,185**	98,208	106,567
Adjusted EBITDA after corporate costs	**40,418**	20,710	24,100
Net income (loss) from continuing operations	**13,143**	42,721	(68,649)
Income (loss) per share - continuing operations	**0.18**	0.60	(0.96)
Financial Position			
Total assets	**$ 452,852**	$ 432,638	$ 481,160
Senior credit facility	**95,705**	86,939	150,499
Secured Debentures	**146,314**	-	-
Unsecured Debentures	**14,215**	-	-
Convertible debt	**-**	159,829	156,136
Unitholders' equity	**-**	43,515	20,864
Shareholders' equity	**75,937**	-	-

[1] The 2009 income statement figures are reported under Canadian GAAP and the balance sheet figures are as at January 1, 2010 and reported under IFRS.

2011

Financial Highlights

- Earned $40.4M Adjusted EBITDA from continuing operations.
- Divested four operating partnerships for proceeds of $37.0M with net proceeds used to repay senior debt.
- Additional investment made in two core investments. Acquired 20% remaining interest in Clearstream's Oilsands division and 36% remaining interest in Quantum Murray.
- Subsequent to year end announced the successful refinancing of the senior debt facility at much lower interest rates.

2012

Objectives

- Focus on improved operational performance in particular within the industrial services segment.
- Strengthen the management teams at the portfolio investments as necessary.
- Determine optimum value realization opportunities for non-core investments.
- Access more working capital funding to accelerate organic growth of core investments.

Our Core Investments

Clearstream Energy Services

ClearStream's Industrial Services division executes a piping replacement during a maintenance project at an energy facility. ClearStream is a top provider of maintenance, project and shutdown services to the energy industry in Western Canada.

Oilsands heavy hauler – A close up of the world's largest, highest payload capacity, mechanical drive haul truck series, the CAT 797. ClearStream trains and supplies operators for this and other heavy equipment used in daily operations in the Oilsands, and its sheer size is illustrated by the operator shown here. The current, third-generation model, the 797F, offers one of the largest haul truck payload capacities in the world, up to 400 short tons (363 t).

Fire Bag Mat project – ClearStream's transportation division preparing a SAGD (Steam-Assisted Gravity Drainage) site for operation, at Firebag, approximately 200 km north of Fort McMurray. Modular mat units are transported by truck to the site and laid in place with a mobile crane unit. The matting provides a stable yet moveable surface to support men and equipment, as well as reduce mud and other hazards from the work area.

ClearStream's Fabrication division fabricates modules to specification in its module assembly yards and transports to the client operating site. As the name suggests, a module, or "mod" for short, is a moveable component of a larger facility. ClearStream's specialized fabrication capabilities include Wear Pipe and Wear Plate. ClearStream's Wear Pipe operations are the largest in North America.

Our Core Investments

Quantum Murray LP

In order to create a new floor level to house shops, food hall and services the Union Station Revitalization Project required Quantum Murray's interior demolition, hazardous materials abatement and remediation services in the basement of Union Station, Toronto. Along with the abatement work throughout the area, the demolition will include much of the interior and 100,000 tonnes of soil is being excavated and remediated.

This decommissioning project included a Quantum Murray abatement program which involved the removal of asbestos and PCB material. During the interior demolition various pieces of equipment (boilers, heat exchanges, electrical equipment etc.) and metals were recovered. The facility was demolished to 1.5 metres below grade and concrete was stockpiled and crushed and used as backfill on site.

Quantum Murray completed this project on behalf of Alberta Infrastructure at the historic Turner Valley Gas Plant to construct a 900 meter long bentonite slurry wall to protect the Sheep River from underground hydrocarbon contamination migration. This project also included river bank erosion protection as well as a water treatment corridor.

This project involved Quantum Murray's abatement and demolition of a coal fired generating plant. The project included responsibility for care and custody of the site, devising engineering plans, removal of hazardous materials and demolition of above grade structures without damaging nearby buildings. The resulting materials from the drop were pulverized for the back filling of the settling tank area.

Dear Shareholders

This has been a challenging year for Tuckamore, but also one with significant achievements. We have refinanced our balance sheet, continued to reduce debt through sales of non-core investments, have increased our ownership interest in our core investments, and have improved our operational results.

In the first quarter we amended our senior credit facility which included the removal of all forbearance conditions. At the same time, we were successful in refinancing our debentures and accrued interest with new second lien paper due in 2016 and new unsecured debentures due 2014 respectively. Although still restrictive, the improved terms of these new facilities provided a base from which to continue our plans for the year. Most recently, in March 2012 we have secured a new senior credit facility with a Canadian chartered bank which will again increase our flexibility and will provide a much lower borrowing rate.

We wanted to reduce debt further and we wanted to provide sharper focus within our portfolio. Through streamlining our portfolio we have been able to achieve both. In assessing the investments in our portfolio for value creation and value realization opportunities, we determined that we had solid investments in the financial services sector, but felt that strategic and industry buyers would find these assets valuable as they would be able to grow them faster than we could. We took advantage of this, and in the summer sold both of our remaining asset management investments and both of our insurance brokerage investments. Gross proceeds of $38 million were used to reduce debt.

One of the improved terms of our senior credit facility allowed us to use proceeds from asset sales to fund asset purchases in certain circumstances. Three investments over the last year have increased our ownership to 100% in our two core investments. First we increased our ownership in NPC, which we have recently rebranded as ClearStream, in two steps, the latter step increasing to 100% our investment in the oil sands services business. We are particularly pleased with this transaction as it now gives us increased exposure to a very active industry sector which appears well positioned for sustained growth - assuming oil prices remain stable. Our third investment, completed at the end of the third quarter, increased our ownership in Quantum Murray to 100%. Quantum Murray had a stellar year and we are optimistic about this business in the longer term. This sector can be impacted by short term business slowdowns but it is a well-diversified business with its national demolition, abatement, remediation and scrap metal services.

Dean T. MacDonald
President and Chief Executive Officer

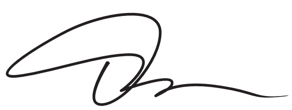
These two businesses represent 85% of our portfolio's operational earnings this year. It was an important step for Tuckamore to be able to secure 100% ownership of each of these core investments in a year full of financial challenges. From an operational viewpoint both of these businesses performed well this year. There has been increased time and focus on these investments by Tuckamore management and we see that continuing as we look to ensure these businesses win their fair share of increasing opportunities, particularly out west. We will carefully manage these core investments, mindful of balancing our borrowing capacity with the significant working capital needs of these growing businesses.

We also took care of some necessary corporate changes during the year. Advantages of being structured as an income fund are long gone, and we converted from a fund to a corporation effective the beginning of the second quarter. Later in that quarter, we completed our internal housekeeping at our annual general meeting when we renamed and rebranded as Tuckamore Capital. A Tuckamore is a coastal tree and one which grows low and strong, leaning away from the ocean to thrive where others perish. Given the abundant challenges of the last three years, we thought the name reflected well the spirit and determination of our team.

We have also streamlined our board, at the same time adding significant industry and business expertise. Both Phil Lind, Vice Chairman of Rogers, and the Right Honourable Brian Mulroney have joined our board and are providing valuable counsel.

We look forward to continue the improvement in operational performance in 2012. We will continue to streamline our portfolio where it makes sense and we will work tirelessly for the benefit of all stakeholders. In particular, we would like to thank our operating partners and shareholders for their continued support.

With thanks,



Dean T. MacDonald

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 30, 2012

The following is management's discussion and analysis ("MD&A") of the consolidated results of operations, balance sheets and cash flows of Tuckamore Capital Management Inc. ("Tuckamore") for the years ended December 31, 2011 and 2010. This MD&A should be read in conjunction with Tuckamore's audited consolidated financial statements for the years ended December 31, 2011 and 2010.

All amounts in this MD&A are in Canadian dollars and expressed in '000's of dollars unless otherwise noted. The accompanying audited annual consolidated financial statements of Tuckamore have been prepared by and are the responsibility of management. The contents of this MD&A have been approved by the Board of Directors of Tuckamore on the recommendation of its Audit Committee. This MD&A is dated March 30, 2012 and is current to that date unless otherwise indicated.

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

This MD&A makes reference to certain measures that are not defined in IFRS and contains forward-looking information. These measures do not have any standard meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

Capitalized terms are defined terms, their meaning is explained in the "Definitions" section located on page 46, and references to "we", "us", "our" or similar terms, refer to Tuckamore, unless the context otherwise requires.

INDEX

Forward-looking information

This MD&A contains certain forward-looking information. Certain information included in this MD&A may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results and may include statements or information regarding the future plans or prospects of Tuckamore or the Operating Partnerships and reflects management's expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of Tuckamore and the Operating Partnerships. Without limitation, information regarding the future operating results and economic performance of Tuckamore and the Operating Partnerships constitute forward-looking information. Such forward-looking information reflects management's current beliefs and is based on information currently available to management of Tuckamore and the Operating Partnerships. Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information including risks related to investments, conditions of capital markets, economic conditions, dependence on key personnel, limited customer bases, interest rates, regulatory change, ability to meet working capital requirements and capital expenditures needs of the Operating Partners, factors relating to the weather and availability of labour. These factors should not be considered exhaustive. In addition, in evaluating this information, investors should specifically consider various factors, including the risks outlined under "Risk Factors," which may cause actual events or results to differ materially from any forward-looking statement. In formulating forward-looking information herein, management has assumed that business and economic conditions affecting Tuckamore and the Operating Partnerships will continue substantially in the ordinary course, including without limitation with respect to general levels of economic activity, regulations, taxes and interest rates. Although the forward-looking information is based on what management of Tuckamore and the Operating Partnerships consider to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events or results will be consistent with this forward-looking information, and management's assumptions may prove to be incorrect. This forward-looking information is made as of the date of this MD&A, and Tuckamore does not assume any obligation to update or revise it to reflect new events or circumstances except as required by law. Undue reliance should not be placed on forward-looking information. Tuckamore is providing the forward-looking financial information set out in this MD&A for the purpose of providing investors with some context for the "2012 Outlook" presented. Readers are cautioned that this information may not be appropriate for any other purpose.

Non-standard measures

The terms ''EBITDA'' and "adjusted EBITDA", (collectively the ''Non- GAAP measures'') are financial measures used in this MD&A that are not standard measures under International Financial Reporting Standards (''IFRS''). Tuckamore's method of calculating Non-GAAP measures may differ from the methods used by other issuers. Therefore, Tuckamore's Non-GAAP measures, as presented may not be comparable to similar measures presented by other issuers.

EBITDA refers to net earnings determined in accordance with IFRS, before depreciation and amortization, interest expense and income tax expense. EBITDA is used by management and the Directors as well as many investors to determine the ability of an issuer to generate cash from operations. Management also uses EBITDA to monitor the performance of Tuckamore's reportable segments and believes that in addition to net income or loss and cash provided by operating activities, EBITDA is a useful supplemental measure from which to determine Tuckamore's ability to generate cash available for debt service, working capital, capital expenditures, income taxes and distributions. Tuckamore has provided a reconciliation of net income to EBITDA in its MD&A.

Adjusted EBITDA refers to EBITDA excluding the gain or loss on reduction or sale of ownership interest (dilution gains or losses), the write-down of goodwill and intangible assets, restructuring costs, gain on re-measurement of investments, gain on debt extinguishment, fair value adjustments on stock based compensation expense and the impairment of long-term investments. Tuckamore has used Adjusted EBITDA as the basis for the analysis of its past operating financial performance. Adjusted EBITDA is used by Tuckamore and management believes it is a useful supplemental measure from which to determine Tuckamore's ability to generate cash available for debt service, working capital, capital expenditures, and income taxes. Adjusted EBITDA is a measure that management believes facilitates the comparability of the results of historical periods and the analysis of its operating financial performance which may be useful to investors.

Investors are cautioned that the Non-standard Measures are not alternatives to measures under IFRS and should not, on their own, be construed as an indicator of performance or cash flows, a measure of liquidity or as a measure of actual return on the shares. These Non-standard Measures should only be used in conjunction with the financial statements included in the MD&A and Tuckamore's (formerly Newport Inc.) annual audited consolidated financial statements available on SEDAR at www.sedar.com or www.tuckamore.ca

INDUSTRY SEGMENTS

Tuckamore has three industry segments. All of Tuckamore's operations, assets and employees are located in Canada. In addition to the segments listed below, the corporate segment reflects head office administrative and financing costs incurred by Tuckamore. Tuckamore utilizes EBITDA as a performance measure for its operating partners and segment results.

Operating Partner by Industry Segment	Business Description	Ownership Interest
Marketing		
Armstrong	Provider of in-store promotional marketing services.	80%
Gemma	Integrated direct marketing company.	100%
IC Group	Provider of on-line promotional and loyalty programs and select insurance products.	80%
Industrial Services		
ClearStream (formerly "NPC")	Provider of oil and gas maintenance, construction and wear technology services to both the conventional oil and gas industry and the oilsands.	100%
Quantum Murray	National provider of demolition, remediation and scrap metal services.	100%
Other		
Gusgo	Transportation and storage services provider	80%
Rlogistics	Re-seller of close-out, discount and refurbished consumer electronics and household goods in Ontario.	36%
Titan	Distributor of rigging and wear products to the oil and gas, transportation, pipeline, construction, mining and forestry industries.	92%

ADOPTION OF IFRS

The 2011 annual report represents the first year end in which Tuckamore has reported its financial results under IFRS. The change from Canadian GAAP to IFRS has an impact on the annual consolidated financial statements of Tuckamore as follows:

(i) January 1, 2010 Opening Balance Sheet (IFRS transition date)

(ii) December 31, 2010 Balance Sheet

(iii) Income statement for the year ended December 31, 2010

The accounting items that impact the statements, and the statements impacted are as follows:

(a) Property, plant and equipment	(i)(ii) and (iii)
(b) Impairment	(ii) and (iii)
(c) Business combinations	(ii) and (iii)
(d) Stock based compensation	(ii) and (iii)
(e) Deferred taxes	(i)(ii) and (iii)
(f) Debt classification	(ii)

Property, Plant and Equipment (“PPE”)

Under IFRS, there is more detailed itemization of PPE into its components which can cause a different assessment of useful lives resulting in different depreciation rates. The impact on Tuckamore is that, previously, lower depreciation expense would have been recorded under IFRS compared to Canadian GAAP resulting in an increase of asset values on each IFRS balance sheet. Consequently, there are lower depreciation expense amounts recorded in the IFRS income statement for the year ended December 31, 2010.

Impairment

Generally, the methods for determining whether assets are impaired are similar between Canadian GAAP and IFRS. As a result, there was no impact to the opening balance sheet. Because of different accounting under IFRS for business combinations (see below), there was an adjustment to the 2010 income statement December 31, 2010 balance sheet to reflect an impairment of goodwill in Gemma.

Business Combinations

There is no restatement of business combinations occurring prior to the IFRS transition date as Tuckamore elected not to retrospectively apply IFRS 3, Business Combinations. In subsequent periods, Tuckamore will be most impacted by the requirement, on a transaction that increases ownership in an existing investment to a control position, to remeasure the existing ownership interest to fair value. In January 2010 and December 2010 Tuckamore increased its ownership interests in Gemma and ClearStream to 100% from 80% thereby moving Tuckamore to a control position from its previous joint control position. For Gemma and ClearStream acquisitions remeasurement gains of $9,862 and $73,895 were recorded. Identifiable assets and liabilities of both the acquired and existing ownership interest are recorded at fair value with the increase in existing ownership to fair value recorded as a remeasurement gain in the income statement. Where applicable, the increases in asset values will cause increases in deferred tax liability balances. In addition, transaction costs related to business combinations are expensed under IFRS rather than being considered part the purchase cost under Canadian GAAP.

Stock Based Compensation

The fair value of stock options is calculated at the date of grant and is recorded as stock-based compensation expense and as contributed surplus within unitholders' equity over the vesting period. Under IFRS, prior to the conversion from an income trust to a corporation, the previous Fund units were considered puttable instruments and therefore the options are considered to be cash settled awards which require the options to be recorded as a liability. The liability amount was re-measured to fair value at each balance sheet date with the change in fair value recorded in income. On the conversion to a corporation on April 1, 2011, the accounting treatment became similar to that under Canadian GAAP, which resulted in a reclassification of the liability to contributed surplus.

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 differences to be treated as a taxable temporary difference and accordingly a deferred tax liability has been recorded. An additional deferred tax liability was recorded on the taxable temporary differences arising from the componentization of certain property, plant and equipment.

Debt Classification

Tuckamore completed a 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 audited consolidated financial statements, the amended senior credit facility, convertible debentures, the subordinated revolving credit facility, accrued interest on the debentures and the subordinated revolving credit facility could be categorized on the December 31, 2010 consolidated balance sheet as long-term liabilities under Canadian GAAP. Under IFRS the refinancing subsequent to the balance sheet date is not considered, and consequently the same debt liabilities are reflected as current liabilities on the comparative December 31, 2010 consolidated balance sheet.

2011 RESULTS

SUMMARY RESULTS FROM CONTINUING OPERATIONS ($000s)

	For Year Ended December 31		
	2011 IFRS	2010 IFRS	2009 GAAP [1]
Revenues	$ 638,401	$ 454,145	$ 488,100
Cost of revenues	(497,216)	(355,937)	(381,533)
Gross profit	141,185	98,208	106,567
Selling, general and administrative expenses	(98,346)	(78,244)	(83,552)
Amortization expense	(15,450)	(12,030)	(16,019)
Depreciation expense	(12,379)	(10,465)	(12,410)
Income from equity investments	217	1,067	1,085
Interest expense	(33,070)	(37,173)	(40,235)
Gain on re-measurement of investment	6,016	83,757	-
Loss on Sale of Investment	-	(442)	-
Gain on debt extinguishment	37,451	-	-
Fair value adjustment on stock based compensation expense	(883)	220	-
Transaction costs	(2,638)	(321)	-
Write-down of long-term investments	(6,081)	-	-
Write-down of goodwill and intangible assets	-	(8,218)	(30,138)
Income tax expense - current	(23)	(400)	(18)
Income tax (expense) recovery - deferred	(2,856)	6,762	6,071
Income (loss) from continuing operations	$ 13,143	$ 42,721	$ (68,649)
Add:			
Amortization	15,450	12,030	16,019
Depreciation	12,379	10,465	12,410
Interest expense	33,070	37,173	40,235
Income tax expense - current	23	400	18
Income tax (recovery) expense - deferred	2,856	(6,762)	(6,071)
EBITDA	$ 76,921	$ 96,027	$ (6,038)
Gain on re-measurement of investment	(6,016)	(83,757)	-
Gain on debt extinguishment	(37,451)	-	-
Loss on Sale of Investment	-	442	-
Fair value adjustment on stock based compensation expense	883	(220)	-
Write-down of long-term investments	6,081	-	-
Write-down of goodwill and intangible assets	-	8,218	30,138
Adjusted EBITDA	$ 40,418	$ 20,710	$ 24,100

[1] Adjusted for discontinued operations

	December 31, 2011 IFRS	December 31, 2010 IFRS	January 1, 2010 IFRS
Total assets	$ 452,852	$ 432,638	$ 481,160
Senior credit facility - current	10,000	86,939	150,499
Senior credit facility - long term	85,705	-	-
Secured debentures	146,314	-	-
Unsecured debentures	14,215	-	-
Revolving credit facilities	-	10,089	10,089
Convertible debentures	-	159,829	156,136
Unitholders' equity	-	43,515	20,864
Shareholders' equity	75,937	-	-

2011 RESULTS COMMENTARY

Tuckamore's continuing operations are reported in its three industry segments: Marketing, Industrial Services and Other. Revenues for the year ended December 31, 2011 were $638,401 compared to $454,145 in 2010 and $488,100 in 2009, an increase of 40.6% from 2010 and 30.8% increase from 2009. The increase was largely driven by the Industrial Services segment where both ClearStream and Quantum Murray have benefitted from increased business volumes throughout the year, as well as Tuckamore's increased ownership in ClearStream and Quantum Murray.

Gross profit for the year ended December 31, 2011 was $141,185**,** compared to $98,208 in 2010 and $106,567 in 2009. Gross margins were 22.1% compared to 21.6% in 2010 and 21.8% in 2009.

For the year ended December 31, 2011, these three operating segments produced $54,019 of adjusted EBITDA for Tuckamore compared to $33,251 in 2010 and $36,995 in 2009. Refer to the chart on the following page for adjusted EBITDA by operating partner.

Corporate costs for the year were $13,601 compared to $12,541 in the prior year. The increase reflects the costs related to the conversion to a corporation and professional fees incurred for the transition to IFRS.

Non-cash items that impacted the results were depreciation and amortization, deferred income taxes, gains on remeasurement of investment and gain on debt extinguishment. Depreciation and amortization was $27,829 for the year ended December 31, 2011, compared to $22,495 for the prior year and $28,429 in 2009. The largest component of the increase in this expense is the amortization of intangible assets, which were recorded at fair value through step acquisitions. Gain on re-measurement of investment relates to step acquisition accounting under IFRS for transactions where control of an investment is obtained. In 2010 a gain on re-measurement of $9,862 and $73,895 was recorded as a result of the 20% acquisition of each of Gemma and ClearStream, respectively. In 2011, a remeasurement gain of $6,016 was recorded for the Quantum Murray acquisition.

The refinancing of Tuckamore's convertible debentures and interest owing thereon and the subordinated revolving credit facility resulted in the issue of new secured and unsecured debentures. The new debentures were recorded at their respective fair values, in the first quarter of 2011, which were determined based on the weighted average trading prices over a given period. The difference between the fair value of the new debentures and the carrying value of the convertible debentures and related interest and the subordinated revolving credit facility, less all transaction costs, has been recorded in the income statement as a gain on extinguishment of debt of $37,451.

For the year ended December 31, 2011, interest costs were $33,070, compared with $37,173 in the prior year. Non-cash interest expense was $8,076 for the year ended compared to $3,693 in the previous year. The increase in non-cash interest is due to the accretion expense related to the new secured and unsecured debentures, which have been recorded at their fair values, and accrete up to their face value using the effective interest method over the term of the debentures. During the year ended December 31, 2011, the operating segments had capital expenditures and capital lease payments of $7,834 compared to $8,625 in 2010. The majority of these expenditures were incurred in the Industrial Services segment.

Net income for the year ended December 31, 2011 from continuing operations was $13,143 compared to $42,721 for the year ended December 31, 2010.

Adjusted EBITDA $000s	2011	2010	2009	2011 vs. 2010	2011 vs. 2009
Marketing					
Armstrong	$ 1,170	$ 1,137	$ 1,175	$ 33	$ (5)
Gemma	3,213	3,023	3,786	190	(573)
IC Group	923	592	2,685	331	(1,762)
	$ 5,306	$ 4,752	$ 7,646	$ 554	$ (2,340)
Industrial Services					
ClearStream	29,716	20,703	19,478	9,013	10,238
Quantum Murray	13,781	2,481	5,565	11,300	8,216
	$ 43,497	$ 23,184	$ 25,043	$ 20,313	$ 18,454
Other					
Gusgo	2,027	2,093	1,877	(66)	150
Titan	2,937	2,191	1,324	746	1,613
Rlogistics	252	1,031	1,105	(779)	(853)
	$ 5,216	$ 5,315	$ 4,306	$ (99)	$ 910
Adjusted EBITDA from portfolio operations	$ 54,019	$ 33,251	$ 36,995	$ 20,768	$ 17,024

MARKETING

The marketing segment had improved overall results compared to the prior year however the results were down from 2009. Gemma had a solid year with new inbound volumes from financial services clients and stable inbound and outbound telesales revenues from other key clients. Revenue has not yet returned to the 2009 levels due the decline in one significant client's outbound telesales volumes. In 2011 Gemma did make progress in diversifying its client base.

Armstrong had consistent results and market share for the last three years despite competitive pressure in the industry and the shift in marketing spending to data driven, emerging media and digital solutions. This shift is causing oversupply in the traditional agency capacity therefore resulting in lower prices and increased margin pressure.

Results were improved at IC Group compared to the prior year however volumes have not returned to the levels seen in 2009 due to the loss of a significant client in late 2009. Increased and diversified business with a key client drove most of the increase in revenues for the year. Gross margins were also improved as operational efficiencies were achieved in the current year.

INDUSTRIAL SERVICES

The industrial services segment had a strong year with both investments significantly exceeding both prior years' results.

At ClearStream, EBITDA growth was driven by the increased activity at most divisions and the acquisitions of the remaining 20% ownership of ClearStream and ClearStream's acquisition of the 20% remaining ownership in Golosky Energy Services. Both the Conventional Industrial Services and Oilsands maintenance services divisions benefitted from strong demand and improved results compared to 2010 and 2009. The Fabrication division also had increased revenues from project work however, the Wear division had lower volumes compared to 2010 and 2009 due to lower maintenance orders. Transportation division had the largest growth compared to the prior year with increased revenues from strong demand and additional trucks and trailers in deployment.

Quantum Murray had significantly improved earnings in the year with all three divisions reporting increased results compared to both prior year periods. The acquisition of the remaining 35.7% ownership of Quantum Murray added to strong fourth quarter results. With the strengthening economy, more large industrial projects became available in 2011 which impacted both the Remediation and Demolition divisions. The Demolition division benefitted from several large projects in Ontario and the Remediation division benefitted from large projects in British Columbia and Saskatchewan. Increased scrap prices and volumes resulted in improved results in the Metals division.

OTHER

Both Titan and Gusgo had solid results for the year. Titan had significantly improved results compared to both prior years. Increased activity in the conventional drilling market and oil sands development resulted in strong demand for many of Titan's products.

Gusgo had comparable results to the prior year and slightly improved results compared to 2009. A new significant client increased volumes resulting in higher revenue in the year however gross margins were slightly lower due to the change in revenue mix. The improvement over 2009 reflects the increased revenues from an existing client.

ACQUISITIONS

On September 30, 2011 Tuckamore paid $15,722 to increase its investment in Quantum Murray by 35.7% to bring total ownership to 100%.

On February 10, 2011, ClearStream paid $13,813 to increase its investment in Golosky Energy Services ("GES") by purchasing the remaining 20% it did not own. ClearStream now owns 100% of GES.

Effective January 1, 2011, Tuckamore paid $755 to increase its investment in Morrison Williams by 6.66% to bring total ownership to 86.66%. [see Divestitures]

On December 20, 2010, Tuckamore paid $14,488 to increase its investment in ClearStream by 20% to bring total ownership to 100%.

On January 4, 2010, Tuckamore paid $4,285 to increase its investment in Gemma by 20% to bring total ownership to 100%.

DIVESTITURES

On July 27, 2011 Tuckamore sold its 86.66% interest in Morrison Williams Investment Management LP for gross proceeds of $10,107 realizing an accounting gain of approximately $1,505.

On July 28, 2011 Tuckamore sold its 77.5% interest in Baird Macgregor Insurance Brokers LP and its 100% interest in Hargraft Schofield for gross proceeds of $11,250. This results in an accounting gain of approximately $2,450.

On September 9, 2011 Tuckamore had completed the sale of Brompton for net proceeds of $17,373 realizing an accounting gain of $9,055.

The net proceeds from each disposition were used to repay senior indebtedness.

As a result of the three transactions above, the results of Morrison Williams, Baird MacGregor, Hargraft and Brompton are reflected as discontinued operations resulting in the elimination of separate reporting of the financial services segment.

SEGMENT OPERATING RESULTS

MARKETING

The Marketing segment includes 100% of the results of Gemma and Tuckamore's proportionate share of the results of Armstrong and IC Group. The results of S&E (sold on June 23, 2010) and Capital C (sold on December 1, 2010) are included in Discontinued Operations and are not reflected in the tables below.

Armstrong	-	Fully integrated marketing agency providing in-store promotional marketing, digital and social media marketing solutions
Gemma	-	Outsourced contact centre operator providing outbound revenue generation and inbound customer care services
IC Group	-	Provider of on-line promotional and loyalty programs and a provider of select insurance products

SUMMARY FINANCIAL TABLE ($000S)

	Year Ended December 31	
	2011	2010
Revenues	$ 53,720	$ 52,190
Cost of revenues	(35,361)	(35,314)
Gross profit	18,359	16,876
Selling, general and administrative expenses	(13,018)	(12,120)
Amortization expense	(3,715)	(4,525)
Depreciation expense	(832)	(898)
Income from equity investments	(35)	36
Interest expense	(141)	(128)
Transaction costs	-	(40)
Gain on re-measurement of investment	-	9,862
Write-down of goodwill	-	(6,439)
Income tax recovery - deferred	1,680	1,379
Income for the year	$ 2,298	$ 4,003
Add:		
Amortization	3,715	4,525
Depreciation	832	898
Interest expense	141	128
Income tax recovery - deferred	(1,680)	(1,379)
EBITDA	$ 5,306	$ 8,175
Gain on re-measurement of investment	-	(9,862)
Write-down of goodwill	-	6,439
Adjusted EBITDA	$ 5,306	$ 4,752

(I) REVENUES

Revenues for the Marketing segment were $53,720 during the year ended December 31, 2011, which represents a 2.9% increase over $52,190 reported for the prior year. The increase during the year was mostly due to increased revenue at Gemma from increased inbound volumes from new clients. IC Group's revenues improved compared to the prior year primarily due to additional services provided to a key client. Armstrong had lower revenues due to a shift in revenue mix; however improved gross margins resulted in comparable results year over year. Armstrong now primarily has fees for service and has significantly reduced its flow through purchased goods revenue.

(II) GROSS PROFIT

Gross profit for the Marketing segment was $18,359, and gross margin percentage was 34.2% for the year ended December 31, 2011 compared to 2010; gross profit of $16,876 and gross margin of 32.3%. The improved margin was primarily due to Armstrong's revenue shift to fee based revenue with lower margin flow through revenue than in prior years. Gemma and IC Group's margins were relatively stable year over year.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the year ended December 31, 2011 were $13,018 compared to $12,120 in 2010. These expenses as a percentage of revenues were 24.2% in 2011 compared to 23.2% in 2010. The increase was primarily due to restructuring costs and increased rent expense at Gemma.

(IV) GAIN ON RE-MEASUREMENT OF INVESTMENT

Under IFRS, transactions which result in an increase in ownership to one of control require the existing ownership interest to be re-measured to fair value. The increase in ownership of Gemma from 80% to 100% in January 2010 resulted in a gain on remeasurement relating to the 80% existing ownership interest in the amount of $9,862 in the first quarter of 2010.

(V) WRITE-DOWN OF GOODWILL

During the impairment analysis under IFRS for December 31, 2010, it was determined that Gemma's customer relationships intangible asset was impaired due to the significant reduction in business with major client. As a result $6,439 write-down of intangibles was recorded.

INDUSTRIAL SERVICES

The Industrial Services segment includes 100% of the results of ClearStream (2010 – 80%) and 100% of the results of Quantum Murray from October 1, 2011. Quantum Murray (2010 and January to September 31, 2011– 64.3%). In addition ClearStream increased its ownership in Golosky to 100% from 80% on February 10, 2011.

ClearStream	-	Provider of oil & gas maintenance, construction and wear technology services to both the conventional oil and gas industry and to the oil sands
Quantum Murray	-	National provider of demolition, remediation and scrap metal services

SUMMARY FINANCIAL TABLE ($000S)

	Year Ended December 31, 2011	2010
Revenues	$ 536,189	$ 359,833
Cost of revenues	(428,771)	$ (292,179)
Gross profit	107,418	67,654
Selling, general and administrative expenses	(63,675)	(44,189)
Amortization expense	(10,404)	(6,013)
Depreciation expense	(11,104)	(9,124)
Interest expense	(11,762)	(7,889)
Loss on sale of investment	-	(442)
Gain on re-measurement of investment	6,016	73,895
Transaction costs	(246)	(281)
Write-down of intangible assets	-	(1,779)
Income tax expense - current	(9)	(49)
Income tax (expense) recovery - deferred	4,541	(4,982)
Income for the year	$ 20,775	$ 66,801
Add:		
Amortization expense	10,404	6,013
Depreciation expense	11,104	9,124
Interest expense	11,762	7,889
Income tax expense - current	9	49
Income tax expense (recovery) - deferred	(4,541)	4,982
EBITDA	$ 49,513	$ 94,858
Gain on re-measurement of investment	(6,016)	(73,895)
Loss on sale of investment	-	442
Write-down of intangible assets	-	1,779
Adjusted EBITDA	$ 43,497	$ 23,184

INDUSTRIAL SERVICES

	ClearStream 2011	ClearStream 2010	Quantum Murray 2011	Quantum Murray 2010
	Year Ended December 31,			
Revenues	$ 370,160	$ 258,949	$ 166,029	$ 100,884
Cost of revenues	(300,995)	(214,579)	(127,776)	(77,600)
Gross profit	69,165	44,370	38,253	23,284
Selling, general and administrative expenses	(39,203)	(23,386)	(24,472)	(20,803)
Amortization expense	(6,565)	(2,886)	(3,839)	(3,127)
Depreciation expense	(8,326)	(5,479)	(2,778)	(3,645)
Interest expense	(11,292)	(7,591)	(470)	(298)
Loss on sale of investment	-	(442)	-	-
Gain on re-measurement of investment	-	73,895	6,016	-
Transaction costs	(246)	(281)	-	-
Write-down of intangible assets	-	(1,779)	-	-
Income tax expense - current	(9)	(49)	-	-
Income tax (expense) recovery - deferred	6,017	(3,330)	(1,476)	(1,652)
Income (loss) for the year	$ 9,541	$ 73,042	$ 11,234	$ (6,241)
Add:				
Amortization expense	6,565	2,886	3,839	3,127
Depreciation expense	8,326	5,479	2,778	3,645
Interest expense	11,292	7,591	470	298
Income tax expense - current	9	49	-	-
Income tax expense (recovery) - deferred	(6,017)	3,330	1,476	1,652
EBITDA	$ 29,716	$ 92,377	$ 19,797	$ 2,481
Gain on re-measurement of investment	-	(73,895)	(6,016)	-
Loss on sale of investment	-	442	-	-
Write-down of intangible assets	-	1,779	-	-
Adjusted EBITDA	$ 29,716	$ 20,703	$ 13,781	$ 2,481

(I) REVENUES

Revenues from the Industrial Services segment was $536,189 for the year ended December 31, 2011 compared with $359,833 in the prior year, which reflects an increase of 49%. The improvement was partially driven by Tuckamore's acquisitions in late 2010 and 2011. Tuckamore increased its ownership of ClearStream from 80% to 100% in December 2010, ClearStream purchased the remaining 20% interest in Golosky in February 2011 and Tuckamore acquired the remaining 35.7% of Quantum Murray in September 2011.

Revenues were further improved at ClearStream within the Maintenance Services divisions and Fabrication divisions, the latter due to increased project related activities. Quantum Murray had a strong year with each of its three divisions, Environmental, Demolition and Metals exceeding prior year activity levels. In particular the hazmat business within the Environmental division was very active with two large projects and the Demolition division benefited from several large industrial demolition projects.

From the date of acquisition, the purchase of the additional 35.7% of Quantum Murray has contributed to $21,705 of revenue. The purchase of the additional 20% interest in Golosky has contributed an additional $40,641 of revenue since acquisition.

(II) GROSS PROFIT

Gross profit was $107,418 for the year ended December 31, 2011 compared with $67,654 in 2010. Gross profit margin was 20% compared to 18.8% in 2010.

At Quantum Murray, gross margins were significantly improved over the prior year primarily due to increased revenue from higher business volumes and rollover of project losses incurred in early 2010. Gross margin percentages were improved due to higher margin hazmat projects at Quantum Murray and higher margin fabrication work at ClearStream.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $63,675 for the year ended December 31, 2011 compared to $44,189 in 2010. ClearStream and Quantum Murray's increase in selling, general and administrative expenses primarily reflects the increase in ownership. Selling, general and administrative expenses as a percentage of revenues were 11.9% for the year ended December 31, 2011 compared to 12.3% in 2010.

(IV) GAIN ON REMEASUREMENT

Tuckamore acquired the remaining 35.7% interest in Quantum Murray to bring Tuckamore's ownership to 100% on September 30, 2011. As a result of this acquisition of control, Tuckamore's existing investment has been revalued resulting in a gain of $6,016. The valuation estimates and gain calculations are preliminary at this time.

In 2010 a remeasurement gain of $73,895 was recorded as a result of the acquisition of the remaining 20% of ClearStream and therefore an acquisition of control.

(V) WRITE-DOWN OF INTANGIBLE ASSETS

During 2010, a write-down of intangible assets in the amount of $1,779 was recorded relating to the sale of ClearStream's investment in Skystone.

(VI) SEASONALITY

ClearStream's revenues and profits are impacted by seasonality and weather conditions. For example, severe winter conditions and excessively rainy periods can delay equipment moves and thereby adversely affect revenues. Spring break-up typically occurs in March and April leaving many roads temporarily incapable of supporting heavy equipment travel, thereby negatively impacting ClearStream's business.

Quantum Murray's remediation activity can be reduced in the winter months, depending on assignment location and weather. The first quarter is typically the slowest quarter with activity levels picking up in the second and third quarters before tailing off again in November and December. In addition, due to the timing of large contracts, quarterly results can fluctuate.

OTHER

The Other segment includes Tuckamore's proportionate share of the results of Gusgo and Titan. This segment also includes income from Tuckamore's equity investment in Rlogistics. The results of Peerless (sold on August 19, 2010) are included in Discontinued Operations and are not reflected in the tables below.

Gusgo	-	Provider of container transportation and storage services
Rlogistics	-	Reseller of close-out, discount and refurbished consumer electronic and household goods
Titan	-	Manufacturer and distributor of rigging products, rigging services and ground engaging tools

SUMMARY FINANCIAL TABLE ($000S)

	Year Ended December 31, 2011	2010
Revenues	$ 48,492	$ 42,122
Cost of revenues	(33,084)	(28,444)
Gross profit	15,408	13,678
Selling, general and administrative expenses	(10,444)	(9,394)
Amortization expense	(1,097)	(1,316)
Depreciation expense	(442)	(532)
Income from equity investments	252	1,031
Interest expense	(697)	(612)
Write-down of long-term investments	(6,081)	-
Income tax recovery - deferred	91	271
Income for the year	$ (3,010)	$ 3,126
Add:		
Amortization expense	1,097	1,316
Depreciation expense	442	532
Interest expense	697	612
Income tax recovery - deferred	(91)	(271)
EBITDA	$ (865)	$ 5,315
Write-down of long-term investments	6,081	-
Adjusted EBITDA	$ 5,216	$ 5,315

(I) REVENUES

Revenues for the other segment were $48,492 for the year ended December 31, 2011, compared to $42,122 in the prior year, which reflects an increase of 15.1%. Both Titan and Gusgo had increased revenues. Titan in particular had a strong year as it is benefitting from increased activity in conventional oil & gas exploration and oil sands development. Gusgo's revenues are also improved reflecting business from a new significant client.

(II) GROSS PROFIT

Gross profit was $15,408 for the year ended December 31, 2011, compared with $13,678 for 2010. Gross profit margin was 31.8% for the year ended December 31, 2011 and is comparable to 32.5% for the prior year. The decline in gross profit margins was primarily at Gusgo where a shift in revenue mix resulted in slightly lower margin, however remained constant throughout the year. Titan's gross margin percentage was comparable to the prior year despite significant competitive pressures particularly in rigging products.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $10,444 for the year ended December 31, 2011, compared with $9,394 for 2010. These expenses as a percentage of revenues were 21.5%, compared to 22.3% in the prior year. The increase was primarily at Titan where increased staff levels were required to service the improved business volumes.

(IV) INCOME FROM EQUITY INVESTMENTS

Income from equity investments related to Tuckamore’s ownership share of Rlogistics was $252 for the year ended December 31, 2011, compared to $1,031 in the prior year.

(V) IMPAIRMENT

The Company reviews its long-term investments for possible impairment on an annual basis, or more frequently if there is an event which in the view of the management would trigger an earlier review. At December 31, 2011 management determined that the carrying value of its investment in Rlogistics was impaired due to a decline in earnings. In addition, cash to be distributed by Rlogistics and recorded as receivable by the Company, is required to be retained by Rlogistics to support the working capital needs of the business. As a result, the Company has recorded a write off of $6,081 representing the carrying value of its equity investment in this business and distributions receivable, net of a reduction in a tax liability.

CORPORATE

The Corporate segment includes head office management, administrative and legal costs, as well as interest costs.

SUMMARY FINANCIAL TABLE ($000S)

	Year Ended December 31,	
	2011	2010
Selling, general and administrative expenses	$ (11,209)	$ (12,541)
Amortization expense	(234)	(176)
Depreciation expense	(1)	89
Interest expense	(20,470)	(28,544)
Gain on debt extinguishment	37,451	-
Fair value adjustment to stock based compensation expense	(883)	220
Transaction costs	(2,392)	-
Income tax expense - current	(14)	(351)
Income tax (expense) recovery - deferred	(9,168)	10,094
Loss for the year	$ (6,920)	$ (31,209)
Add:		
Amortization expense	234	176
Depreciation expense	1	(89)
Interest expense	20,470	28,544
Income tax expense - current	14	351
Income tax expense (recovery) - deferred	9,168	(10,094)
EBITDA	$ 22,967	$ (12,321)
Gain on debt extinguishment	(37,451)	-
Fair value adjustment to stock based compensation expense	883	(220)
Adjusted EBITDA	$ (13,601)	$ (12,541)

(I) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $11,209 for the year ended December 31, 2011, compared to $12,541 for 2010. The break-down of selling, general and administrative expenses is as follows:

	Year Ended December 31,	
	2011	2010
Salaries and benefits	$ 5,758	$ 5,857
Stock-based compensation expense	2,509	1,386
Audit, accounting and tax	2,040	1,740
Other costs, net	902	3,558
Selling, general and administrative expenses	$ 11,209	$ 12,541

Decrease in salaries and benefits relates to a decrease in headcount at head office. The increase in audit, accounting and tax reflect the costs related to the first-time adoption of IFRS.

(II) INTEREST EXPENSE

Interest expense was $20,470 for the year ended December 31, 2011 compared to $28,544 for the prior year. Interest expense relates to the senior credit facility, the revolving line of credit and the convertible debentures and subsequent to March 23, 2011 the Secured and Unsecured Debentures. The decrease in interest expense reflects the interest savings due to lower senior indebtedness balances from asset sales in 2011 and 2010 and the inclusion of significant default & forbearance fees recorded in 2010.

(III) GAIN ON DEBT EXTINGUISHMENT

The refinancing of Tuckamore's convertible debentures, subordinated revolving credit facility and interest owing thereon has resulted in the issue of new secured and unsecured debentures. The new debentures have been recorded at their estimated fair value at the date of issue, which has been calculated using the weighted average of trading prices over a given period. The difference between the fair value of the new debentures and the carrying value of the convertible debentures and subordinated revolving credit facility and related interest, less all transaction costs, has been recorded in the income statement as a gain on debt extinguishment of $37,451.

(IV) TRANSACTION COSTS

During the year there was $2,392 (2010 - $0) incurred in transaction costs relating to acquisition costs, including the additional ownership interest in Quantum Murray, and conversion to a corporation.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW

The following table summarizes the major consolidated cash flow components:

December 31	2011	2010
Cash provided by (used in) operating activities	$ (2,342)	$ 21,138
Cash provided by investing activities	2,104	40,978
Cash provided by (used in) financing activities	613	(78,257)
Consolidated cash (continuing and discontinued operations)	28,625	27,741

CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

The following table provides a break-down of cash provided by (used in) operating, changes in non-cash balances and cash and distributions provided from discontinued operations.

December 31	2011	2010
Cash provided by (used in) operations	$ 17,666	$ (12,513)
Changes in non-cash balances		
Accounts receivable	(30,107)	21,078
Inventories	2,117	(4,454)
Prepaid expenses	206	(877)
Other current assets	(119)	16,883
Accounts payable, accrued liabilities and provisions	4,687	(21,212)
Deferred revenue	745	(498)
Increase (decrease) in cash due to changes in non-cash balances	(22,471)	10,920
Cash and distributions provided by discontinued operations	2,463	22,731
Cash provided by (used in) operating activities	$ (2,342)	$ 21,138

The change in non-cash balances is substantially due to increased accounts receivable balances at both ClearStream and Quantum Murray reflecting increased business volumes in the current period.

CASH PROVIDED BY INVESTING ACTIVITIES

Cash provided by investing activities totaled $2,104 compared to $40,978 in the prior year period. See table below for further details.

December 31	2011	2010
Acquisition of businesses, net of cash acquired		
Golosky Energy Services, Quantum Murray and Morrison Williams	$ (31,865)	$ -
ClearStream and Gemma	-	(19,587)
	(31,865)	(19,587)
Purchase of property, plant and equipment	(2,808)	(4,038)
Proceeds on disposition of property plant and equipment	968	885
Proceeds on disposition of businesses	38,730	65,581
Purchase of intangibles	(2,852)	(634)
Increase in other assets	-	751
Cash used in discontinued operations	(69)	(1,980)
Cash provided by investing activities	$ 2,104	$ 40,978

CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

Cash provided by financing activities was $613 for the year ended December 31, 2011 and cash used in financing activities was $78,257 in the prior year.

December 31		2011		2010
Repayment of long-term debt	$	46,989	$	15,000
Increase in long-term debt		(36,973)		(78,560)
Increase (decrease) in cash held in trust		(3,108)		667
Repayment of capital lease obligations		(5,026)		(4,587)
Cash used in discontinued operations		(1,269)		(10,777)
Cash provided by (used in) financing activities	$	613	$	(78,257)

The increase in long-term debt for the year ended December 31, 2011 was due to the acquisitions of GES and Quantum Murray and funding of working capital requirements, net of $36,973 of repayments from asset sales proceeds.

FINANCING

SUPPORT AGREEMENTS AND ASSIGNMENT OF SENIOR DEBT

On November 30, 2010 Tuckamore announced it had entered into support agreements ("Support Agreements") for comprehensive senior debt and debenture refinancing. These Support Agreements between Marret Asset Management ("Marret"), K2 Associates Investment Management Inc. ("K2") and Tuckamore secured the support of Marret and K2 for (i) the assignment to Marret and amendment of NFC's senior secured credit facility and (ii) an exchange transaction pursuant to which the terms of the indentures for Tuckamore's Debentures would be amended to provide for the mandatory exchange of the Debentures for newly created second lien notes and subordinated unsecured notes of Tuckamore.

On December 20, 2010, Tuckamore announced the successful assignment of senior debt financing to Marret, on behalf of various funds under management ("Marret Lenders").

SECOND AMENDED & RESTATED SENIOR CREDIT AGREEMENT

On March 23, 2011 Tuckamore, through Newport Finance Corp. and Marret Lenders, finalized a second amended and restated senior credit agreement ("ARCA"). The ARCA removed all forbearance conditions. The key terms of the ARCA are: interest rate is 9.5% per annum but may be adjusted downward based on leverage ratios, 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 flows 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 for acquisitions. The $10,000 line for working capital purposes was drawn during the second quarter of 2011. Subsequent to the quarter end, Tuckamore agreed with its senior lender that the repayment of the $10,000 would be extended until March 2, 2012. Tuckamore also agreed to repay an additional $25,000 by January 2, 2013.

Net proceeds from sales of Baird McGregor, Hargraft and Morrison Williams completed in July 2011 totaled $20,573. Of this amount, $5,573 was used to repay senior debt and $15,000 was placed in an escrow deposit account. In August 2011 $2,000 of this amount was drawn for working capital purposes.

On September 28, 2011 net proceeds of $16,400 relating to the sale of Brompton were used to repay senior debt.

On September 30, 2011 Tuckamore completed the acquisition of the 35.7% of Quantum Murray that it did not already own. The acquisition and related transaction costs were funded with $13,000 held in escrow, and additional borrowings of $4,223 from the first delayed draw facility.

On September 30, 2011 $1,000 of the $2,000 drawn for working capital purposes was repaid to the senior lender and on October 31, 2011 Tuckamore repaid the remaining $1,000.

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

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

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

Advances outstanding under the term loan facilities provided under Senior Credit Facility, totaling $94,555 will continue to be outstanding under the Amended Senior Credit Facility and a portion of such facilities will continue as a revolving facility. The Amended Senior Credit Facility provides, amongst other things, standard financial covenants for a facility of this size and type. It has a term of three years and an initial interest rate of prime plus 1.5%, which rate can reduce when certain leverage ratios are achieved. Repayments of the Amended Senior Credit Facility prior to maturity will be from proceeds of assets sales, and from excess cash flow from operations. The requirement to repay $25,000 by January 2, 2013 was removed under the Amended Senior Credit Facility.

DEBENTURES

On February 28, 2011, Tuckamore issued a management information circular which provided details of the proposed exchange of the Debentures (the "Exchange"). Under the proposed amendment, the existing Debentures were to be mandatorily exchanged for second lien notes (the "Secured Debentures") and the unpaid accrued interest on the Debentures would be exchanged for unsecured subordinated notes (the "Unsecured Debentures"). At the exchange meeting held on March 18, 2011 the debenture holders voted in favour of the Exchange and, 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 amounts of the Debentures, the subordinated revolving credit facility and related accrued interest 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. An interest payment of $3,824 was made on June 30, 2011. Tuckamore has the option to repurchase any or all Secured Debentures outstanding at any time. Tuckamore 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. Tuckamore is unable to estimate amounts repayable in 2011 in connection with this mandatory redemption provision. The Secured Debentures have a security interest in substantially all of Tuckamore's assets which is subordinated to similar security interests granted in connection with the ARCA or certain debt incurred in the future by Tuckamore's subsidiaries. The Secured Debentures were listed on the 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 accrues 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 Debentures Maturity Date either in cash or by delivering common shares of Tuckamore Capital Management Inc. 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 Capital Management Inc. 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 are accounted for as extinguishments of the Debentures, the subordinated revolving credit facility, the accrued interest payable under both the Debentures and the Subordinated Revolving Credit Facility. All costs incurred in connection with the issuance of the New Debentures were expensed as a reduction of the gain on extinguishment of $37,451. The Secured Debentures and Unsecured Debentures have been recorded at their fair value and will be accreted up to their principal amount over the period to the respective Maturity Dates using the effective interest method.

SOURCES OF FUNDING

Tuckamore will continue to look to reduce its debt leverage. The new financing arrangements are designed to ensure that debt balances are reduced as quickly as possible. Consequently, proceeds of all asset sales are required to retire debt, as well as 75% of available cash flow beginning in the final quarter of 2011.

The Operating Partnerships will primarily continue to be self-funding, and as required Tuckamore will continue to provide working capital advances, largely to its industrial services investments. Increased working capital needs at ClearStream in 2011 have been supported by additional borrowings of $10,000 drawn in the second quarter of 2011 from the senior lender.

WORKING CAPITAL

	December 31, 2011	December 31, 2010	January 1, 2010
Current assets	$ 233,617	$ 183,954	$ 234,621
Current liabilities	115,972	376,075	446,832
Total working capital	$ 117,645	$ (192,121)	$ (212,211)

Working capital was significantly improved at December 31, 2011 due to the re-classification of revolving credit facilities, term debt and convertible debentures as long-term liabilities.

CAPITAL EXPENDITURES

The Industrial Services segment contains the only capital intensive entities within Tuckamore. The remaining entities are service based and therefore have much lower capital expenditure requirements. The following table shows capital expenditures and capital lease payments by segment.

Year ended December 31, 2011	Marketing	ClearStream	Quantum	Other	Corporate	Total
Capital expenditures	$ 434	$ 1,557	$ 732	$ 59	$ 26	$ 2,808
Capital lease repayments	177	2,897	1,699	253	-	$ 5,026
Total capital expenditures	$ 611	$ 4,454	$ 2,431	$ 312	$ 26	$ 7,834

Year Ended December 31, 2010	Marketing	ClearStream	Quantum	Other	Corporate	Total
Capital expenditures	$ 381	$ 1,681	$ 1,832	$ 123	$ 21	$ 4,038
Capital lease repayments	180	2,337	1,811	259	-	$ 4,587
Total capital expenditures	$ 561	$ 4,018	$ 3,643	$ 382	$ 21	$ 8,625

FOURTH QUARTER 2011 RESULTS

	Quarter Ended December 31	
	2011	2010
Revenues	$ 184,662	$ 114,905
Cost of revenues	(143,602)	(88,471)
Gross profit	41,060	26,434
Selling, general and administrative expenses	(28,045)	(21,303)
Amortization expense	(2,775)	(2,677)
Depreciation expense	(938)	(2,440)
Income (loss) from equity investments	(155)	300
Interest expense	(9,229)	(11,465)
Gain on re-measurement of investment	-	73,895
Fair value adjustment on stock based compensation expense	-	(613)
Transaction costs	(340)	(281)
Write-down of long-term investment	(6,081)	-
Write-down of goodwill	321	(6,439)
Income tax expense - current	(9)	(195)
Income tax (expense) recovery - deferred	(98)	5,578
(Loss) Income from continuing operations	$ (6,289)	$ 60,794
Add:		
Amortization expense	2,775	2,677
Depreciation expense	938	2,440
Interest expense	9,229	11,465
Income tax expense - current	9	195
Income tax expene (recovery) - deferred	98	(5,578)
EBITDA	$ 6,760	$ 71,993
Gain on re-measurement of investment	-	(73,895)
Fair value adjustment on stock based compensation expense	-	613
Write-down of long-term investment	6,081	
Write-down of goodwill	(321)	6,439
Adjusted EBITDA	$ 12,520	$ 5,150

FOURTH QUARTER RESULTS COMMENTARY

Tuckamore’s continuing operations from its portfolio investments are reported in its three industry segments: Marketing, Industrial Services and Other. Revenues for the three months ended December 31, 2011 were $184,662 compared to $114,905 in 2010, an increase of 60.7%. The increase was primarily driven by the industrial services segment.

The acquisitions of additional ownership percentages in ClearStream, Golosky and Quantum Murray significantly contributed to the increase as well as increased business activity in these investments.

Gross profit for the three months ended December 31, 2011 was $41,060 compared to $26,434 in 2010, an increase of 55.3%. Gross margins were 22.2% for the three months ended December 31, 2011 compared to 23% in the 2010 period.

For the three months ended December 31, 2011, these three industry segments produced $14,124 of adjusted EBITDA for Tuckamore compared to $8,779 in 2010. Refer to the chart below for adjusted EBITDA by operating partner. During the final quarter, interest costs were $9,229, compared with $11,465 in 2010. During the three months ended December 31, 2011, the capital expenditures and capital lease payments were $2,223, as compared to $2,954 in the same period in 2010. The majority of these expenditures were incurred in the Industrial Services segments.

Non-cash items that impacted the results were depreciation and amortization, and deferred income taxes. Depreciation and amortization was $4,127 for the three months ended December 31, 2011, compared to $5,117 for 2010. The largest component of this expense is the amortization of intangible assets, which were recorded at fair value due to step acquisitions.

Net loss for the three months ended December 31, 2011 from continuing operations was $(6,289) compared to net income of $60,264 in 2010.

Adjusted EBITDA $000s	**Q4 2011**	**Q4 2010**	**Q4 2009**	**2011 vs. 2010**	**2011 vs. 2009**
Marketing					
Armstrong	$ 276	$ 161	$ 162	$ 115	$ 114
Gemma	981	702	805	279	176
IC Group	145	108	552	37	(407)
	$ 1,402	$ 971	$ 1,519	$ 431	$ (117)
Industrial Services					
ClearStream	7,495	4,054	6,668	3,441	827
Quantum Murray	3,927	1,823	2,762	2,104	1,165
	$ 11,422	$ 5,877	$ 9,430	$ 5,545	$ 1,992
Other					
Gusgo	603	687	343	(84)	260
Titan	815	944	410	(129)	405
Rlogistics	(118)	300	205	(418)	(323)
	1,300	1,931	958	(631)	342
Adjusted EBITDA from portfolio operations	$ 14,124	$ 8,779	$ 11,907	$ 5,345	$ 2,217

INDUSTRIAL SERVICES

ClearStream had a strong fourth quarter reflecting increased activity in the conventional oil and gas and oilsands industry. In addition the acquisition of the remaining ownership interest of ClearStream in December 2010 and its subsidiary Golosky Energy Services in February 2011 have positively impacted the 2011 fourth quarter results. The Conventional Industrial Services and Oilsands divisions had significant improvements over the prior year period due to stronger demand for maintenance services. The Transportation division also benefitted from increased activity and higher utilization of trucks and trailers. The Fabrication and Wear divisions had lower revenues in the current quarter due to the delay of projects and reduced maintenance orders compared to the prior year quarter.

At Quantum Murray, the increase in ownership to 100% as well as continued work on large industrial projects resulted in a substantially improved quarter compared to the prior years. In particular the hazmat business within the Environmental division had a strong EBITDA contribution from two large projects. The Demolition division benefitted from several large ongoing projects. The Metals division had an improved quarter as scrap prices remained strong.

MARKETING

The marketing segment had a solid quarter with all three investments reporting improved results compared to the prior year. Gemma had increased revenues primarily due to increased volumes from its financial services clients. Armstrong had improved profits as a result of increased fee based business combined with operational improvements. At IC Group increased business from a key client increased revenue and margins were improved with better project management.

OTHER

The other segment had a mixed quarter. Gusgo had increased revenues primarily due to the addition of a new significant client however higher facility rental costs offset the increased business. Titan had a solid quarter with increased revenue primarily from wear products. The shift in lower margin products as well as increased employment costs offset the increased in business volumes.

Tuckamore's corporate segment includes administrative costs to operate Tuckamore, and the interest costs on borrowings to fund investments and working capital of its businesses. Corporate office costs were $1,604 for the three months ended December 31, 2011 compared with $3,629 in 2010. Corporate costs reduced total Adjusted EBITDA to $12,520 for the three months ended December 31, 2011 compared with $5,150 in 2010.

Critical Accounting Policies and Estimates

Tuckamore prepares its consolidated financial statements in accordance with IFRS. The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of the consolidated financial statements. Significant accounting policies and methods used in the preparation of the consolidated financial statements are described in note 1 in the December 31, 2011 consolidated financial statements. Tuckamore and the Operating Partnerships evaluate their estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Included in the consolidated financial statements are estimates used in determining allowance for doubtful accounts, inventory valuation, the useful lives of property, plant and equipment and intangible assets, revenue recognition and other matters. Actual results could differ from those estimates and assumptions.

The assessment of goodwill and intangible assets for impairment requires the use of judgments, assumptions and estimates. Due to the material nature of these factors, they are discussed here in greater detail.

Goodwill and 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. Goodwill is assigned as of the date of the business combination to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination. Goodwill is not amortized and is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the asset might be impaired. The book value of goodwill was $77,093 at December 31, 2011 (December 31, 2010 - $83,985).

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 recorded at their fair value. Intangible assets with determinable useful lives, such as customer relationships and contracts, are amortized over their useful lives and are tested for impairment when there is an indicator of impairment. Intangible assets having an indefinite life, such as brands, are not amortized but instead are tested for impairment on an annual or more frequent basis. The net book value of intangible assets was $78,928 at December 31, 2011 (December 31, 2010 - $94,806).

Long-term Investments

Investments over which Tuckamore is able to exercise significant influence are accounted for using the equity method. Under the equity method, the original cost of the 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 has occurred. Tuckamore reviews all of its investments for possible impairment on an annual basis, or more frequently if there is an event which in the view of management would trigger an earlier review. During this review it was determined that the investment in Rlogistics had declined in value due to earnings attrition in the year which is expected to continue. As a result Tuckamore recorded a write-off of $6,081, representing the carrying value of its equity investment in this business and distributions receivable, net of a reduction in a tax liability.

Income Taxes and Conversion to a Corporation

Since the initial public offering in 2005, Tuckamore had operated under a trust structure.

A meeting of unitholders was held on March 25, 2011 at which meeting a vote in favour of the conversion to a corporation was passed. Effective April 1, 2011 Tuckamore began operating as a corporation under the name Newport Inc. which was subsequently changed to Tuckamore Capital Management Inc.

Deferred Taxes

Tuckamore has computed deferred income taxes based on temporary differences that are expected to reverse after December 31, 2011. In general, there are no material differences in the values for operating assets and liabilities such as accounts receivable, inventory and trade payables for the Operating Partnerships. There are, however, differences[1], for example between the carrying values of definite life intangibles (e.g. customer contracts) and indefinite life intangibles (e.g. brands) that arise as part of Tuckamore's accounting for its investments in the underlying Operating Partnerships. As one example, under IFRS, Tuckamore records intangible assets related to acquisitions and these assets typically have a lesser value for tax purposes depending on the manner in which the acquisition was structured. In this case, a deferred tax liability would be recorded for the difference. If Tuckamore was to divest one or more of its Operating Partnerships for an amount that is greater than the tax carrying value this would give rise to a taxable income because the proceeds would be greater than the tax value of the assets.

At December 31, 2011 Tuckamore has calculated a deferred tax liability related to differences that are expected to reverse in the future using the applicable estimated tax rate of approximately 27.7%.

The recognition of a deferred tax expense or recovery has no impact on cash generated by operating activities or on distributable cash.

1 These differences are referred to as either deductible temporary differences or taxable temporary differences and may result in tax-deductible amounts or taxable amounts in future periods and IFRS requires that these differences be recorded.

ADDITIONAL INFORMATION

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations were not yet effective as at January 1, 2011 and have not been applied in preparing the consolidated financial statements. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. All other new standards are effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

The following is a brief summary of the new standards:

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

In November 2009, the IASB issued IFRS 9, which represented the first phase of its replacement of IAS 39. IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard will be effective for Tuckamore's interim and annual consolidated financial statements commencing January 1, 2015. Tuckamore is assessing the impact of this new standard on its consolidated financial statements.

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

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

SUMMARY OF QUARTERLY RESULTS – ($000S EXCEPT UNIT AMOUNTS)

	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1
Revenue	$ 184,662	$ 162,446	$ 150,272	$ 141,021	$ 114,905	$ 118,431	$ 123,513	$ 97,296
Net Income (loss) from continuing operations	(6,289)	2,569	(3,763)	20,626	60,794	(9,369)	(7,783)	(921)
Net income (loss)	(8,589)	15,837	(74)	20,691	38,651	(13,018)	(4,196)	1,214
Income (loss) per share unit from continuing operations	(0.10)	0.04	(0.05)	0.29	0.85	(0.13)	(0.11)	(0.01)
Income (loss) per share unit	(0.12)	0.22	(0.00)	0.29	0.54	(0.18)	(0.06)	0.02

The quarterly results have been restated to remove operations from revenue and net income (loss) from continuing operations.

CONTINGENCIES

Tuckamore and its Operating Partnerships are subject to claims and litigation proceedings arising in the normal course of operations. These contingencies are provided for when they are likely to occur and can be reasonably estimated. Management believes that the ultimate resolution of these matters will not have a material effect on Tuckamore's consolidated financial statements.

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

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

TRANSACTIONS WITH RELATED PARTIES

OWNERSHIP

As of December 31, 2011 directors, officers and employees, and operating partners related to Tuckamore beneficially hold an aggregate of 19,258,936 units or 22.4% on a fully diluted basis.

TRANSACTIONS

Tuckamore provides funding to the Operating Partnerships to fund working capital requirements. Advances bear interest at the rate of prime plus one percent, are unsecured and are due on demand.

Included in Other Assets are advances of $1,520 (December 31, 2010 – $2,848) made to the Operating Partnerships.

Selling, general and administrative expenses include $1,451 of rent expense paid to related parties of Quantum Murray and Gusgo for the year ended December 31, 2011 (2010-$3,379). 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 $167 during the year ended December 31, 2011 (2010-$146).

Loans made to current and former employees of Tuckamore were outstanding in the amount of $1,572 (December 31, 2010 – $1,869). In accordance with the terms and conditions of the loans, the loans are interest bearing and used to fund the purchase of shares of Tuckamore or to refinance such purchases and are secured by a pledge of the shares.

SUBSEQUENT EVENTS

a) In November 2011, the majority limited partner of Waydex Services LP delivered to ClearStream an offer letter pursuant to the shotgun buy-sell provision of the limited partnership agreement governing Waydex. In December, 2011 ClearStream elected to sell its 40% interest in Waydex to the majority partner. The buy-sell transaction closed on January 24, 2012 for gross proceeds of $2,500 resulting in a nominal accounting loss. Net proceeds were used to repay senior indebtedness in the amount of $2,400.

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

Advances outstanding under the term loan facilities provided under Senior Credit Facility, totaling $94,555 will continue to be outstanding under the Amended Senior Credit Facility and a portion of such facilities will continue as a revolving facility. The Amended Senior Credit Facility provides, amongst other things, standard financial covenants for a facility of this size and type. It has a term of three years and an initial interest rate of prime plus 1.5%, which rate can reduce when certain leverage ratios are achieved. Repayments of the Amended Senior Credit Facility prior to maturity will be from proceeds of assets sales, and from excess cash flow from operations. The requirement to repay $25,000 to Marret by January 2, 2013 was removed under the Amended Senior Credit Facility.

This transaction will be considered an extinguishment of debt therefore deferred financing costs at December 31, 2011 will be expensed in 2012 as well as any additional transaction costs related to the refinancing of senior credit facility.

2012 OUTLOOK

During the first quarter, Tuckamore successfully completed its debt refinancing for both the senior debt facility and the convertible debentures. The disposition of four investments reduced debt and the strategic acquisitions of the remaining minority interests of the Quantum Murray and Golosky Energy Services has positioned Tuckamore for a year of stability and potential growth if the economy continues to improve.

At ClearStream, the projected global capital investment in the oilsands and the conventional oil and gas sectors should translate into additional project and maintenance work. The Wear and Fabrication divisions have signed new projects and more bidding opportunities for large multi-year projects have become available. The Oilsands and the Maintenance division expect a busy year as more service sites become available.

At Quantum Murray, 2012 is expected to be a solid year with mixed results on a divisional basis. The Remediation division is expecting good business volumes from government work tendered in British Columbia. In the Demolition division there will be a continuation of a few large projects that started in 2011 however increased competition may result in revenue levels not reaching 2011 levels. The Metals division is expecting a comparable year to 2011 with increased scrap volumes but potentially offset by lower scrap metal pricing.

In the marketing segment, the outlook is mixed with overall comparable results expected for 2012. At Gemma, the focus will be to diversify the client base and opportunities from new clients are encouraging. IC Group is anticipating a slightly improved year with a focus on stimulating its specialized insurance business and continued growth with existing clients as they move more lines of business to IC Group. Armstrong is anticipating a comparable year to 2011 with a focus on retaining a stable client base and maintaining margins in a competitive market.

Both Titan and Gusgo are anticipating slightly improved results in 2012. Gusgo is expecting to maintain its solid and stable client base with some volume increases from existing clients. At Titan there is optimism that revenues will increase with higher business volumes to construction and oil and gas contractors as these markets remain strong.

Corporate costs will be significantly reduced in 2012. A number of one-time costs, such as transactions from acquisition activity, costs related to the conversion to a corporation and IFRS transition costs will not recur in 2012. The refinancing of the senior credit facility will substantially decrease interest costs.

RISK FACTORS

An investment in shares of Tuckamore involves a number of risks. In addition to the other information contained in this MD&A and Tuckamore's other publicly filed disclosure documents, investors should give careful consideration to the following factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A. Any of the matters highlighted in these risk factors could have a material adverse effect on Tuckamore's results of operations, business prospects or financial condition.

Tuckamore's financial results are impacted by the performance of each of its Operating Partnerships and various external factors influencing their operating environments. While stronger performance by one of the Operating Partnerships may compensate for weaker performance by another of the Operating Partnerships, any negative effects on the financial condition or results of operations of an Operating Partnership have a negative effect on the financial condition or results of operations of Tuckamore.

Please refer to the AIF dated March 30, 2012 for a discussion of Risk Factors particular to the Operating Partnerships and Tuckamore.

FAILURE TO REALIZE ANTICIPATED BENEFITS OF INVESTMENTS MADE

Tuckamore and a number of its Operating Partnerships may partner with additional entrepreneurs in the future. The ability to identify new partnership opportunities and to acquire an ownership interest in new partnerships at attractive prices is not guaranteed. Achieving the benefits of future acquisitions will depend in part on successfully consolidating functions and integrating operations, procedures and personnel of all of the partnerships in a timely and efficient manner. The integration of these future acquisitions will require the dedication of management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the disruption of ongoing business and customer and employee relationships that may adversely affect Tuckamore or an Operating Partnership's ability to achieve the anticipated benefits of future acquisitions.

CONDITION OF CAPITAL MARKETS

While Tuckamore has successfully restructured its balance sheet, the majority of cash flow, and all asset sale proceeds, will be used to pay down debt. Tuckamore may in this process look to source a cheaper service of funding; there can be no assurance that this financing will be available when required or available on terms that are favourable to Tuckamore. This has the potential to slow down the repayment of debt.

DEPENDENCE ON KEY PERSONNEL

The success of Tuckamore and of each of its Operating Partnerships depends on their respective senior management teams and other key employees, including their ability to retain and attract skilled management and employees. The loss of the services of key personnel could have a material adverse effect on the business, financial condition, results of operations or future prospects of Tuckamore and its Operating Partnerships. In addition, growth plans may require additional employees, increase the demand on management and produce risks in both productivity and retention levels. Tuckamore and its Operating Partnerships may not be able to attract and retain additional qualified management and employees as needed in the future. There can be no assurance that Tuckamore will be able to effectively manage its future business plan, and any failure to do so could have a material adverse effect on Tuckamore's business, financial condition, results of operations and future prospects.

General Economic Factors

Tuckamore's business and the business of each of our Operating Partnerships is subject to changes in general economic conditions including but not limited to, recessionary or inflationary trends, equity market levels, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence.

Limited Customer Bases

Some of the Operating Partnerships derive a significant portion of their revenues from a limited customer base. If one or more of the significant customers of an Operating Partnership were to cease doing business with the Operating Partnership, or significantly reduced or delayed its purchase of services, the financial condition and results of operations of such Operating Partnership could be materially adversely affected.

Environmental Legislation

Environmental matters are subject to regulation under a variety of federal, provincial, territorial, state and municipal laws relating to health and safety and the environment. Management believes that the Operating Partnerships are in material compliance with applicable environmental legislation, however regulation is subject to change and, accordingly, it is impossible to predict the cost of compliance with new laws or the effects that such changes would have on the Operating Partnerships or their future operations.

Management believes that the risk of non-compliance with environmental regulation is greatest for the Operating Partnerships in the Industrial and Other Segments.

Dependence on the Operating Partnerships

Tuckamore is entirely dependent on the operations and assets of the Operating Partnerships. The ability of Tuckamore to make interest payments or make other payments or advances is subject to applicable laws and contractual restrictions contained in the instruments governing any indebtedness (including the Credit Facility). Tuckamore will not be making payments of dividends for the foreseeable future.

Leverage and Restrictive Covenants

The degree to which Tuckamore is leveraged could have important consequences to shareholders, including the following: (i) the ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; (ii) a material portion of Tuckamore's cash flow from operations may need to be dedicated to payment of the principal of and interest on indebtedness, thereby reducing funds available for future operations and to pay distributions; (iii) Tuckamore may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. Tuckamore's ability to make scheduled payments of principal and interest on, or to refinance, its indebtedness will depend on its future operating performance and cash flows, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

The ARCA contains restrictive covenants customary for credit facilities of this nature, including covenants that limit the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, the ability to incur additional indebtedness, to pay dividends or make certain other payments, and to make additional acquisitions. In addition, the ARCA contains a number of financial covenants that require

Tuckamore to meet certain financial ratios and financial tests. A failure to comply with the obligations in the ARCA could result in an event of default that, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the ARCA were to be accelerated, there can be no assurance that the assets of Tuckamore would be sufficient to repay in full that indebtedness.

Potential Sales of Additional Shares

Tuckamore may issue additional shares or securities exchangeable for or convertible into shares in the future. Such additional shares may be issued without the approval of shareholders. The shareholders will have no pre-emptive rights in connection with such additional issues. Additional issuance of shares will result in the dilution of the interests of shareholders.

Income Tax Matters

Although Tuckamore, NPH, the Operating Partnerships and their subsidiaries are of the view that all expenses to be claimed by them in the determination of their respective incomes under the Tax Act is reasonable and deductible in accordance with the applicable provisions of the Tax Act, and that the allocation of partnership income for purposes of the Tax Act to the holders of LP Units and the Commercial Trust is reasonable, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that CRA will agree with the expenses claimed or such allocation of partnership income. If CRA successfully challenges the deductibility of such expenses or the allocation of such income, NPH's allocation of taxable income to Tuckamore, and taxable income of the Operating Partnerships and their subsidiaries, may change.

Elections have been made under the Tax Act such that the transactions under which NPH acquires its interest in the Operating Partnerships may be effected on a tax-deferred basis. The adjusted cost base of any property transferred to an Operating Partnership pursuant to such agreements may be less than its fair market value, such that a gain may be realized on the future sale of the property.

The acquisitions of Operating Partnerships involved various structuring events to complete the transactions in a tax effective manner. These transactions involved interpretations of the Tax Act which could, if interpreted differently, result in additional tax liabilities.

Shot-Gun Buy-Sell Rights

Certain of the limited partnership agreements of the Operating Partnerships contain shot-gun buy-sell provisions. The purpose of the shot-gun buy-sell provisions is to provide the parties with a recognized mechanism for solving any fundamental disputes which may develop. If one of the limited partners of the applicable Operating Partnership, other than NPH, initiates a shot-gun buy-sell, the general partner of NPH will have to decide whether to buy at the offered price, in which case monies may have to be raised, or to sell at the offered price, in which case NPH will receive the proceeds of sale, and will use such proceeds to pay down debt. There is no assurance that NPH will decide to buy at the offered price or that NPH will have sufficient funds to buy at the offered price. Any decision of NPH not to buy at the offered price or its inability to buy at the offered price may have a negative impact on Tuckamore. Any purchase or sale by NPH pursuant to such shot-gun buy-sell provisions will require consent of the lenders under the Credit Facility. No assurance can be given that such consent will be obtained on acceptable terms or at all should NPH decide that it wishes to sell under such shot-gun buy-sell provisions.

Unpredictability and Volatility of Share Price

A publicly traded holding company will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the shares will trade cannot be predicted. The market price of the shares could be subject to significant fluctuations in response to variations in quarterly operating results, and other factors. The annual yield on the shares as compared to the annual yield on other financial instruments may also influence the price of the shares in the public trading markets. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the shares.

Restrictions on potential growth

The use of operating cash flow to reduce debt will make additional capital and operating expenditures somewhat dependent on increased cash flow. Lack of those funds could limit the future growth of the Operating Partnerships and their cash flow.

Prior Ranking Indebtedness

The Debentures will be subordinate to all senior indebtedness. The payment of the principal premium (if any) and interest on the Debentures will be subordinated to senior indebtedness of Tuckamore.

Market Value Fluctuation

Prevailing interest rates will affect the market value of the Debentures, as they carry a fixed interest rate. Assuming all other factors remain unchanged, the market value of the Debentures, which carry a fixed interest rate, will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

Dilutive Effects on Holders of Shares

Tuckamore may issue shares as repayment of the Unsecured Convertible Debentures. Accordingly, holders of shares may suffer dilution.

Labour

The success of Tuckamore depends on the ability of the Operating Partnerships to maintain their respective productivity and profitability. The productivity and profitability of the Operating Partnerships may be limited by their ability to employ, train and retain the skilled personnel necessary to meet their respective requirements. None of the Operating Partnerships can be certain that they will be able to maintain the adequate skilled labour force necessary to operate efficiently and to support their growth strategies. As well, none of the Operating Partnerships can be certain that their labour expenses will not increase as a result of shortage in the supply of these skilled personnel. Labour shortages or increased labour costs could impair the ability of an Operating Partnership to maintain or grow its respective Operating Partnership.

Regulation

Tuckamore and its Operating Partnerships are subject to a variety of federal, provincial and local laws, regulations, and guidelines and may become subject to additional laws, regulations and guidelines in the future, particularly as a result of acquisitions. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a material adverse effect on Tuckamore and its Operating Partnerships' business, financial condition, results of operations and cash flows. Although such expenditures historically have not been material, such laws and regulations are subject to change. Accordingly, it is impossible for Tuckamore or the Operating Partnerships to predict the cost or impact of such laws and regulations on their respective future operations.

COMPETITION

The businesses in which the Operating Partnerships operate are highly competitive. The Operating Partnerships often compete with companies that are much larger and have greater resources than the Operating Partnerships. There can be no assurance that Tuckamore and the Operating Partnerships will be able to successfully compete against their respective competitors or that such competition will not have a material adverse effect on their businesses, financial condition, results of operations and cash flows.

POTENTIAL UNKNOWN LIABILITIES

In connection with the prior formation of Operating Partnerships completed by NPH, there may be unknown liabilities assumed by NPH through its interests in the Operating Partnerships for which NPH may not be indemnified by the prior owner. The discovery of any material liabilities could have a material adverse effect on the business, financial condition, results of operations and future prospects of Tuckamore.

POTENTIAL FUTURE DEVELOPMENTS

Management of Tuckamore, in the ordinary course of business, regularly explores potential strategic opportunities and transactions. The public announcement of any of these or similar strategic opportunities or transactions might have a significant effect on the price of Tuckamore's securities. Tuckamore's policy is not to publicly disclose the pursuit of a potential strategic opportunity or transaction unless and until a definitive binding agreement is reached. There can be no assurance that investors who buy or sell securities of Tuckamore are doing so at a time when Tuckamore is not pursuing a particular strategic opportunity or transaction, that when announced, would have a significant effect on the price of Tuckamore's securities.

DISCLOSURE CONTROLS & PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

DISCLOSURE CONTROLS AND PROCEDURES

Multilateral Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the CSA requires CEOs and CFOs to certify that they are responsible for establishing and maintaining the disclosure controls and procedures for the issuer, that disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's disclosure controls and procedures, and that their conclusions about effectiveness of those disclosure controls and procedures at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

Tuckamore's management, including its CEO and CFO, have evaluated the effectiveness of Tuckamore's disclosure controls and procedures as at December 31, 2011 and have concluded that those disclosure controls and procedures were effective to ensure that information required to be disclosed by Tuckamore in its corporate filings is recorded, processed, summarized and reported within the required time period for the year then ended. The CEO and CFO have certified the appropriateness of the financial disclosures in Tuckamore's filings for the year ended December 31, 2011 with securities regulators, including this MD&A and the accompanying audited consolidated financial statements and that they are responsible for the design of the disclosure controls and procedures.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Multi-lateral Instrument 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting for the issuer, that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, and that the issuer has disclosed any changes in its internal controls during its most recent year end that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Tuckamore has conducted an analysis of the impact of IFRS on its internal controls over financial reporting to determine whether Tuckamore has appropriate controls over the transition process and the preparation of IFRS compliant financial statements. Given the Canadian GAAP/IFRS differences identified, the implementation of IFRS has not had a material impact over Tuckamore's internal controls over financial reporting. Minor modifications have been made to the control environment to ensure that all Canadian GAAP/IFRS adjustments are reflected and appropriate disclosures have been made.

There have been no changes in internal controls over financial reporting during the year ended December 31, 2011 that have materially affected or are reasonably likely to materially affect internal controls over financial reporting.

Due to the inherent limitations common to all control systems, management acknowledges that disclosure controls and procedures and internal control over financial reporting may not prevent or detect all misstatements. Accordingly, management's evaluation of our disclosure controls and procedures and internal control over financial reporting provide reasonable, not absolute, assurance that misstatements resulting from fraud or error will be detected.

ADDITIONAL INFORMATION

Additional information relating to Tuckamore including Tuckamore's AIF is on SEDAR at www.sedar.com or on our website www.tuckamore.ca

DEFINITIONS

"AIF" – means Annual Information Form;

"Armstrong" – means Armstrong Partnership LP, a limited partnership formed under the laws of Ontario;

"Brompton" – means Brompton Corp., a corporation incorporated under the laws of Ontario;

"Capital C" – means Capital C Communications LP, a limited partnership formed under the laws of Ontario;

"CEO" – means Chief Executive Officer;

"CICA" – means Canadian Institute of Chartered Accountants;

"ClearStream" – means ClearStream Energy Services (formerly known as "NPC Integrity Energy Services Limited Partnership"), a limited partnership formed under the laws of Alberta;

"Convertible Debentures" – means collectively the two series of unsecured, subordinated, convertible debentures of Tuckamore, due December 31, 2010 and December 31, 2012, respectively;

"Debentures" – means collectively the Secured and Unsecured Debentures of Tuckamore, due March 23, 2016 and March 23, 2014

"GAAP" – means, at any time, Canadian generally accepted accounting principles, including those set out in the Handbook of the CICA, applied on a consistent basis;

"Gemma" – means Gemma Communications LP, a limited partnership formed under the laws of Ontario;

"Gusgo" – means Gusgo Transport LP, a limited partnership formed under the laws of Ontario;

"IC Group" – means IC Group LP, a limited partnership formed under the laws of Ontario;

"IFRS" – means International Financial Reporting Standards;

"Lenders" – means the various persons from time to time acting as lenders under the Senior Credit Agreement;

"MD&A" – means Management's Discussion and Analysis;

"Marret" – means Marret Asset Management

"Morrison Williams" – means Morrison Williams Investment Management LP, a limited partnership formed under the laws of Ontario;

"NPH" – means Newport Partners Holdings LP, a limited partnership formed under the laws of Ontario;

"Operating Partnerships" – means businesses in which Newport holds an ownership interest;

"Peerless" – means Peerless Garments LP, a limited partnership formed under the laws of Ontario;

"Quantum Murray" – means Quantum Murray LP (formerly Murray Demolition LP) a limited partnership formed under the laws of Ontario;

"Rlogistics" – means Rlogistics LP, a limited partnership formed under the laws of Ontario;

"S&E" – means Sports and Entertainment Limited Partnership, a limited partnership formed under the laws of Ontario;

"Titan" – means Titan Supply LP, a limited partnership formed under the laws of Alberta;

"TSX" – means Toronto Stock Exchange

"Tuckamore" – means Tuckamore Capital Management Inc.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

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

Dean T. MacDonald
President & CEO

Keith Halbert
Chief Financial Officer

Toronto, Canada
March 30, 2012

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Tuckamore Capital Management Inc.

We have audited the accompanying consolidated financial statements of Tuckamore Capital Management Inc. (the "Company"), which comprise the consolidated balance sheets as at December 31, 2011 and 2010, and January 1, 2010, and the consolidated statements of income and comprehensive income, shareholders' equity and cash flows for the years ended December 31, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tuckamore Capital Management Inc. as at December 31, 2011 and 2010, and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and 2010 in accordance with International Financial Reporting Standards.

Ernst + Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada
March 30, 2012

TUCKAMORE CAPITAL MANAGEMENT INC. (formerly "Newport Inc.")

Consolidated Balance Sheets
December 31
(In thousands of Canadian dollars)

	December 31, 2011	December 31, 2010	January 1, 2010
Assets			
Current Assets:			
Cash (note 5)	$ 28,625	$ 27,741	$ 43,882
Cash and short-term investments held in trust (note 5)	8,108	18,767	20,142
Accounts receivable (note 6)	149,371	96,137	119,363
Inventories (note 8)	37,464	28,036	34,034
Prepaid expenses	3,486	3,529	2,951
Deferred income tax expense (recovery) (note 19)	3,046	9,744	14,249
Current assets of discontinued operations (note 3)	3,517	-	-
Total current assets	$ 233,617	$ 183,954	$ 234,621
Property, plant and equipment (note 11)	60,100	53,837	45,603
Long-term investments (note 10)	-	14,490	15,729
Goodwill (note 12)	77,093	83,985	68,914
Intangible assets (note 12)	78,928	94,806	102,224
Other assets (notes 9 and 22)	3,114	1,566	14,069
Total assets	$ 452,852	$ 432,638	$ 481,160
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities (note 7)	$ 91,173	$ 76,081	$ 97,066
Provisions (note 23)	-	5,401	5,667
Deferred revenue (note 24)	8,608	6,788	10,403
Current portion of obligations under capital leases (note 16)	5,540	4,464	4,588
Accrued interest on convertible debentures (note 15)	-	23,870	11,935
Subordinated revolving credit facilities (note 15)	-	10,089	10,089
Accrued interest on subordinated revolving credit facilities (note 15)	-	1,449	449
Current portion of senior credit facility (note 15)	10,000	86,939	150,499
Convertible debentures (note 15)	-	159,829	156,136
Stock based payment liability (note 21)	-	1,165	-
Current liabilities of discontinued operations (note 3)	651	-	-
Total current liabilities	$ 115,972	$ 376,075	$ 446,832
Obligations under capital leases (note 16)	3,681	4,452	5,915
Senior credit facility (note 15)	85,705	-	-
Secured debentures (note 15)	146,314	-	-
Unsecured debentures (note 15)	14,215	-	-
Deferred tax liabilities (note 19)	11,028	8,596	7,549
Unitholders' equity	-	43,515	20,864
Shareholders' equity	75,937	-	-
Total liabilities & equity	$ 452,852	$ 432,638	$ 481,160

Subsequent events (note 32)
See accompanying notes to consolidated financial statements

Signed on behalf of the Board of Directors,

John K. Bell, Director

David A. Williams, Director

TUCKAMORE CAPITAL MANAGEMENT INC. (formerly “Newport Inc.”)

Consolidated Statements of Income and Comprehensive Income

Years Ended December 31

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

		2011		2010
Revenue (note 18)	$	638,401	$	454,145
Cost of revenue		(497,216)		(355,937)
Gross profit		141,185		98,208
Selling, general and administrative		(98,346)		(78,244)
Amortization of intangible assets (note 12)		(15,450)		(12,030)
Depreciation (note 11)		(12,379)		(10,465)
Income from equity investments		217		1,067
Interest expense, net (note 5)		(33,070)		(37,173)
Gain on re-measurement of investment (note 4)		6,016		83,757
Loss on sale of investment		-		(442)
Gain on debt extinguishment (note 15)		37,451		-
Fair value adjustment to stock based compensation expense (note 21)		(883)		220
Transaction costs		(2,638)		(321)
Write-down of long term investment (note 10)		(6,081)		-
Write-down of goodwill and intangible assets (notes 12 and 13)		-		(8,218)
Income before income taxes	$	16,022	$	36,359
Income tax expense - current (note 19)		(23)		(400)
Income tax (expense) recovery - deferred (note 19)		(2,856)		6,762
Net income from continuing operations	$	13,143	$	42,721
Income (loss) from discontinued operations (net of income tax) (note 3)		14,722		(20,070)
Net income and comprehensive income	$	27,865	$	22,651
Income per share (note 20)				
Basic:				
Continuing operations	$	0.18	$	0.60
Net income	$	0.39	$	0.32
Diluted:				
Continuing operations	$	0.18	$	0.60
Net income	$	0.39	$	0.32

See accompanying notes to consolidated financial statements.

TUCKAMORE CAPITAL MANAGEMENT INC. (formerly “Newport Inc.”)
Consolidated Statements of Shareholders’ Equity
(In thousands of Canadian dollars, except per share amounts)

	Number of shares	Share Capital	Deficit	Contributed Surplus	Total Shareholders' Equity
Balance - January 1, 2011	71,631,431	$ 414,884	$ (373,729)	$ 2,360	$ 43,515
Net income and comprehensive income for the year	-	-	27,865	-	27,865
Stock based compensation (note 21)	-	-	-	1,724	1,724
Reclass of stock based compensation liability to equity (note 21)	-	-	-	2,833	2,833
Balance - December 31, 2011	71,631,431	$ 414,884	$ (345,864)	$ 6,917	$ 75,937

	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 income and comprehensive income for the year	-	-	22,651	-	22,651
Balance - December 31, 2010	71,631,431	$ 414,884	$ (373,729)	$ 2,360	$ 43,515

See accompanying notes to consolidated financial statements.

TUCKAMORE CAPITAL MANAGEMENT INC. (formerly "Newport Inc.")
Consolidated Statements of Cash Flows
Years Ended December 31
(In thousands of Canadian dollars)

		2011		2010
Operating activities:				
Net income for the year	$	27,865	$	22,651
Income (loss) from discontinued operations (net of income tax) (note 3)		(14,722)		20,070
Items not affecting cash:				
Amortization of intangible assets (note 12)		15,450		12,030
Depreciation (note 11)		12,379		10,465
Deferred income tax expense (recovery) (note 19)		2,856		(6,762)
Income from equity investments, net of cash received		(244)		(728)
Loss on sale of investment		-		442
Non-cash interest expense (note 5)		8,076		3,693
Gain on re-measurement of investment (note 4)		(6,016)		(83,757)
Gain on extinguishment of debt (note 15)		(37,451)		-
Stock based compensation expense (note 21)		3,392		1,165
Write-down of long-term investment (note 10)		6,081		-
Write-down of goodwill and intangible assets (notes 12 and 13)		-		8,218
Changes in non-cash working capital (note 27)		(22,471)		10,920
Distributions from discontinued operations		1,634		12,749
Cash provided by discontinued operations (note 3)		829		9,982
Total cash provided by (used in) operating activities	$	(2,342)	$	21,138
Investing activities:				
Acquisition of businesses, net cash acquired (note 4)		(31,865)		(19,587)
Purchase of property, plant and equipment (note 11)		(2,808)		(4,038)
Proceeds on disposition of property, plant and equipment		968		885
Proceeds on disposition of businesses (note 3)		38,730		65,581
Purchase of software (note 12)		(852)		(634)
Purchase of other intangible assets (note 12)		(2,000)		-
Increase in other assets		-		751
Cash used in discontinued operations (note 3)		(69)		(1,980)
Total cash provided by investing activities	$	2,104	$	40,978
Financing activities:				
Increase in long-term debt		46,989		15,000
Repayment of long term debt		(36,973)		(78,560)
Increase (decrease) in cash held in trust		(3,108)		667
Repayment of capital lease obligations		(5,026)		(4,587)
Cash used in discontinued operations (note 3)		(1,269)		(10,777)
Total cash provided by (used in) financing activities	$	613	$	(78,257)
Increase (decrease) in cash		375		(16,141)
Cash beginning of year - continuing operations		27,741		40,597
Cash beginning of year - discontinued operations		509		3,285
Cash end of year	$	28,625	$	27,741
Cash end of year - continuing operations	$	28,625	$	27,232
Cash end of year - discontinued operations		-		509
Supplemental cash flow information:				
Interest paid	$	19,302	$	20,941
Cash acquired upon acquisition (bank indebtedness) (note 4)	$	(1,575)	$	(814)
Supplemental disclosure of non-cash financing and investing activities:				
Acquisition of property, plant and equipment through capital leases	$	2,155	$	2,063
Debt and accrued interest repaid through issuance of debentures	$	152,951		-

See accompanying notes to consolidated financial statements.

Tuckamore Capital Management Inc. ("Tuckamore" or the "Company") 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. which 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 annual consolidated financial statements were authorized for issue in accordance with a resolution of the directors of Tuckamore on March 29, 2012.

1. Significant accounting policies

a) Basis of Presentation

These consolidated financial statements represent the first annual financial statements of the Company prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company adopted IFRS in accordance with IFRS 1, "First time adoption of International Financial Reporting Standards ("IFRS 1") as discussed in note 2.

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

The consolidated financial statements have been presented in Canadian dollars rounded to the nearest thousand ($000), except where otherwise indicated.

b) Principles of Consolidation

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

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

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

(In thousands of Canadian dollars)

The following table indicates the accounting method for each of Tuckamore's investments in Operating Partnerships categorized as continuing operations as at December 31, 2011. Tuckamore invested in all Operating Partnerships indirectly together with their respective general partners.

Operating Partnership	Initial Investment Date	December 31, 2011 Percentage Ownership	December 31, 2010 Percentage Ownership	January 1, 2010 Percentage Ownership	Accounting Method	Business Description
ClearStream Energy Services LP ("ClearStream") (formerly "NPC Integrity Energy Services LP")	October 2004	100[1]	100[1]	80	Consolidation– December 31, 2011 Consolidation – December 31, 2010 Proportionate consolidation – January 1, 2010	Provider of oil and gas maintenance, construction and wear technology services to both the conventional oil and gas industry and the oilsands
Gemma Communications LP ("Gemma")	March 2005	100[1]	100[1]	80	Consolidation– December 31, 2011 Consolidation – December 31, 2010 Proportionate consolidation – January 1, 2010	Integrated direct marketing company.
Quantum Murray LP ("Quantum Murray")	March 2006	100[1]	64.3	64.3	Consolidation – December 31, 2011 Proportionate Consolidation – December 31, 2010 Proportionate Consolidation– January 1, 2010	National provider of demolition, remediation and scrap metal services
IC Group LP ("IC Group")	July 2006	80	80	80	Proportionate consolidation	Provider of on-line promotional and loyalty programs and select insurance products
Titan Supply LP ("Titan")	September 2006	92	92	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	80	80	Proportionate consolidation	Provider of in-store promotional marketing services
Gusgo Transport LP ("Gusgo")	October 2006	80	80	80	Proportionate consolidation	Transportation and storage services provider
Rlogistics LP ("Rlogistics")	May 2006	36	36	36	Equity method	Re-seller of close-out, discount and refurbished consumer electronics and household goods in Ontario.

[1] refer to note 4 (Business Combinations)

(In thousands of Canadian dollars)

The following table indicates the accounting method for each of Tuckamore's investments in Operating Partnerships sold by December 31, 2011.

Operating Partnership	Initial Investment Date	December 31, 2011 Percentage Ownership	December 31, 2010 Percentage Ownership	January 1, 2010 Percentage Ownership	Accounting Method	Business Description
Brompton Corp ("Brompton")	August 2005	nil	42	42	Equity Investment	Asset manager of public and private investment funds
Baird MacGregor Insurance Brokers LP ("BMI")	April 2007	nil	78	78	Proportionate consolidation	Insurance broker specializing in the transportation and logistics industries of Ontario.
Capital C Communications ("Capital C")	August 2005	nil	nil	67	Proportionate Consolidation	Integrated marketing services agency
Hargraft Schofield LP ("Hargraft")	April 2006	nil	100	100	Consolidation	Specialty liability products insurance brokers
Morrison Williams Investment Management LP ("Morrison Williams")	August 2005	nil	80	80	Proportionate consolidation	Institutional money manager
Newport Partners LP ("NP LP")	August 2005	nil	nil	100	Consolidation	Provided of investment management, corporate advisory and insurance services
Peerless Garments LP ("Peerless")	June 2006	nil	nil	90	Proportionate Consolidation	Supplier of garments to the Canadian Military
Sports and Entertainment LP ("S&E")	August 2005	nil	nil	80	Proportionate Consolidation	Provider of sports related marketing and advertising services

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 recognized in other comprehensive income except for available-for-sale investments that do not have a quoted market price in an active market and cannot be reliably measured are recorded at cost.

Category	**Financial statement caption**
Held for trading	Cash and cash equivalents
Held-to-maturity investments	None owned
Loans and receivables	Accounts receivable 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)

Tuckamore expenses all transaction costs as incurred, including fees paid to advisors and other related costs. Financing costs, including underwriting and arrangement fees paid to lenders are deferred and netted against the carrying value of the related debt and amortized 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. Other comprehensive income includes income and expense items that are not recorded in profit or loss such as unrealized gains and losses resulting from changes in the fair value of certain financial instruments classified as available-for-sale. During the years ended December 31, 2011 and 2010 there were no transactions recorded in other comprehensive income (loss).

(iii) Effective interest method

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

d) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories include the costs to purchase and other costs incurred in bringing the inventories to their present locations. 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:

Asset	Basis	Rate
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	20% - 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 current period consolidated balance sheet.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, Tuckamore estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumption used to determine the 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.

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. Goodwill impairment is determined by assessing whether the carrying value of the Operating Partner exceeds the recoverable amount. Indefinite life intangible impairment is determined by assessing whether the carrying value of the CGU including allocated goodwill and indefinite life intangibles exceeds the recoverable amount.

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

(h) Intangible assets

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

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

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

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

i) Revenue recognition

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

(i) Marketing

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

(ii) Industrial Services

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

(iii) Other

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

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

(iv) 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.

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 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 Tuckamore has a legally enforceable right to offset current tax assets/liabilities and if the corresponding deferred tax assets and liabilities relate to the income taxes raised by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle their current tax assets and liabilities either on a net basis or simultaneously.

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

l) Leases

The determination of a lease arrangement is based on the substance of the arrangement at 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 graded vesting schedule on a straight-line basis over the applicable stock option vesting period as stock based compensation expense in the consolidated statement of income (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 stock based compensation expense and contributed surplus. Prior to April 1, 2011 the trust units awarded were considered puttable instruments and therefore were treated as cash settled awards under IFRS 2. In accordance with IFRS 2, the accumulated services received in relation to the options granted was recorded as a liability and re-measured to fair value at each balance sheet date up to April 1, 2011 the date of conversion to a corporation.

n) Income (loss) per share

The income (loss) per share of Tuckamore is computed by dividing Tuckamore's income (loss) by the weighted average 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.

p) Provisions

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

q) Discontinued Operations

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

In the consolidated statement of income (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 consolidated statement of income (loss). In the consolidated balance sheet for the current 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 as a gain on bargain purchase.

If Tuckamore holds a non-controlling interest in an investment immediately before obtaining control, the existing ownership 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 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 the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment in future periods to the carrying amount of the asset or liability affected.

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

(i) Proportionate consolidation

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

(ii) Business combinations

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

(iii) Property, plant and equipment

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

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

Assets are grouped into CGUs that have been identified as being the smallest identifiable group of assets that generates cash flows, that are independent of cash flows of other assets or group of assets. The determination of these CGUs was based on management's judgment with regards to shared infrastructure, geographical proximity, type of service provided/goods sold and similar exposure to market risk and materiality.

(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.

(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, expected forfeitures 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 January 1, 2011 and have not been applied in preparing these annual consolidated financial statements. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. All other new standards are 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")

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

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

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

(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 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 on the sale of an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements.

(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 – 12.

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 annual consolidated financial statements as at and for the year ended December 31, 2011, including the comparative information as at and for the year ended December 31, 2010 and the consolidated balance sheet at January 1, 2010.

In preparing the comparative information as at and for the year ended December 31, 2010 and at January 1, 2010 Tuckamore has adjusted amounts reported previously in the 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 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):

(In thousands of Canadian dollars)

Reconciliation of Unitholders' Equity

As at		December 31, 2010		January 1, 2010
Unitholders' equity (deficit) under Canadian GAAP	$	(33,744)	$	21,019
a) Property, plant and equipment		1,498		1,342
b) Business combinations - remeasurement gain		83,757		-
b) Business combinations - amortization/deprecation		375		-
b) Business combinations - transactions costs		(321)		-
c) Impairment		(6,439)		-
d) Stock based compensation		(1,165)		-
e) Deferred taxes		(446)		(1,497)
Unitholders' equity under IFRS	$	43,515	$	20,864

Reconciliation of Comprehensive Loss

		December 31, 2010
Net loss and comprehensive loss under Canadian GAAP	$	(56,148)
a) Property, plant and equipment		156
b) Business combinations - remeasurement gain		83,757
b) Business combinations - amortization/deprecation		375
b) Business combinations - transactions costs		(321)
c) Impairment		(6,439)
d) Stock based compensation		220
e) Deferred taxes		1,051
Net income and comprehensive income under IFRS	$	22,651

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, and December 31, 2010 consolidated balance sheets as well as comprehensive income for the year ended December 31, 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 2010, Tuckamore completed two step acquisitions 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 ClearStream.

c) Impairment of assets: Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with fair values. IAS 36 uses a one-step approach for both testing for and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (using discounted future cash flows). It was determined that no additional impairment was required as of January 1, 2010. However an impairment was recorded for December 31, 2010 relating to the goodwill recorded for Gemma that arose as a result of the re-measurement of assets on acquisition of control as discussed in "b)".

d) Stock based compensation: Under Canadian GAAP, Tuckamore accounted for stock based compensation plans using grant date fair value and recorded 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 therefore the options are considered to be 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.

e) 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. A deferred tax liability was recorded on the taxable temporary differences arising from the componentization of certain property, plant and equipment.

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 gross proceeds of $271 plus a promissory note for $250. A nominal accounting loss was recorded.

b) On December 1, 2010 Tuckamore sold its 67.13% interest in Capital C Communications LP ("Capital C"). Capital C included two divisions, Capital C and Kenna. The investment (including goodwill of $11,971) was sold for gross proceeds of $27,000, resulting in an accounting gain of $1,539.

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 gross proceeds of $20,381 resulting in an accounting loss of $3,394.

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 gross proceeds of $15,000, resulting in an accounting loss of $4,521.

b) On July 27, 2011 Tuckamore sold its 86.66% interest in Morrison Williams Investment Management LP ("Morrison Williams") for gross proceeds of $10,107 realizing an accounting gain of approximately $1,505. 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 (see note 15).

c) On July 28, 2011 Tuckamore sold its 77.5% interest in Baird MacGregor Insurance Brokers LP ("Baird MacGregor") and its 100% interest in Hargraft Schofield LP ("Hargraft") for gross proceeds of $11,250. This resulted in an accounting gain of approximately $2,540. 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 (see note 15).

d) On September 9, 2011 Tuckamore completed the sale of Brompton Corp for gross proceeds of $17,373, realizing an accounting gain of $9,055. The proceeds from the sale were received September 27, 2011 and net proceeds were used to repay senior indebtedness (see note 15).

Industrial Services

a) In November 2011, the majority limited partner of Waydex Services LP delivered to ClearStream an offer letter pursuant to the shotgun buy-sell provision of the limited partnership agreement governing Waydex. In December, 2011 ClearStream elected to sell its 40% interest in Waydex to the majority partner. The buy-sell transaction closed on January 24, 2012 for gross proceeds of $2,500 resulting in a nominal accounting loss. Net proceeds were used to repay senior indebtedness in the amount of $2,400.

b) During 2011, the Wear technology operations of Brospec LP, a subsidiary of ClearStream were discontinued. Management determined that due to the geographic location in Eastern Canada and the resulting long haul logistics of pipe wear products, it would be more cost effective to consolidate operations in existing facilities in Western Canada

The following table shows the revenue and net income (loss) from discontinued operations for the year ended December 31, 2011.

(In thousands of Canadian dollars)

For year ended December 31, 2011	Marketing	Industrial	Financial Services	Total
Revenue	-	$ 7,526	$ 7,633	$ 15,159
Expenses	-	(9,401)	(8,481)	$ (17,882)
Loss before taxes	-	(1,875)	(848)	(2,723)
Income from equity investments	-	-	943	943
Gain(loss) on sale of discontinued operations	3,300	(11)	13,100	16,389
Impairment of intangible assets	-	(321)	-	(321)
Income tax expense - current	-	-	-	-
Income tax recovery - deferred	-	-	434	434
Net income (loss) from discontinued operations	$ 3,300	$ (2,207)	$ 13,629	$ 14,722
Net income (loss) per share - basic	$ 0.05	$ (0.03)	$ 0.19	$ 0.21
Net income (loss) per share - diluted	$ 0.05	$ (0.03)	$ 0.18	$ 0.20

For year ended December 31, 2010	Marketing	Other	Financial Services	Total
Revenue	$ 32,155	$ 20,506	$ 25,510	$ 78,171
Expenses	(30,236)	(18,855)	(25,829)	(74,920)
Income (loss) before taxes	1,919	1,651	(319)	3,251
Income from equity investments	-	-	1,416	1,416
Gain (loss) on sale of discontinued operations	1,731	(3,394)	(4,600)	(6,263)
Write-down of goodwill and intangible assets	-	-	(17,244)	(17,244)
Income tax expense - current	-	-	(29)	(29)
Income tax recovery (expense) - deferred	(178)	(721)	(302)	(1,201)
Net income (loss) from discontinued operations	$ 3,472	$ (2,464)	$ (21,078)	$ (20,070)
Net income (loss) per share - basic	$ 0.05	$ (0.03)	$ (0.30)	$ (0.28)
Net income (loss) per share - diluted	$ 0.05	$ (0.03)	$ (0.30)	$ (0.28)

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

As at December 31, 2011	
Effect of disposal on the financial position	Industrial
Total assets of discontinued operations	$ 3,517
Total liabilities of discontinued operations	651
Net assets of discontinued operations	$ 2,866

4. Business combinations

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. Any changes from the preliminary amounts previously disclosed are directly attributable to both the finalization of the valuations by our third party appraisers and revisions to previous calculations. All of the estimated fair values assigned to the assets and liabilities assumed were based on a combination of independent appraisals and internal estimates.

(In thousands of Canadian dollars)

On January 4, 2010 Tuckamore paid $4,285 to acquire the remaining 20% interest in Gemma increasing its ownership to 100%. 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 $9,862.

On December 20, 2010 Tuckamore paid $14,488 to acquire the remaining 20% interest in ClearStream. The acquisition was made to meet Tuckamore's strategy of obtaining a 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 resulting in a gain of $73,895.

If the acquisition of ClearStream had taken place at the beginning of the year ended December 31, 2010, revenue from continuing operations would have increased by $51,790 and income from continuing operations would have increased by $505.

The acquisition date fair value of the Company's pre-existing ownership of Gemma and ClearStream were $22,593 and $128,847 respectively. The table below provides the adjustments made to pre-acquisition book values to reflect the fair value of the assets acquired and liabilities assumed for the 20% interest in Gemma and ClearStream:

	ClearStream	Gemma	Total
Current assets[1]	$ 13,287	$ 1,097	$ 14,384
Property, plant and equipment	17,010	293	17,303
Goodwill[2]	48,378	12,303	60,681
Intangible assets	46,966	721	47,687
Current liabilities	(22,622)	-	(22,622)
Long-term liabilities	(397)	(56)	(453)
Deferred tax liability	(14,239)	(211)	(14,450)
Net assets	88,383	14,147	102,530
Less: gain on remeasurement	(73,895)	(9,862)	(83,757)
Consideration paid, cash	14,488	4,285	18,773
Overdraft/ (cash acquired)	818	(4)	814
Net cash outflow	$ 15,306	$ 4,281	$ 19,587

[1]Included in current assets are gross contractual amounts of acquired receivables of $5,038, net of $99 of contractual cash flows not expected to be collected.
[2]Goodwill is attributable to: 1) the expected synergies and control premium arising for the acquisition. 2) the excess of enterprise value over the accounting fair value of the net identifiable tangible and intangible assets acquired. This goodwill is not deductible for tax purposes.

The following investments made by Tuckamore during the year ended December 31, 2011 were accounted for using the acquisition method, and the results of the operations have been included in Tuckamore's consolidated financial statements since the date of investment. Any changes from the preliminary amounts previously disclosed are directly attributable both to the finalization of the valuations by our third party appraisers and revisions to previous calculations. All of the estimated fair values assigned to the assets and liabilities assumed were based on a combination of independent appraisals and internal estimates.

Effective January 1, 2011 Tuckamore made an additional 6.66% investment in Morrison Williams for $755, increasing the total investment to 86.66%. The purchase satisfied Tuckamore's initial obligation to redeem or acquire the interest of the minority partner over a period of three years. The investment was sold in July, 2011 (see note 3).

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

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

On September 30, 2011, Tuckamore paid $15,722 to acquire the remaining 35.7% of Quantum Murray. The acquisition completes Tuckamore's strategy of obtaining 100% of its investment in the infrastructure sector. The acquisition was accounted for using the acquisition method of accounting as a step acquisition, which required Tuckamore to remeasure its previously held 64.3% interest to fair value. This remeasurement resulted in a gain of $6,016. From the date of acquisition, the purchase of the additional 35.7% of Quantum Murray has contributed $21,705 of revenue and $312 to net income. If the acquisition had taken place at the beginning of the year ended December 31, 2011, revenue would have increased by $37,568 and income from continuing operations would have increased by $2,077. The estimated fair value of assets acquired and liabilities assumed for Quantum Murray are preliminary.

The acquisition date fair value of the Company's pre-existing ownership of Quantum Murray was $48,194. The table below provides the adjustments made to pre-acquisition book values to reflect the fair value of the assets acquired and liabilities assumed for the Quantum Murray, GES and Morrison Williams acquisitions:

(In thousands of Canadian dollars)

	Quantum Murray	GES	Morrison Williams [1]	Total
Current assets[2]	$ 35,543	$ 10,997	$ 101	$ 46,641
Property, plant and equipment	12,265	5,065	2	17,332
Goodwill[3]	(7,174)	2,352	364	(4,458)
Intangible assets	2,911	8,960	505	12,376
Current liabilities	(20,669)	(3,373)	(78)	(24,120)
Long-term liabilities	(820)	(8,071)	(7)	(8,898)
Deferred tax liability	(318)	(2,117)	(132)	(2,567)
Net assets acquired	21,738	13,813	755	36,306
Less: gain on remeasurement	(6,016)	-	-	(6,016)
Consideration paid, cash	15,722	13,813	755	30,290
Overdraft/ (cash acquired)	1,074	521	(20)	1,575
Net cash outflow	$ 16,796	$ 14,334	$ 735	$ 31,865

[1] The results of Morrison Williams are included in discontinued operations
[2] Included in current assets are gross contractual amounts of acquired receivables of $29,067, net of $105 of contractual cash flows not expected to be collected.
[3] Goodwill is attributable to: 1) the expected synergies and control premium arising for the acquisition. 2) The excess of enterprise value over the accounting fair value of the net identifiable tangible and intangible assets acquired. This goodwill is not deductible for tax purposes.

5. Financial Instruments

a) Tuckamore has classified its financial instruments as follows:

As at:	December 31, 2011	December 31, 2010	January 1, 2010
Financial Assets			
Held for trading, measured at fair value:			
Cash	$ 28,625	$ 27,741	$ 43,882
Cash and short term investments held in trust	8,108	18,767	20,142
Total financial assets, held for trading	$ 36,733	$ 46,508	$ 64,024
Loans and Receivables, measured at amortized cost:			
Accounts receivable	$ 149,371	$ 96,137	$ 119,363
Advances to operating partners	1,520	2,848	24,016
Employee loans	1,572	1,869	3,470
Total loans and receivables	$ 152,463	$ 100,854	$ 146,849
Financial Liabilities, measured at amortized cost:			
Accounts payable and accrued liabilities	$ 91,173	$ 76,081	$ 97,066
Capital lease obligations	9,221	8,916	10,503
Current portion of senior credit facility	10,000	86,939	150,499
Senior credit facility	85,705	-	-
Subordinated revolving credit facilities	-	10,089	10,089
Accrued interest on subordinated revolving credit facilities	-	1,449	449
Convertible debentures	-	159,829	156,136
Secured debentures	146,314	-	-
Unsecured debentures	14,215	-	-
Accrued interest on convertible debentures	-	23,870	11,935
Total financial liabilities	$ 356,628	$ 367,173	$ 436,677

The fair value of loans and receivables and financial liabilities do not differ significantly from their carrying value due to their short term nature and the fact that any interest on these instruments reflect market rates. The secured debentures, unsecured debentures and senior credit facility at December 31, 2011 had fair values of $114,548, $11,484 and $103,789 respectively. At December 31, 2010 the fair value of the convertible debentures were $122,504 (January 1, 2010 – $68,231).

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

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

- Level 1 – Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an ongoing basis.

- Level 2 – If there is no active market, fair value is established using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable market data where possible, including recent arm’s-length market transactions, and comparisons to the current fair value of similar instruments; but where this is not feasible, inputs such a liquidity risk, credit risk and volatility are used.

- Level 3 – Valuations in this level are those with inputs that are not based on observable market data. Tuckamore does not have any financial instruments recorded at fair value using level 2 or level 3 as at December 31, 2011, December 31, 2010 and January 1, 2010.

The fair value disclosures for the assets classified as held for trading and the secured and unsecured debentures are categorized as Level 1. The fair value disclosure for the senior credit facility is categorized as Level 2. The cash flows of the senior credit facility are discounted at the interest rate obtained from the assignment of Tuckamore’s senior credit facility to the Bank of Montreal (refer to “note 15 – Senior credit facility and debentures” for more information).

(In thousands of Canadian dollars)

b) Net Interest Expense

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

December 31		2011		2010
Interest expense on senior credit facility	$	10,617	$	21,107
Interest on the subordinated revolving credit facility		224		1,000
Interest expense on convertible debentures		2,741		11,935
Interest expense on secured debentures		10,873		-
Interest expense on unsecured debentures		746		-
Non-cash accretion expense classified as interest expense		8,076		3,693
Interest expense on capital leases		855		615
Interest expense - other		(800)		842
Total interest expense	$	33,332	$	39,192
Less:				
Net interest income earned on advances to Operating Partners		(262)		(2,019)
Total interest expense (net)	$	33,070	$	37,173

6. Accounts Receivable

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

Tuckamore's accounts receivable are comprised of the following:

		December 31, 2011		December 31, 2010	January 1, 2010
Trade receivables	$	113,255	$	74,248	$ 96,674
Allowance for doubtful accounts		(1,317)		(1,022)	(1,496)
Holdback receivable		12,994		4,262	10,143
Other		24,439		18,649	14,042
Total accounts receivable	$	149,371	$	96,137	$ 119,363

Other receivables primarily consist of unbilled accounts receivable.

(In thousands of Canadian dollars)

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

Allowance for doubtful accounts January 1, 2010	$	1,496
Increase in allowance during the year		400
Receivables written off as uncollectible		(484)
Obtained through acquisitions		83
Sold through dispositions		(473)
Allowance for doubtful accounts December 31, 2010	$	1,022
Increase in allowance during the year		478
Receivables written off as uncollectible		(417)
Obtained through acquisitions		234
Allowance for doubtful accounts December 31, 2011	$	1,317

As at December 31, the aging analysis of trade receivables is as follows:

	Total	Current	<30 days	30-60 days	61-90 days	91-120 days	>120 days
December 31, 2011	$ 113,255	$ 73,108	$ 24,305	$ 6,232	$ 5,416	$ 3,928	$ 266
December 31, 2010	74,428	44,725	15,115	6,642	4,257	3,247	442
January 1, 2010	96,674	54,678	28,389	6,093	5,628	985	901

7. Accounts Payable

	December 31, 2011	December 31, 2010	January 1, 2010
Trade payables	$ 48,333	$ 52,402	$ 80,404
Accrued liabilities	32,397	20,070	13,578
Interest payable	10,373	1,005	251
Other	70	2,604	2,833
Total accounts payable and accrued liabilities	$ 91,173	$ 76,081	$ 97,066

8. Inventories

Inventories are comprised as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Raw materials	$ 3,919	$ 3,873	$ 6,151
Work in progress	19,504	9,970	16,029
Finished goods	3,136	4,705	1,339
Goods held for resale	9,744	8,994	9,769
Parts and supplies	1,161	494	746
Total inventories	$ 37,464	$ 28,036	$ 34,034

Work in progress includes amounts for work performed in excess of amounts billed for contracts accounted for using the percentage of completion method of $15,440 in 2011 (December 31, 2010 - $7,518, January 1, 2010 - $5,610)

(In thousands of Canadian dollars)

Goods held for resale reflects inventory held at ClearStream, Titan and Armstrong.

Inventory write-downs of $37 were recorded for the year ended December 31, 2011 (2010 - $181)

Included in cost of revenue is the cost of inventories of $88,880 (2010 - $57,366).

As at December 31, 2011, inventory with a carrying amount of $37,464 was subject to a general security agreement under the senior credit facility. (December 31, 2010 - $28,036, January 1, 2010 - $34,034)

9. Other Assets

	December 31, 2011	December 31, 2010	January 1, 2010
Advances to Operating Partners	$ 1,520	$ 2,848	$ 24,016
Other	4,640	8,462	4,302
Total other assets	6,160	11,310	28,318
Less: Current portion	3,046	9,744	14,249
Other assets (long-term)	$ 3,114	$ 1,566	$ 14,069

10. Long-term investments

	December 31, 2011	December 31, 2010	January 1, 2010
Investments In:			
Brompton	$ -	$ 7,251	$ 7,498
Rlogistics	-	7,239	7,239
Other	-	-	992
Total long-term investment	-	$ 14,490	$ 15,729

During 2011 the Company sold its investment in Brompton (see Discontinued Operations Note 3).

The Company reviews its long-term investments for possible impairment on an annual basis, or more frequently if there is an event which in the view of the management would trigger an earlier review. At December 31, 2011 management determined that the carrying value of its investment in Rlogistics was impaired due to a decline in earnings. In addition, cash to be distributed by Rlogistics and recorded as receivable by the Company, is required to be retained by Rlogistics to support the working capital needs of the business. As a result, the Company has recorded a write off of $6,081 representing the carrying value of its equity investment in this business and distributions receivable, net of a reduction in a tax liability.

(In thousands of Canadian dollars)

11. Property, Plant and Equipment

	Equipment under capital lease	Furniture and equipment	Computer hardware	Automotive and heavy equipment	Land and buildings	Leasehold improvements	Total	
Cost								
Balance at January 1, 2010	$ 19,258	$ 13,655	$ 8,230	$ 23,570	$ 5,538	$ 7,097	$ 77,348	
Additions	2,063	1,307	563	1,310	28	893	6,164	3
Disposals	(1,441)	635	(1,786)	(1,846)	(445)	(50)	(4,933)	
Acquisitions through business combinations	2,647	5,044	909	9,653	1,428	1,197	20,878	
Sold through dispositions of businesses	(462)	(1,295)	(2,780)	(632)	(747)	(1,605)	(7,521)	
Other	(2,169)	(4,060)	(98)	6,795	397	(446)	419	
Balance as December 31, 2010	$ 19,896	$ 15,286	$ 5,038	$ 38,850	$ 6,199	$ 7,086	$ 92,355	
Additions	2,155	240	499	1,936	48	85	4,963	
Disposals	(1,237)	(1,760)	(155)	(2,943)	(272)	(600)	(6,967)	
Acquisitions through business combinations	5,826	2,063	369	15,829	1,674	1,348	27,109	
Sold through dispositions of businesses		(242)	(389)	-	-	(126)	(757)	
Reclass	(1,322)	(26)	-	1,210	(304)	304	(138)	
Balance at December 31, 2011	$ 25,318	$ 15,561	$ 5,362	$ 54,882	$ 7,345	$ 8,097	$ 116,565	
Depreciation								
Balance at January 1, 2010	$ (8,496)	$ (3,748)	$ (5,002)	$ (10,100)	$ (1,548)	$ (2,851)	$ (31,745)	
Depreciation for the year	(2,750)	722	(1,294)	(6,137)	(837)	(996)	(11,292)	1
Disposals	1,203	85	742	508	259	14	2,811	
Acquisitions through business combinations	(1,241)	(2,114)	(87)	(131)	-	(2)	(3,575)	
Sold through dispositions of businesses	225	855	2,208	588	567	887	5,330	
Other	-	-	-	-	-	(47)	(47)	
Balance at December 31, 2010	$(11,059)	$ (4,200)	$(3,433)	$(15,272)	$(1,559)	$ (2,995)	$ (38,518)	
Depreciation for the year	(2,491)	(2,270)	(654)	(6,081)	(177)	(1,822)	(13,495)	2
Disposals	961	1,312	114	1,425	-	1,008	4,820	
Acquisitions through business combinations	(2,034)	(871)	(317)	(5,521)	(11)	(1,023)	(9,777)	
Sold through dispositions of businesses	-	167	309	-	-	41	517	
Reclass	614	(4)	-	(614)	28	(36)	(12)	
Balance at December 31, 2011	$(14,009)	$ (5,866)	$ (3,981)	$ (26,063)	$(1,719)	$ (4,827)	$ (56,465)	
Net book value								
At January 1, 2010	$ 10,762	$ 9,907	$ 3,228	$ 13,470	$ 3,990	$ 4,246	$ 45,603	
At December 31, 2010	$ 8,837	$ 11,086	$ 1,605	$ 23,578	$ 4,640	$ 4,091	$ 53,837	
At December 31, 2011	$ 11,309	$ 9,695	$ 1,381	$ 28,819	$ 5,626	$ 3,270	$ 60,100	

[1] Included in the amortization for the year is $827 related to discontinued operations
[2] Included in the amortization for the year is $1,116 related to discontinued operations
[3] Additions include $63 included in cash used by discontinued operations

a) Collateral:

As at December 31, 2011, property, plant and equipment with a carrying amount of $48,791 is subject to a general security agreement under the senior credit facility (December 31, 2010 - $45,000, January 1 2010 - $34,841).

(In thousands of Canadian dollars)

b) Capital Commitments:

As at December 31, 2011, Tuckamore had no capital commitments for the acquisition of new equipment.

12. Goodwill and intangible assets

	Goodwill	Customer relationships	Computer software	Brands	Sales Orders	Management Contracts	Intangible Total
Cost							-
Balance at January 1, 2010	$ 68,914	$ 162,620	$ 245	$ 20,793	$ -	$ -	$ 183,658
Acquisitions through business combinations	60,681	43,251	-	3,554	882	-	47,687
Additions	-	-	634	-	-	-	634
Sold through dispositions of business	(21,927)	(63,454)	-	(3,438)	-	-	(66,892)
Other	-	-	(385)	-	-	-	(385)
Balance at December 31, 2010	$ 107,668	$ 142,417	$ 494	$ 20,909	$ 882	$ -	$ 164,702
Acquisitions through business combinations	(4,458)	11,583	-	(769)	1,562	-	12,376
Additions	-	-	852	-	-	2,000	2,852
Sold through dispositions of business	(1,212)	(21,223)	-	(2,293)	-	-	(23,516)
Other	(1,222)	-	835	-	-	-	835
Balance at December 31, 2011	$ 100,776	$ 132,777	$ 2,181	$ 17,847	$ 2,444	$ 2,000	$ 157,249
Amortization and impairments							
Balance at January 1, 2010	$ -	$ (81,434)	$ -	$ -	$ -	$ -	$ (81,434)
Amortization for the year	-	(16,088)	-	-	-	-	(16,088) [1]
Impairment	(23,683) [3]	(1,779)		-	-	-	(1,779)
Sold through dispositions of business	-	29,686	-	-	-	-	29,686
Other	-	51	(332)	-	-	-	(281)
Balance at December 31, 2010	(23,683)	(69,564)	(332)	-	-	-	$ (69,896)
Amortization for the year	-	(16,500)	(478)	-	(711)	(167)	(17,856) [2]
Impairment	-	-	-	(321)	-	-	(321)
Sold through dispositions of business	-	10,271	-	-	-	-	10,271
Other	-	(519)	-	-	-	-	(519)
Balance at December 31, 2011	$ (23,683)	$ (76,312)	$ (810)	$ (321)	$ (711)	$ (167)	$ (78,321)
Net book value							
At January 1, 2010	$ 68,914	$ 81,186	$ 245	$ 20,793	$ -	$ -	$ 102,224
At December 31, 2010	$ 83,985	$ 72,853	$ 162	$ 20,909	$ 882	$ -	$ 94,806
At December 31, 2011	$ 77,093	$ 56,465	$ 1,371	$ 17,526	$ 1,733	$ 1,833	$ 78,928

[1] Included in the amortization for the year is $4,058 related to discontinued operations
[2] Included in the amortization for the year is $2,406 related to discontinued operations
[3] Included in impairment for the year is $17,244 related to discontinued operations

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

Tuckamore performed its annual test for the potential impairment of goodwill and intangibles with an indefinite life in the fourth quarter of 2011. This test was performed in accordance with the policy described in note 1 and also took into consideration the Company's market capitalization compared to its book value. The difference between the Company's market capitalization and book value is primarily due to ClearStream and Quantum Murray being recorded at fair value as a result of the acquisition of control (refer to note 4 –

(In thousands of Canadian dollars)

"Business Combinations"). These businesses were externally valued by specialists and there have been no significant changes in the variables used to perform the valuation from the valuation date up until December 31, 2011. As such, the market capitalization deficiency was not considered to be an indicator of impairment.

Tuckamore has 14 CGUs, 9 of which include intangibles with an indefinite life. The carrying value of goodwill by operating partner and indefinite life intangibles by significant CGUs are identified separately in the table below.

Operating Partner	**Indefinite life Intangibles**	**Goodwill**
ClearStream		
Wear	$ 1,574	$ -
Fabrication	746	-
Oilsands	1,837	-
Conventional	2,967	-
Transportation	760	-
Total ClearStream	$ 7,884	$ 61,127
Quantum Murray		
Remediation	5,332	-
Total Quantum Murray	5,332	425
Gemma	3,001	6,912
IC Group	656	5,822
Gusgo	653	2,807
Total	$ 17,526	$ 77,093

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

Valuation Technique

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

Growth

The assumptions used were based on the Company's internal budget. The Company used projected EBITDA and capital expenditures for 5 years and applied a perpetual long-term growth rates between 2.0%-2.5% thereafter. The perpetual growth rates are management's estimate of long-term inflation and productivity growth in the industry and geographies in which it operates. In arriving at its forecasts, Tuckamore considered past experience, economic trends such as GDP growth and inflation as well as industry and market trends.

(In thousands of Canadian dollars)

Discount Rate

Tuckamore assumed discount rates between 17.3% to 21.3% in order to calculate the present value of projected future cash flows. The discount rate represented a weighted average cost of capital ("WACC") for comparable companies operating in similar industries, based on publicly available information. The WACC is an estimate of the overall required rate of return on an investment for both debt and equity owners and serves as the basis for developing an appropriate discount rate.

During the year ended December 31, 2011 $321 of brand intangibles related to a subsidiary of ClearStream were written down as a result of the wind-up of that particular subsidiary.

Write-downs of goodwill and customer relationships recorded by the Company during the year ended December 31, 2010 were as follow:

Investment	Goodwill	Customer Relationships	Total
ClearStream (Skystone)	$ -	$ 1,779	$ 1,779
Gemma	6,439	-	6,439
Morrison Williams	17,244	-	17,244
Total	$ 23,683	$ 1,779	$ 25,462

The impairment of Gemma's goodwill, Morrison Williams' goodwill and Skystone's customer relationships are primarily due to higher than expected customer attrition at Gemma, a significant decrease in assets under management at Morrison Williams and valuation information obtained with respect to Skystone's market value while in the process of marketing the business for sale.

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

14. Construction Contracts in Progress

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

December 31	2011	2010
Costs incurred for the year	$ 135,005	$ 36,988
Recognized profits	26,542	3,571
Contract revenue for the year	$ 161,547	$ 40,559
Progress billings	(152,568)	(33,558)
Gross costs in excess of billings	8,979	7,001

(In thousands of Canadian dollars)

	December 31, 2011	December 31, 2010	January 1, 2010
Aggregate gross costs in excess of billings (WIP)	$ 18,995	$ 9,239	$ 3,881
Aggregate gross billings in excess of costs (deferred revenue)	(2,893)	(2,704)	(1,886)
Aggregate net costs in excess of billings	$ 16,102	$ 6,535	$ 1,995

	2011	2010
Aggregate amounts of costs incurred and recognized profits (less losses to date)	$ 150,781	$ 81,661
Holdback receivable	12,994	4,262
Billings in advance	2,304	1,162

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

15. Senior credit facility and debentures

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 then existing 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.

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. The agreement also provided 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 been accounted for as a reduction of the liability, and will be amortized to income using the effective interest rate method over the term of the facility. The senior credit facility bears interest at 9.5% per annum.

(In thousands of Canadian dollars)

During the first quarter of 2011, Tuckamore drew a further $19,766 to fund ClearStream'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 was to be repaid by March 2, 2012. Tuckamore also agreed to repay an additional $25,000 by January 2, 2013 (see subsequent event note 32).

Net proceeds from sales of Baird McGregor, Hargraft and Morrison Williams completed in July 2011 totaled $20,573. Of this amount, $5,573 was used to repay senior debt and $15,000 was placed in an escrow deposit account for specified acquisitions purposes. In August 2011 $2,000 of this amount was drawn from the escrow account for working capital purposes.

On September 28, 2011 net proceeds of $16,400 relating to the sale of Brompton were used to repay senior debt.

On September 30, 2011 Tuckamore completed the acquisition of the 35.7% of Quantum Murray that it did not already own. The acquisition cost of $15,722 was funded with $13,000 held in escrow, and from additional borrowings of $4,223 from the first delayed draw facility.

On September 30, 2011 $1,000 of the $2,000 drawn for working capital purposes was repaid to the senior lender and on October 31, 2011 Tuckamore repaid the remaining $1,000.

As at December 31, 2011 senior debt was $96,955 before deferred financing charges of $1,250. There was no excess cash flow payable to the senior lender at December 31, 2011.

Total senior credit facility at January 1, 2010	$	150,499
Repayments		(78,560)
Advances		15,000
Total senior credit facility at December 31, 2010	$	86,939
Repayments		(36,973)
Advances		46,989
Total senior credit facility at December 31, 2011	$	96,955
Deferred finance costs		(1,250)
Net Balance of senior credit facility at December 31, 2011	$	95,705

On January 24, 2012 the sale of Waydex Services LP closed for net proceeds of $2,400 which was used to repay senior indebtedness (see subsequent event note 32).

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

Advances outstanding under the term loan facilities totaling $94,555 will continue to be outstanding under the Amended Senior Credit Facility and a portion of such facilities will continue as a revolving facility. The Amended Senior Credit Facility provides, amongst other things, standard financial covenants for a facility of this size and type. It has a term of three years and an initial interest rate of prime plus 1.5%, which rate can reduce when certain leverage ratios are achieved. Repayments of the Amended Senior Credit Facility prior to maturity will be from proceeds of asset sales, and from excess cash flow from operations.

b) Secured and unsecured debentures

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

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

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

(In thousands of Canadian dollars)

$0.2254 per common share. The total number of common shares to be issued on the repayment of the Unsecured Debentures is capped at 10% of the fully diluted common shares of Tuckamore on the repayment date. The Unsecured Debentures were listed on the TSX on the closing date of March 23, 2011. In the event of a change of control Tuckamore's ability to settle the obligation through the issuance of shares will not be available.

	Secured Debentures	Unsecured Debentures
Issue date	March 23, 2011	March 23, 2011
Principal Amount	$ 176,228	$ 26,552
Interest Rate	8.0%	3.624%
Carrying value at December 31, 2011	$ 146,314	$ 14,215
Accretion expense recorded in 2011	$ 4,769	$ 2,809
Maturity Date	March 23, 2016	March 23, 2014

Accretion to Principal Amount

	Secured Debentures	Unsecured Debentures
2012	$ 6,547	$ 4,567
2013	6,840	6,038
2014	7,144	1,732
2015	7,465	-
2016	1,918	-
Total accretion remaining	$ 29,914	$ 12,337

For accounting purposes, the Exchange transactions have been accounted for as extinguishments of the Debentures, the Subordinated Revolving Credit Facility and the related accrued interest payable. The Secured Debentures and Unsecured Debentures were initially recorded at their estimated fair value of $141,545 and $11,406, respectively. All costs incurred in connection with the issuance of the Secured and Unsecured Debentures 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. Such accretion amount is categorized as interest expense (see note 5).

c) Classification

Tuckamore completed the refinancing of its senior credit facility and unsecured convertible debentures on March 23, 2011 prior to the issuance of the 2010 Canadian GAAP consolidated financial statements. At December 31, 2011, these debt liabilities are categorized as long term liabilities. IFRS requires a refinancing to be finalized by the balance sheet date for long-term classification, and consequently the debt liabilities are reflected as current liabilities on the comparative IFRS December 31, 2010 consolidated balance sheet, however these same debt liabilities were classified as long-term in the December 31, 2010 Canadian GAAP balance sheet.

(In thousands of Canadian dollars)

16. Obligations under capital leases

Capital lease obligations relate to vehicles and heavy equipment. The leases bear interest at rates from 0% to 17% (2010 – 0% to 18%) per annum and are secured by specific assets. Tuckamore's future minimum payments are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
2010	$ -	$ -	$ 5,183
2011	-	4,992	$ 3,720
2012	5,795	2,421	1,673
2013	2,124	1,196	523
2014	1,687	902	616
2015	469	150	-
2016	293	-	-
Total minimum lease payments	$ 10,368	$ 9,661	$ 11,715
Less amount representing interest (at rates ranging from 0% to 17%)	1,147	745	1,212
Present value of net minimum capital lease payments	$ 9,221	$ 8,916	$ 10,503
Less current portion of obligations under capital leases	5,540	4,464	4,588
Long-term portion of obligation under capital leases	$ 3,681	$ 4,452	$ 5,915

Interest of $855 for the year ended December 31, 2011 (2010 - $615) relating to capital lease obligations has been included in interest expense.

17. Commitments and other contingencies

a) Tuckamore is committed to payments under operating leases for equipment and office premises through 2018 in the total of approximately $34,783. The minimum annual payments, exclusive of operating costs under these lease arrangements are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
2010	$ -	$ -	$ 11,408
2011	-	11,891	9,672
2012	11,762	8,607	7,441
2013	8,132	5,956	5,156
2014	5,843	3,820	2,580
2015	3,939	2,610	1,785
2016	2,725	1,806	1,235
Thereafter	2,382	1,952	437
Total commitments under capital leases	34,783	36,642	39,714
Last year of commitment	2018	2018	2019

The following is a detailed breakdown for all lease and sublease payments recorded as an expense

(In thousands of Canadian dollars)

December 31,	2011	2010
Minimum lease payments (principal)	21,922	21,783
Contingent rents	-	-

Tuckamore's contractual obligations for the years 2012 to 2016 and thereafter are as follows:

	2012	2013	2014	2015	2016	Thereafter	Total
Accounts payable and accrued liabilities	$ 91,173	$ -	$ -	$ -	$ -	$ -	$ 91,173
Senior credit debt[1]	10,000	86,955	-	-	-	-	96,955
Secured Debentures	-	-	-	-	176,228	-	176,228
Unsecured Debentures	-	-	26,552	-	-	-	26,552
Capital lease obligations	5,795	2,124	1,687	469	293	-	10,368
Operating leases	11,762	8,132	5,843	3,939	2,725	2,382	34,783
Total Contractual Obligations	$ 118,730	$ 97,211	$ 34,082	$ 4,408	$ 179,246	$ 2,382	$436,059

[1] Contractual obligations related to the senior credit facility reflects the obligations as of December 31, 2011 (refer to subsequent event note 32)

(b) The various acquisition agreements provide that elections may be made under the Income Tax Act (Canada) to transfer the assets of the predecessor businesses to the various respective limited partnerships on a tax deferred basis. Accordingly, the tax cost to the Operating Partnership of the assets transferred where such elections are made may be less than the fair market value of such assets and, as such, some of the Operating Partnerships may realize a taxable gain on a future disposition of the assets. Certain acquisitions involved various corporate structuring steps to complete the transactions in a tax effective manner. These transactions involved interpretations of the Income Tax Act (Canada) which could if interpreted differently result in additional tax liabilities.

(c) Tuckamore and its Operating Partnerships are subject to claims and litigation proceedings arising in the normal course of operations. These contingencies are provided for when they are likely to occur and can be reasonably estimated. Management believes that the ultimate resolution of these matters will not have a material effect on Tuckamore's consolidated financial statements.

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

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

(e) Tuckamore has $6,843 of letters of credit outstanding at December 31, 2011. The letters of credit are predominantly used to secure cash management services and as a performance guarantee in certain Operating Partnerships. The letters of credit are cash collateralized and the cash balance is included in cash and cash equivalents held in trust.

(In thousands of Canadian dollars)

18. Revenue

The following are amounts for each significant category of revenue recognized during the years ended December 31, 2011 and December 31, 2010:

December 31		2011		2010
Sales of goods	$	94,592	$	87,129
Rendering of services		543,809		367,016
Total revenue	$	638,401	$	454,145

19. Income taxes

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

December 31		2011		2010
Income tax expense at statutory rates	$	(4,486)	$	(11,271)
Permanent differences		(429)		16,473
Change in tax rates on temporary differences		396		1,068
Other		1,663		492
Income tax (expense) recovery - deferred	$	(2,856)	$	6,762

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

December 31		2011		2010
Total current income tax expense	$	(23)	$	(400)
Deferred income tax (expense) recovery:				
Origination and reversal of temporary differences		(3,252)		5,694
Deferred tax due to changes in tax rates		396		1,068
Total deferred income tax (expense) recovery	$	(2,856)	$	6,762

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

		December 31, 2011		December 31, 2010		January 1, 2010
Deferred income tax assets (liabilities):						
Fixed assets	$	(4,636)	$	(4,500)	$	(2,284)
Intangible assets		(3,930)		(9,356)		(10,474)
Convertible debentures		-		(917)		(1,497)
Debentures		(10,563)		-		-
Net operating losses		6,801		4,836		3,449
Other		1,300		1,341		3,257
Total deferred income tax liabilities	$	(11,028)	$	(8,596)	$	(7,549)

Due to business acquisitions in 2010, Tuckamore was able to recognize $7,277 of pre-acquisition deferred tax assets previously unrecognized.

(In thousands of Canadian dollars)

Tuckamore has approximately $112,877 of capital losses that have not been recognized in the consolidated financial statements as of December 31, 2011 (December 31, 2010 - $20,708, January 1, 2010 - $6,411). There is no expiry of capital losses.

20. 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:

Year ended December 31		2011		2010
Numerator:				
Net income from continuing operations	$	13,143	$	42,721
Net income (loss) from discontinued operations		14,722		(20,070)
Net Income	$	27,865	$	22,651
Denominator:				
Weighted average number of shares outstanding (basic)		71,631		71,631
Effect of stock options vested [1]		289		-
Weighted average number of shares outstanding (diluted)		71,920		71,631

[1] The effect of stock options vested during 2010 was anti-dilutive.

The authorized share capital of the Company consists of: (i) an unlimited number of shares and (ii) preferred shares issuable in series to be limited in number of an amount equal to not more than one half of the limited and outstanding shares at the time of issuance such preferred share. As of March 29, 2012, there were 71,631,431 shares issued and outstanding and no preferred shares issued and outstanding.

21. Stock-based compensation

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

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

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

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

(In thousands of Canadian dollars)

	IOP		MIP		
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Total
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 year	-	-	-	-	-
Exercised during the year	-	-	-	-	-
Granted during the year	$0.358	50,000	$0.358	7,150,000	7,200,000
Outstanding at December 31, 2011		7,050,000		7,150,000	14,200,000
Exercisable at December 31, 2011		5,020,900		-	5,020,900

The options outstanding at December 31, 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	1.63%	1.69%
Expected volatility	141%	122%
Expected weighted average life of options	2.42 years	2 years
Expected dividend yield	0%	0%

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

Year ended December 31, 2010		IOP
Stock based compensation expense using grant date for fair value	$	1,385
Fair value adjustment to stock based compensation expense		(220)
Total stock based compensation expense	$	1,165
Stock based payment liability as at December 31, 2010	$	1,165

The intrinsic value of vested stock based compensation awards outstanding as at December 31, 2011 was $nil.

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

(In thousands of Canadian dollars)

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

22. Related party disclosures

a) Advances to operating partnerships

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

		December 31, 2011		December 31, 2010		January 1, 2010
Net advances to joint venture operating partners	$	1,520	$	2,848	$	24,016

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.

		December 31, 2011		December 31, 2010		January 1, 2010
Loans to current and former employees	$	1,572	$	1,869	$	3,470

c) Other related party transactions

Selling, general and administrative expenses includes $1,451 of rent expense paid to related parties of Gusgo and Quantum Murray for the year ended December 31, 2011 (2010 - $3,379). 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 $167 for the year ended December 31, 2011 (2010-$146) for such services. Interest charged to joint venture Operating Partners on advances net of eliminated intercompany balances were $262 (December 31, 2010 - $2,019)

(In thousands of Canadian dollars)

d) Compensation for Key Management Personnel

Tuckamore's key management personnel includes the CEO, CFO, Vice Presidents and other senior management at Tuckamore and the CEO, CFO and Vice Presidents at the operating partners. The remuneration for these key management personnel during the years ended December 31, 2011 and December 31, 2010 are as follows:

December 31	2011	2010
Short-term employment benefits	$ 12,404	$ 11,736
Post-employment benefits	13	24
Termination benefits	570	-
Share based payment	3,392	1,165
Total compensation	$ 16,379	$ 12,925

23. Provisions

	ClearStream	Tax	Total
Balance at January 1, 2010	$ 1,617	$ 4,050	$ 5,667
Provisions made during the year	622	250	872
Provisions used during the year	(986)	-	(986)
Provisions reversed during the year	(152)	-	(152)
Balance at December 31, 2010	$ 1,101	$ 4,300	$ 5,401
Provisions made during the year	370	-	370
Provisions used during the year	(893)	-	(893)
Provisions reversed during the year	(578)	(4,300)	(4,878)
Balance at December 31, 2011	$ -	$ -	$ -

a) ClearStream operational restructuring

ClearStream has recorded provisions for costs related to restructuring its senior management team and the closure of a 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. Management has assessed that previously recorded tax provisions were no longer required and have reflected the amount in discontinued operations.

(In thousands of Canadian dollars)

24. Deferred Revenue

Balance at January 1, 2010	$	10,403
Deferred during the year		14,933
Realized in the income statement during the year		(14,550)
Sold through business dispositions		(4,062)
Acquired through business combinations		64
Balance at December 31, 2010	$	6,788
Deferred during the year		17,659
Realized in the income statement during the year		(16,916)
Acquired through business combinations		1,077
Balance at December 31, 2011	$	8,608

25. Financial Risk Management

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

(a) Credit risk

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

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

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

(b) Customer Concentration Risk

Revenues of ClearStream are concentrated, with its top three customers representing 36% of consolidated revenue for Tuckamore (2010 – 47%).

Revenues from the top three ClearStream customers represent 62% of ClearStream's total revenues for the year ended December 31, 2011 and 36% of the accounts receivable balance at December 31, 2011 is due from these customers (2010 – 83% of revenues and 34% of accounts receivable).

Revenues from the top three Quantum Murray customers represent 24% of Quantum Murray's total revenues for the year ended December 31, 2011 and 14% of the accounts receivable balance at December 31, 2011 is due from these customers (2010 – 26% of revenues and 8% of accounts receivable).

Revenues from the top three Titan customers represent 9% of Titan's total revenues for the year ended December 31, 2011 and 7% of the accounts receivable balance at December 31, 2011 is due from these customers (2010 – 9% of revenues and 7% of accounts receivable).

On a consolidated basis, the aforementioned customers of ClearStream, Quantum Murray and Titan represent 45% of Tuckamore's revenues for the year ended December 31, 2011 and 23% of Tuckamore's accounts receivable balance at December 31, 2011 (2010 – 54% of revenues and 21% of accounts receivable).

(c) Liquidity risk

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

The maturity dates for long-term debt are 2014, 2015 and 2016 respectively. The capital lease obligations expire primarily in the years 2012 to 2018.

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

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

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect Tuckamore's income or the value of its financial instruments. Changes in interest rates would have had no impact on net earnings in the current period due to fixed interest rates on the senior debt facility (9.5%) and secured and unsecured debentures (8.0% and 3.624% respectively).

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

Tuckamore is exposed to currency risk on certain sales and purchases. At December 31, 2011 and December 31, 2010, Tuckamore's consolidated financial statements included the Canadian equivalent of the following U.S. dollar denominated balances:

(In thousands of Canadian dollars)

As at:	December 31, 2011	December 31, 2010	January 1, 2010
Accounts receivable	$ 4,167	$ 2,573	$ 2,648
Accounts payable and accrued liabilities	(1,480)	(1,679)	(1,005)
	$ 2,687	$ 894	$ 1,643

A 10% strengthening (weakening) in the Canadian dollar against the $U.S dollar at December 31, 2011 would result in $268 gain (loss).

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company faces commodity price risk arising from changes to the market prices for scrap metal. The average price for scrap metal was $331/tonne at December 31, 2011. A $100/tonne price decrease would result in a $740 reduction to pre-tax earnings.

26. Interest in jointly controlled assets

At December 31, 2011, Tuckamore holds 100% interest in ClearStream, Quantum Murray and Gemma, 92% interest in Titan, and 80% interests in Gusgo, Armstrong and IC Group. The consolidated financial statements include Tuckamore's proportionate share of the revenue, expenses, assets and liabilities of the jointly controlled assets described in note 1 as follows:

As at:	December 31, 2011	December 31, 2010	January 1, 2010
Current assets	$ 28,687	$ 78,967	$ 140,946
Property, plant and equipment	2,424	14,629	41,207
Long-term investments	7,559	7,594	7,559
Goodwill and intangibles	4,683	23,923	70,704
Other assets	1,082	1,489	646
Total Assets	$ 44,435	$ 126,602	$ 261,062
Current liabilities	$ 33,898	$ 75,191	$ 202,056
Long-term obligations	375	2,851	-
Total Liabilities	$ 34,273	$ 78,042	$ 202,056

For year ended December 31,	2011	2010
Revenues	$ 71,170	$ 436,814
Expenses	66,637	435,584
Net income	$ 4,533	$ 1,230

Cash flows provided by operating activities	$ 3,110	$ 7,418
Cash flows used in investing activities	(286)	(11,244)
Cash flows used in financing activities	(2,734)	(1,491)
	$ 90	$ (5,317)

(In thousands of Canadian dollars)

27. Changes in non-cash balances

		2011		2010
Accounts receivable	$	(30,107)	$	21,078
Inventories		2,117		(4,454)
Prepaid expenses		206		(877)
Other current assets		(119)		16,883
Accounts payable and accrued liabilities		4,687		(21,212)
Deferred revenue		745		(498)
Total changes in non -cash balances	$	(22,471)	$	10,920

28. 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. A majority 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 includes a distributor and manufacturer of heavy equipment, a container transportation business and a reverse logistics provider. The corporate segment includes head office administrative and financing costs incurred by Tuckamore.

(In thousands of Canadian dollars)

Year Ended December 31, 2011	Marketing	Industrial Services ClearStream	Industrial Services Quantum Murray	Other	Corporate	Total
Revenue	$ 53,720	$ 370,160	$ 166,029	$ 48,492	$ -	$ 638,401
Cost of revenue	(35,361)	(300,995)	(127,776)	(33,084)	-	(497,216)
Gross profit	18,359	69,165	38,253	15,408	-	141,185
Selling, general and administrative	(13,018)	(39,203)	(24,472)	(10,444)	(11,209)	(98,346)
Amortization of intangible assets	(3,715)	(6,565)	(3,839)	(1,097)	(234)	(15,450)
Depreciation	(832)	(8,326)	(2,778)	(442)	(1)	(12,379)
Income from equity investment	(35)	-	-	252	-	217
Interest expense	(141)	(11,292)	(470)	(697)	(20,470)	(33,070)
Gain on re-measurement on investment	-	-	6,016	-	-	6,016
Loss on sale of investment	-	-	-	-	-	-
Gain on debt extinguishment	-	-	-	-	37,451	37,451
Fair value adjustment to stock based compensation expense	-	-	-	-	(883)	(883)
Transaction costs	-	(246)	-	-	(2,392)	(2,638)
Write-down of long-term investments	-	-	-	(6,081)	-	(6,081)
Income before income taxes	$ 618	$ 3,533	$ 12,710	$ (3,101)	$ 2,262	$ 16,022
Income tax expense - current	-	(9)	-	-	(14)	(23)
Income tax (expense) recovery - deferred	1,680	6,017	(1,476)	91	(9,168)	(2,856)
Income (loss) from continuing operations	$ 2,298	$ 9,541	$ 11,234	$ (3,010)	$ (6,920)	$ 13,143
Add back:						
Interest expense	141	11,292	470	697	20,470	33,070
Amortization	3,715	6,565	3,839	1,097	234	15,450
Depreciation	832	8,326	2,778	442	1	12,379
Income tax expense - current	-	9	-	-	14	23
Income tax expense (recovery) - deferred	(1,680)	(6,017)	1,476	(91)	9,168	2,856
EBITDA	$ 5,306	$ 29,716	$ 19,797	$ (865)	$ 22,967	$ 76,921
Total assets as at: December 31, 2011 (i)	39,757	233,662	115,480	24,733	39,220	452,852
Total liabilities as at: December 31, 2011 (i)	15,572	166,982	68,970	22,346	103,045	376,915

(i) Discontinued operations previously part of the Industrial Services segment is included in the Corporate segment (refer to note 3).

(In thousands of Canadian dollars)

Year Ended December 31, 2010	Marketing	Industrial Services ClearStream	Industrial Services Quantum Murray	Other	Corporate	Total
Revenue	$ 52,190	$ 258,949	$ 100,884	$ 42,122		$ 454,145
Cost of revenue	(35,314)	(214,579)	(77,600)	(28,444)		(355,937)
Gross profit	16,876	44,370	23,284	13,678	-	98,208
Selling, general and administrative	(12,120)	(23,386)	(20,803)	(9,394)	(12,541)	(78,244)
Amortization of intangible assets	(4,525)	(2,886)	(3,127)	(1,316)	(176)	(12,030)
Depreciation	(898)	(5,479)	(3,645)	(532)	89	(10,465)
Income from equity investment	36	-	-	1,031	-	1,067
Interest expense	(128)	(7,591)	(298)	(612)	(28,544)	(37,173)
Gain on re-measurement of investment	9,862	73,895	-	-	-	83,757
Loss on sale of investment	-	(442)	-	-	-	(442)
Fair value adjustment to stock based compensation expense	-	-	-	-	220	220
Transaction costs	(40)	(281)	-	-	-	(321)
Write-down of goodwill & intangible assets	(6,439)	(1,779)	-	-	-	(8,218)
Income before taxes	$ 2,624	$ 76,421	$ (4,589)	$ 2,855	$ (40,952)	$ 36,359
Income tax expense - current	-	(49)	-	-	(351)	(400)
Income tax (expense) recovery - deferred	1,379	(3,330)	(1,652)	271	10,094	6,762
Income (loss) from continuing operations	$ 4,003	$ 73,042	$ (6,241)	$ 3,126	$ (31,209)	$ 42,721
Add back:						
Interest expense	128	7,591	298	612	28,544	37,173
Amortization	4,525	2,886	3,127	1,316	176	12,030
Depreciation	898	5,479	3,645	532	(89)	10,465
Income tax expense - current	-	49	-	-	351	400
Income tax expense (recovery) - deferred	(1,379)	3,330	1,652	(271)	(10,094)	(6,762)
EBITDA	$ 8,175	$ 92,377	$ 2,481	$ 5,315	$ (12,321)	$ 96,027
Total assets as at: December 31, 2010 (i)	35,927	199,938	66,948	34,250	95,575	432,638
Total liabilities as at: December 31, 2010 (i)	12,036	127,819	30,040	20,093	199,135	389,123

(i) The investments sold in 2011 are classified in the Corporate segment (refer to note 3).

29. Capital management

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

Tuckamore is not subject to any externally imposed capital requirements other than standard financial covenants on its senior facility with which it must comply. At December 31, 2011 Tuckamore was in compliance with all financial covenants. At December 31, 2010 and January 1, 2010 Tuckamore was in compliance with its forbearance agreement with its senior lenders and, although in default on interest payments on its convertible debentures, entered into a support agreement in November 2010 with major holders of its convertible debentures which resulted in the Exchange (see note 15b) and the removal of the forbearance condition from the senior facility on March 23, 2011.

30. Non-monetary transactions

The receipt of consideration in the form of scrap materials was recorded as non-monetary transactions measured at fair value using active market prices. During the year ended December 31, 2011, $18,341 (2010 - $5,223) of scrap materials were received as consideration for demolition services provided and recorded as revenue.

31. Comparative figures

As a result of discontinued operations and the finalization of business combinations activity, the comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation in the December 31, 2011 annual consolidated financial statements. The comparative consolidated balance sheets include the assets and liabilities of businesses sold in 2011, and the comparative consolidated income statement categorizes the revenues and expenses of businesses sold in 2011 as discontinued operations.

32. Subsequent events

a) In November 2011, the majority limited partner of Waydex Services LP delivered to ClearStream an offer letter pursuant to the shotgun buy-sell provision of the limited partnership agreement governing Waydex. In December, 2011 ClearStream elected to sell its 40% interest in Waydex to the majority partner. The buy-sell transaction closed on January 24, 2012 for gross proceeds of $2,500 resulting in a nominal accounting loss. Net proceeds were used to repay senior indebtedness in the amount of $2,400.

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

Advances outstanding under the term loan facilities provided under Senior Credit Facility, totaling $94,555 will continue to be outstanding under the Amended Senior Credit Facility and a portion of such facilities will continue as a revolving facility. The Amended Senior Credit Facility provides, amongst other things, standard financial covenants for a facility of this size and type. It has a term of three years and an initial interest rate of prime plus 1.5%, which rate can reduce when certain leverage ratios are achieved. Repayments of the Amended Senior Credit Facility prior to maturity will be from proceeds of assets sales, and from excess cash flow from operations. The requirement to repay $25,000 by January 2, 2013 was removed under the Amended Senior Credit Facility.

This transaction will be considered an extinguishment of debt therefore deferred financing costs at December 31, 2011 will be expensed in 2012 as well as any additional transaction costs related to the refinancing of senior credit facility.

Corporate Information

Board of Directors

John K. Bell
Douglas C. Brown
Mark A. Kinney
Philip B. Lind
Dean T. MacDonald
The Right Honourable Brian Mulroney
David A. Williams

Management

Dean T. MacDonald
President & Chief Executive Officer

C. Paul Hatcher
Chief Operating Officer

Keith Halbert
Chief Financial Officer

Charles P. Hutchings
Vice President

Adrian T. Montgomery
Vice President

Head Office

469 King Street West, 4th Floor
Toronto, Ontario M5V 1K4
www.tuckamore.ca

Investor Relations

Keith Halbert
Chief Financial Officer
416-775-3796
IRinfo@tuckamore.ca

Auditors

Ernst & Young LLP
Ernst & Young Tower
222 Bay Street
P.O. Box 251
Toronto, Ontario M5K 1J7

Transfer Agent

CIBC Mellon Trust Company
c/o Canadian Stock Transfer Company Inc.
P.O. Box 700, Station B
Montreal, QC H3B 3K3

TUCKAMORE
CAPITAL

Tuckamore Capital Management Inc.

469 King Street West, 4th Floor
Toronto, Ontario M5V 1K4

416-775-3790
IRinfo@tuckamore.ca

TSX listing: TX
TX.DB.B
TX.DB.C

www.tuckamore.ca