Consolidated Interim Financial Statements of

TUCKAMORE CAPITAL MANAGEMENT INC.

Three and Nine Months Ended September 30, 2012 and 2011
(Unaudited)

These statements have not been reviewed by an independent firm of Chartered Accountants.

TUCKAMORE CAPITAL MANAGEMENT INC.

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

	September 30, 2012		December 31, 2011	
Assets				
Current Assets:				
Cash	$	13,428	$	28,625
Cash and short-term investments held in trust		4,061		8,108
Accounts receivable		180,320		149,371
Inventories		28,233		37,464
Prepaid expenses		4,802		3,486
Other current assets		3,064		3,046
Current assets of discontinued operations (note 2)		-		3,517
	$	233,908	$	233,617
Property, plant and equipment (note 4)		66,634		63,709
Goodwill (note 5)		76,667		76,667
Intangible assets (note 5)		70,734		78,928
Other assets		1,767		3,114
	$	449,710	$	456,035
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities		96,441		91,173
Deferred revenue		4,434		8,608
Current portion of obligations under capital leases		4,914		5,540
Current portion of senior credit facility (note 6)		-		10,000
Current liabilities of discontinued operations (note 2)		-		651
	$	105,789	$	115,972
Obligations under capital leases		11,277		3,681
Senior credit facility (note 6)		90,755		85,705
Secured debentures (note 6)		151,197		146,314
Unsecured debentures (note 6)		17,517		14,215
Deferred tax liability (note 7)		11,640		12,510
Shareholders' equity		61,535		77,638
	$	449,710	$	456,035

See accompanying notes to unaudited consolidated interim financial statements.

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Interim Statements of (Loss) Income and Comprehensive (Loss) Income
(In thousands of Canadian dollars, except per share amounts)
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2012	2011	2012	2011
Revenues	$ 189,536	$ 158,202	$ 554,193	$ 439,496
Cost of revenues	(149,874)	(121,431)	(446,668)	(343,059)
Gross profit	39,662	36,771	107,525	96,437
Selling, general and administrative	(27,094)	(21,562)	(80,826)	(67,852)
Amortization of intangible assets	(2,910)	(2,838)	(7,870)	(9,648)
Depreciation	(4,247)	(5,647)	(11,255)	(12,944)
Income from equity investments	-	-	-	372
Interest expense	(4,956)	(6,720)	(15,740)	(18,216)
Accretion of secured and unsecured debentures (note 6)	(2,824)	(2,466)	(8,185)	(5,528)
(Loss) gain on debt extinguishment	(724)	-	(3,535)	37,451
Gain on remeasurement	-	7,281	-	7,281
Gain on bargain purchase	-	709	-	709
Restructuring costs	(926)	-	(926)	-
Fair value adjustment to stock based compensation expense (note 9)	-	-	-	(883)
Transaction costs	-	(910)	-	(2,293)
(Loss) income before income taxes	$ (4,019)	$ 4,618	$ (20,812)	$ 24,886
Income tax expense - current	(632)	(6)	(644)	(14)
Income tax (expense) recovery - deferred (note 7)	(403)	(300)	2,432	(2,394)
Net (loss) income from continuing operations	$ (5,054)	$ 4,312	$ (19,024)	$ 22,478
Income from discontinued operations (net of income tax) (note 2)	-	13,421	1,962	15,953
Net (loss) income and comprehensive (loss) income	$ (5,054)	$ 17,733	$ (17,062)	$ 38,431
(Loss) income per share (note 8)				
Basic:				
Continuing operations	$ (0.07)	$ 0.06	$ (0.27)	$ 0.31
Net (loss) income	$ (0.07)	$ 0.25	$ (0.24)	$ 0.54
Diluted:				
Continuing operations	$ (0.07)	$ 0.06	$ (0.27)	$ 0.31
Net (loss) income	$ (0.07)	$ 0.25	$ (0.24)	$ 0.53

See accompanying notes to unaudited consolidated interim financial statements.

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Interim Statements of Shareholders' Equity
(In thousands of Canadian dollars)
(unaudited)

Nine months ended September 30, 2012	Number of shares		Shareholders' Capital		Deficit		Contributed Surplus		Total Shareholders' Equity
Balance - December 31, 2011	71,631,431	$	414,884	$	(344,163)	$	6,917	$	77,638
Net loss for the period	-		-		(17,062)		-		(17,062)
Stock-based compensation (note 9)	-		-		-		959		959
Balance - September 30, 2012	71,631,431	$	414,884	$	(361,225)	$	7,876	$	61,535

Nine months ended September 30, 2011	Number of shares		Shareholders' Capital		Deficit		Contributed Surplus		Total Shareholders' Equity
Balance - December 31, 2010	71,631,431	$	414,884	$	(373,729)	$	2,360	$	43,515
Net income for the period	-		-		38,431		-		38,431
Stock-based compensation (note 9)	-		-		-		3,958		3,958
Balance - September 30, 2011	71,631,431	$	414,884	$	(335,298)	$	6,318	$	85,904

See accompanying notes to unaudited consolidated interim financial statements.

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)
(unaudited)

	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Cash provided by (used in):		
Operating activities:		
Net (loss) income for the period	$ (17,062)	$ 38,431
Items not affecting cash:		
Income from discontinued operations (note 2)	(1,962)	(15,953)
Amortization of intangible assets	7,870	9,648
Depreciation	11,255	12,944
Deferred income tax (recovery) expense	(2,432)	2,394
Income from equity investments, net of cash received	-	372
Accretion expense and non-cash deferred financing costs	8,304	5,656
Gain on re-measurement of investment	-	(7,281)
Gain on bargain purchase	-	(709)
Loss (gain) on extinguishment of debt	3,535	(37,451)
Stock based compensation expense (note 9)	959	2,793
Changes in non-cash working capital	(22,890)	(33,662)
Distributions from discontinued operations	-	1,634
Cash provided by discontinued operations (note 2)	106	1,779
	$ (12,317)	$ (19,405)
Investing activities:		
Acquisition of businesses, net of cash acquired	-	(31,865)
Proceeds on disposal of investments	7,866	38,730
Purchase of property, plant and equipment	(3,008)	(1,633)
Net proceeds on disposal of property, plant and equipment	321	733
Purchase of software	(29)	(763)
Increase in other assets	(1,027)	(2,000)
Cash used in discontinued operations (note 2)	(7)	(69)
	$ 4,116	$ 3,133
Financing activities:		
Increase of long-term debt	-	11,016
Repayment of long-term debt	(6,200)	-
Decrease (increase) in cash held in trust	4,047	(4,372)
Repayment of capital lease obligations	(4,458)	(3,978)
Cash used in discontinued operations (note 2)	(385)	(1,269)
	$ (6,996)	$ 1,397
Decrease in cash	(15,197)	(14,875)
Cash, beginning of period - continuing operations	28,340	27,230
Cash, beginning of period - discontinued operations	285	509
Cash, end of period	$ 13,428	$ 12,864
Cash, end of period - continuing operations	$ 13,428	$ 10,280
Cash, end of period - discontinued operations	-	2,584
Supplemental cash flow information:		
Interest paid	20,984	9,362
Cash acquired upon acquisition	-	(1,575)
Supplemental disclosure of non-cash financing and investing activities:		
Acquisition of property, plant and equipment through capital leases	11,446	2,287
Debt and accrued interest repaid through issuance of debentures	-	152,951

See accompanying notes to unaudited consolidated interim financial statements.

Tuckamore Capital Management Inc. ("Tuckamore") 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 Partners").

The consolidated interim financial statements were authorized for issue in accordance with a resolution of the directors of Tuckamore on November 14, 2012.

1. Significant accounting policies

a) Basis of Presentation

These consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Financial Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

The consolidated interim financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2011. The financial statements have been presented in Canadian dollars rounded to the nearest thousand unless otherwise indicated.

These interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2011.

2. Discontinued operations

Marketing

a) On June 29, 2012 Tuckamore sold its 80% interest in Armstrong Partnership LP for gross proceeds of $5,133 realizing an accounting a gain of approximately $3,200.

Financial Services

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

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

c) On September 8, 2011 Tuckamore completed the sale of Brompton Corp for gross proceeds of $17,373, realizing an accounting gain of $9,055.

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

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. Proceeds from the sale of certain assets were $675.

The following tables below shows the revenue and net income from discontinued operations for the nine months ended September 30, 2012.

For the nine months ended September 30, 2012	Marketing
Revenue	$ 5,215
Expenses	(4,877)
Income before taxes	338
Gain on sale of investment	3,186
Income tax expense - deferred	(1,562)
Net income from discontinued operations	$ 1,962
Net income per share - basic	$ 0.03
Net income per share - diluted	$ 0.03

The following table shows the revenue and net income from discontinued operations for the nine months ended September 30, 2011.

For the nine months ended September 30, 2011	Marketing	Industrial	Financial Services	Total
Revenue	$ 7,882	$ 6,363	$ 7,634	$ 21,879
Expenses	(8,029)	(6,958)	(8,440)	$ (23,427)
Loss before taxes	(147)	(595)	(806)	(1,548)
Income from equity investments	-	-	943	943
Write-down of goodwill and intangibles	-	(321)	12,064	11,743
Gain on sale of discontinued operations	$ 3,300	(95)	-	3,205
Income tax (expense) recovery - deferred	(20)	-	1,630	1,610
Net income (loss) from discontinued operations	$ 3,133	$ (1,011)	$ 13,831	$ 15,953
Net income (loss) per share - basic	$ 0.05	$ (0.01)	$ 0.19	$ 0.23
Net income (loss) per share - diluted	$ 0.04	$ (0.01)	$ 0.19	$ 0.22

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

The following table shows the assets and liabilities of discontinued operations 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

3. Business combinations

The following investments made by Tuckamore during the year ended December 31, 2011 were accounted for using the acquisition method, and the results of the operations have been included in Tuckamore's consolidated financial statements since the date of investment. All of the estimated fair values assigned to the assets 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 2).

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 contributed $40,641 of revenue and $2,506 to net income for year ended December 31, 2011. If the acquisition had taken place at the beginning of the year ended December 31, 2011 revenue from continuing operations would have increased $5,716 and income from continuing operations would have increased by $358. The estimated fair value of the assets acquired and liabilities assumed for GES were finalized during the year ended December 31, 2011.

Tuckamore's acquisition of the remaining 20% of ClearStream on December 20, 2010, resulted in the fair valuation of 100% of ClearStream being recorded at fair value. This transaction resulted in 80% of GES being recorded at fair value as at December 20, 2010, due to 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 the 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% interest in Quantum Murray. The acquisition completes Tuckamore's strategy of obtaining 100% of its investment in the Industrial Services segment. The acquisition was accounted for using the acquisition method of accounting as a step acquisition, which required Tuckamore to remeasure its previously held 64.3% interest to fair value. This remeasurement resulted in a gain of $7,281. From the date of acquisition, the purchase of the additional 35.7% of Quantum Murray contributed $21,705 of revenue and $312 to net income for the year ended December 31, 2011. If the acquisition had taken place at the beginning of the year ended December 31, 2011, revenue would have increased by $37,568 and income from continuing operations would have increased by $2,077, for the year ended December 31, 2011.

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

The preliminary allocation of the purchase price was based upon preliminary valuations and estimates and assumptions. During the nine months ended September 30, 2012, Tuckamore completed its purchase price allocation to reflect the finalization of the valuations of property, plant and equipment, including the impact of the change on the deferred tax liability, gain on remeasurement and the related gain on bargain purchase realized on the 35.7% of Quantum Murray that was acquired.

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

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

	Quantum Murray	GES	Morrison Williams [1]	Total
Current assets[2]	$ 29,997	$ 10,997	$ 101	$ 41,095
Property, plant and equipment	16,148	5,065	2	21,215
Goodwill[3]	(7,183)	2,352	364	(4,467)
Intangible assets	2,928	8,960	505	12,393
Current liabilities	(20,495)	(3,373)	(78)	(23,946)
Long-term liabilities	(823)	(8,071)	(7)	(8,901)
Deferred tax liability	(1,638)	(2,117)	(132)	(3,887)
Net assets acquired	18,934	13,813	755	33,502
Less: gain on remeasurement	(7,281)	-	-	(7,281)
Less: Bargain purchase	(709)	-	-	(709)
Add: Distribution settled	4,778	-	-	4,778
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 as a result of its sale on July 27, 2011.

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

3 Goodwill for GES is attributable to: 1) the expected synergies 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.

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

4. Property, plant and equipment

	Equipment under capital lease	Furniture and equipment	Computer hardware	Automotive and heavy equipment	Land and buildings	Leasehold improvements	Total
Cost							
Balance at December 31, 2011 (as previously published)	25,318	15,561	5,363	54,882	7,345	8,097	116,566
Add: Finalization of purchase price accounting (see note 3)	-	-	-	3,883	-	-	3,883
Adjusted Balance as at December 31, 2011	$ 25,318	$ 15,561	$ 5,363	$ 58,765	$ 7,345	$ 8,097	$ 120,449
Additions	11,446	588	391	1,323	326	380	14,454
Disposals	(249)	(4)	(4)	(954)	(80)	(118)	(1,409)
Sold through dispositions of business	-	(309)	(283)	-	-	(349)	(941)
Reclass	(2,296)	825	-	7,532	(1,364)	(1)	4,696
Other	-	-	-	302	-	-	302
Balance at September 30, 2012	$ 34,219	$ 16,661	$ 5,467	$ 66,968	$ 6,227	$ 8,009	$ 137,551
Depreciation							
Balance at December 31, 2011 (as previously published)	(14,009)	(5,866)	(3,981)	(26,063)	(1,719)	(4,827)	(56,465)
Add: Finalization of purchase price accounting (see note 3)	-	-	-	(275)	-	-	(275)
Adjusted Balance as at December 31, 2011	$ (14,009)	$ (5,866)	$ (3,981)	$ (26,338)	$ (1,719)	$ (4,827)	$ (56,740)
Depreciation for the period	(2,201)	(1,259)	(446)	(6,272)	(122)	(955)	(11,255)
Disposals	159	-	3	811	8	115	1,096
Sold through dispositions of business	-	180	210	-	-	288	678
Reclass	647	(83)	(3)	(5,265)	8	-	(4,696)
Balance at September 30, 2012	$ (15,404)	$ (7,028)	$ (4,217)	$ (37,064)	$ (1,825)	$ (5,379)	$ (70,917)
Net book value							
At December 31, 2011	$ 11,309	$ 9,695	$ 1,382	$ 32,427	$ 5,626	$ 3,270	$ 63,709
At September 30, 2012	$ 18,815	$ 9,633	$ 1,250	$ 29,904	$ 4,402	$ 2,630	$ 66,634

a) Collateral:

As at September 30, 2012, property, plant and equipment with a carrying amount of $47,819 is subject to a general security agreement under the long-term debt (December 31, 2011 - $52,400).

b) Capital Commitments:

As at September 30, 2012, Tuckamore had no capital commitments for the acquisition of new equipment (December 31, 2011 - $nil).

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

5. Goodwill and intangible assets

	Goodwill	Customer relationships	Computer software	Brands	Sales Orders	Management Contracts	Intangible Total
Cost							-
Balance at December 31, 2011 (as previously published)	100,776	132,777	2,181	17,847	2,444	2,000	157,249
Add: Finalization of purchase price accounting (see note 3)	(426)	-	-	-	-	-	-
Adjusted Balance as at December 31, 2011	$ 100,350	$ 132,777	$ 2,181	$ 17,847	$ 2,444	$ 2,000	$ 157,249
Additions	-	-	29	-	-	-	29
Disposals	-		-	-	-	-	-
Reclass	-	-	-	-	-	-	-
Other	-	(841)	5	(64)	-	-	(900)
Balance at September 30, 2012	$ 100,350	$ 131,936	$ 2,215	$ 17,783	$ 2,444	$ 2,000	$ 156,378
Amortization and impairments							
Balance at December 31, 2011	$ (23,683)	$ (76,312)	$ (810)	$ (321)	$ (711)	$ (167)	$ (78,321)
Amortization for the period	-	(5,961)	(491)	-	(918)	(500)	(7,870)
Disposals	-	-	-	-	-	-	-
Reclass	-	-	-	-	-	-	-
Other	-	547	-	-	-	-	547
Balance at September 30, 2012	$ (23,683)	$ (81,726)	$ (1,301)	$ (321)	$ (1,629)	$ (667)	$ (85,644)
Net book value							
At December 31, 2011	$ 76,667	$ 56,465	$ 1,371	$ 17,526	$ 1,733	$ 1,833	$ 78,928
At September 30, 2012	$ 76,667	$ 50,210	$ 914	$ 17,462	$ 815	$ 1,333	$ 70,734

6. Senior Credit Facility and Debentures

a) Senior credit facility

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

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

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

On March 9, 2012 Tuckamore completed an assignment (the "Assignment") to 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 Amended Senior Credit Facility at September 30, 2012 total $80,755 with $50,000 of this amount as a revolving facility and the balance as a term facility, $10,000 of the revolving facility was drawn as at September 30, 2012. 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%, where the rate can be reduced 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.

For accounting purposes, the assignment of the senior credit facility was considered an extinguishment of debt. A loss on extinguishment of debt of $3,535 was recorded representing transaction costs and the write-off of deferred financing costs relating to the extinguished credit facility.

Subsequent to quarter end Tuckamore reached an agreement with BMO to amend the financial covenants related to the Amended Senior Credit Facility. Tuckamore is in compliance with all covenants.

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.

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

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

		Secured Debentures		**Unsecured Debentures**
Issue date		March 23, 2011		March 23, 2011
Principal Amount	$	176,228	$	26,552
Interest Rate		8.0%		3.624%
Carrying value at September 30, 2012	$	151,197	$	17,517
Accretion expense recorded in 2012	$	4,883	$	3,302
Accretion expense still to be recorded prior to maturity	$	25,031	$	9,035
Maturity Date		March 23, 2016		March 23, 2014

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

7. Income taxes

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

	Three months ended September 30				Nine months ended September 30			
		2012		2011		2012		2011
Income tax recovery (expense) at statutory rates	$	1,062	$	(1,305)	$	5,515	$	(7,030)
Permanent differences		(1,843)		2,434		(2,126)		2,434
Change in tax rates on temporary differences		(10)		105		334		1,801
Other		388		(1,534)		(1,291)		401
Income tax (expense) recovery - deferred	$	(403)	$	(300)	$	2,432	$	(2,394)

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

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

	Three months ended September 30		Nine months ended September 30	
	2012	2011	2012	2011
Total current income tax expense	$ (632)	$ (6)	$ (644)	$ (14)
Deferred income tax (expense) recovery:				
Origination and reversal of temporary differences	(393)	(405)	2,098	(4,195)
Deferred tax due to changes in tax rates	(10)	105	334	1,801
Income tax (expense) recovery - deferred	$ (403)	$ (300)	$ 2,432	$ (2,394)

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

	September 30, 2012	December 31, 2011
Deferred income tax (liabilities) assets:		
Fixed assets	$ (5,904)	$ (6,118)
Intangible assets	(3,631)	(3,930)
Debentures	(9,027)	(10,563)
Net operating losses	5,399	6,801
Other	1,523	1,300
	$ (11,640)	$ (12,510)

Tuckamore has approximately $122,269 of capital losses that have not been recognized in the consolidated interim financial statements as of September 30, 2012 (December 31, 2011 - $112,877). There is no expiry of capital losses.

8. Income (loss) per share

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

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

Three months ended September 30,	2012	2011
Numerator:		
(Loss) income from continuing operations	$ (5,054)	$ 4,312
Income from discontinued operations	-	13,421
Net (loss) income	$ (5,054)	$ 17,733
Denominator:		
Weighted average number of shares outstanding (basic)	71,631,461	71,631,461
Effect of stock options vested[1]	-	-
Weighted average number of shares outstanding (diluted)	71,631,461	71,631,461

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

Nine months ended September 30,		2012		2011
Numerator:				
(Loss) income from continuing operations	$	(19,024)	$	22,478
Income from discontinued operations		1,962		15,953
Net (loss) income	$	(17,062)	$	38,431
Denominator:				
Weighted average number of shares outstanding (basic)		71,631,461		71,631,461
Effect of stock options vested[1]		-		665,543
Weighted average number of shares outstanding (diluted)		71,631,461		72,297,004

[1]The effect of stock options vested for the three and nine months ended September 30, 2012 and for the three months ended September 30, 2011 was anti-dilutive.

9. 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:

	IOP		MIP		
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Total
Outstanding at December 31, 2011					
January 13, 2010 options	$0.403	7,000,000	$0.358	7,150,000	14,150,000
March 25, 2011 options	$0.358	50,000	-	-	50,000
Granted during the period	-	-	-	-	-
Forfeited during the period	-	-	-	-	-
Exercised during the period	-	-	-	-	-
Outstanding at September 30, 2012		7,050,000		7,150,000	14,200,000
Exercisable at September 30, 2012		6,179,300		3,575,000	9,754,300

The options outstanding at September 30, 2012 have an exercise price in the range of $0.358 to $0.403 and a weighted average remaining contractual life of 4 years.

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

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	144%	122%
Expected weighted average life of options	2.42	2.00
Expected dividend yield	0%	0%

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

	IOP	MIP	Total
Three months ended September 30, 2012 stock based compensation expense	$ 37	$ 179	$ 216
Nine months ended September 30, 2012 stock based compensation expense	179	780	959
Contributed surplus related to stock based compensation as at September 30, 2012	$ 2,803	$ 2,713	$ 5,516

	IOP	MIP	Total
Three months ended September 30, 2011 stock based compensation expense	$ 147	$ 451	$ 598
Nine months ended September 30, 2011 stock based compensation expense	381	1,529	1,910
Fair market value adjustment reflected to liability classification	$ 932	$ (49)	$ 883
Total nine months ended September 30, 2011 stock based compensation expense	1,313	1,480	2,793
Contributed surplus related to stock based compensation as at September 30, 2011	$ 2,478	$ 1,480	$ 3,958

The intrinsic value of vested stock based compensation awards outstanding as at September 30, 2012 was $nil.

10. Related party disclosures

a) Advances to operating partnerships

Tuckamore regularly provides advances to the operating partnerships to fund working capital needs. The advances bear interest at prime plus one percent, are unsecured and are due on demand. Advances are included in other current assets. The following table reflects the advances to other joint venture partners of the Operating Partnerships:

As at	September 30, 2012	December 31, 2011
Net advances to joint venture operating partners	$ 1,378	$ 1,520

b) Employee loans

Employee loans were made to certain management and employees. In accordance with the terms and conditions, the loans bear interest at prime, were used to purchase shares of Tuckamore and are collateralized by shares and in certain cases personal guarantees. The loan balances were $1,335 as at September 30, 2012 and $1,572 at December 31, 2011.

c) Other related party transactions

Selling, general and administrative expenses includes $167 and $535 of rent expense paid to a company owned by the minority shareholder of Gusgo for three and nine months ended September 30, 2012 and $169 and $449 for three and nine months ended September 30, 2011.

11. 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 an outsourced contact centre operator providing outbound revenue generation and inbound customer 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 re-seller of closeout and refurbished consumer households goods. The corporate segment includes head office administrative and financing costs incurred by Tuckamore.

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

Three months ended September 30, 2012	Marketing	Industrial Services		Other	Corporate	Total
		ClearStream	Quantum Murray			
Revenues	$ 8,861	$ 120,019	$ 48,516	$ 12,140	$ -	$ 189,536
Cost of revenues	(5,906)	(97,368)	(38,410)	(8,190)	-	(149,874)
Gross profit	2,955	22,651	10,106	3,950	-	39,662
Selling, general and administrative	(2,297)	(12,185)	(7,988)	(2,617)	(2,007)	(27,094)
Amortization of intangible assets	(782)	(1,659)	(456)	-	(13)	(2,910)
Depreciation	(159)	(1,911)	(625)	(137)	(1,415)	(4,247)
Interest expense	(9)	(2,929)	(112)	(178)	(1,728)	(4,956)
Accretion of secured and unsecured debentures	-	-	-	-	(2,824)	(2,824)
Loss on extinguishment of debt	-	-	-	-	(724)	(724)
Restructuring costs	-	-	(926)	-	-	(926)
(Loss) Income before income taxes	$ (292)	$ 3,967	$ (1)	$ 1,018	$ (8,711)	$ (4,019)
Income tax expense - current	-	(632)	-	-	-	(632)
Income tax recovery (expense)- deferred	218	967	182	220	(1,990)	(403)
Net (loss) income from continuing operations	$ (74)	$ 4,302	$ 181	$ 1,238	$ (10,701)	$ (5,054)
Add back:						
Interest expense	9	2,929	112	178	1,728	4,956
Accretion of secured and unsecured debentures	-	-	-	-	2,824	2,824
Amortization	782	1,659	456	-	13	2,910
Depreciation	159	1,911	625	137	1,415	4,247
Income tax expense - current	-	632	-	-	-	632
Income tax (recovery) expense - deferred	(218)	(967)	(182)	(220)	1,990	403
EBITDA	$ 658	$ 10,466	$ 1,192	$ 1,333	$ (2,731)	$ 10,918
Total assets as at: September 30, 2012	28,193	274,851	93,367	24,893	28,406	449,710
Total liabilities as at: September 30, 2012	9,037	184,645	63,645	22,915	107,933	388,175

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

Nine months ended September 30, 2012	Marketing	Industrial Services		Other	Corporate	Total
		ClearStream	Quantum Murray			
Revenues	$ 27,605	$ 361,870	$ 128,280	$ 36,438		$ 554,193
Cost of revenues	(18,168)	(299,283)	(104,882)	(24,335)		(446,668)
Gross profit	9,437	62,587	23,398	12,103	-	107,525
Selling, general and administrative	(7,360)	(35,966)	(23,747)	(7,949)	(5,804)	(80,826)
Amortization of intangible assets	(2,347)	(4,110)	(868)	-	(545)	(7,870)
Depreciation	(494)	(4,965)	(1,831)	(402)	(3,563)	(11,255)
Interest expense	(32)	(8,618)	(250)	(540)	(6,300)	(15,740)
Accretion of secured and unsecured debentures	-	-	-	-	(8,185)	(8,185)
Loss on debt extinguishment	-	-	-	-	(3,535)	(3,535)
Restructuring costs	-	-	(926)	-	-	(926)
(Loss) Income before income taxes	$ (796)	$ 8,928	$ (4,224)	$ 3,212	$ (27,932)	$ (20,812)
Income tax expense - current	(12)	(632)	-	-	-	(644)
Income tax (expense) recovery - deferred	(161)	272	935	(67)	1,453	2,432
Net (loss) income from continuing operations	$ (969)	$ 8,568	$ (3,289)	$ 3,145	$ (26,479)	$ (19,024)
Add back:						
Interest expense	32	8,618	250	540	6,300	15,740
Accretion of secured and unsecured debentures	-	-	-	-	8,185	8,185
Amortization	2,347	4,110	868	-	545	7,870
Depreciation	494	4,965	1,831	402	3,563	11,255
Income tax expense - current	12	632	-	-	-	644
Income tax expense (recovery) - deferred	161	(272)	(935)	67	(1,453)	(2,432)
EBITDA	$ 2,077	$ 26,621	$ (1,275)	$ 4,154	$ (9,339)	$ 22,238
Total assets as at: September 30, 2012	28,193	274,851	93,367	24,893	28,406	449,710
Total liabilities as at: September 30, 2012	9,037	184,645	63,645	22,915	107,933	388,175

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

Three months ended September 30, 2011	Marketing	Industrial Services		Other	Corporate	Total
		ClearStream	Quantum Murray			
Revenues	$ 11,488	$ 91,163	$ 43,638	$ 11,913	$ -	$ 158,202
Cost of revenues	(7,452)	(74,212)	(31,579)	(8,188)	-	(121,431)
Gross profit	4,036	16,951	12,059	3,725	-	36,771
Selling, general and administrative	(2,503)	(6,984)	(5,839)	(2,589)	(3,647)	(21,562)
Amortization of intangible assets	(826)	(1,237)	(429)	(329)	(17)	(2,838)
Depreciation	(167)	(3,576)	(1,708)	(108)	(88)	(5,647)
Interest expense	(29)	(2,890)	(127)	(167)	(3,507)	(6,720)
Accretion of secured and unsecured debentures	-	-	-	-	(2,466)	(2,466)
Transaction costs	-	-	-	-	(910)	(910)
Gain on bargain purchase	-	-	709	-	-	709
Gain on remeasurement	-	-	7,281	-	-	7,281
Income (loss) before income taxes	$ 511	$ 2,264	$ 11,946	$ 532	$ (10,635)	$ 4,618
Income tax expense - current	-	(6)	-	-	-	(6)
Income tax recovery (expense) - deferred	267	(549)	790	40	(848)	(300)
Net income (loss) from continuing operations	$ 778	$ 1,709	$ 12,736	$ 572	$ (11,483)	$ 4,312
Add back:						
Interest expense	29	2,890	127	167	3,507	6,720
Accretion of secured and unsecured debentures	-	-	-	-	2,466	2,466
Amortization	826	1,237	429	329	17	2,838
Depreciation	167	3,576	1,708	108	88	5,647
Income tax expense - current	-	6	-	-	-	6
Income tax (recovery) expense- deferred	(267)	549	(790)	(40)	848	300
EBITDA	$ 1,533	$ 9,967	$ 14,210	$ 1,136	$ (4,557)	$ 22,289
Total assets as at: December 31, 2011	39,757	233,662	118,663	24,733	39,220	456,035
Total liabilities as at: December 31, 2011	15,572	166,982	70,452	22,346	103,045	378,397

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

Nine months ended September 30, 2011	Marketing	Industrial Services		Other	Corporate	Total
		ClearStream	Quantum Murray			
Revenues	$ 31,049	$ 268,699	$ 105,231	$ 34,517	$ -	$ 439,496
Cost of revenues	(20,311)	(219,570)	(79,704)	(23,474)	-	(343,059)
Gross profit	10,738	49,129	25,527	11,043	-	96,437
Selling, general and administrative	(7,730)	(26,972)	(15,673)	(7,589)	(9,888)	(67,852)
Amortization of intangible assets	(2,070)	(4,683)	(1,762)	(991)	(142)	(9,648)
Depreciation	(493)	(9,120)	(2,821)	(334)	(176)	(12,944)
Income from equity investment	-	-	-	372	-	372
Interest expense	(97)	(8,297)	(310)	(498)	(9,014)	(18,216)
Accretion of secured and unsecured debentures	-	-	-	-	(5,528)	(5,528)
Gain on debt extinguishment	-	-	-	-	37,451	37,451
Fair value adjustment to stock based compensation expense	-	-	-	-	(883)	(883)
Transaction costs	-	(189)	(1)	-	(2,103)	(2,293)
Gain on bargain purchase	-	-	709	-	-	709
Gain on remeasurement	-	-	7,281	-	-	7,281
Income (loss) before income taxes	$ 348	$ (132)	$ 12,950	$ 2,003	$ 9,717	$ 24,886
Income tax expense - current	-	(9)	-	-	(5)	(14)
Income tax recovery (expense) - deferred	700	2,869	1,394	356	(7,713)	(2,394)
Net income (loss) from continuing operations	$ 1,048	$ 2,728	$ 14,344	$ 2,359	$ 1,999	$ 22,478
Add back:						
Interest expense	97	8,297	310	498	9,014	18,216
Accretion of secured and unsecured debentures	-	-	-	-	5,528	5,528
Amortization	2,070	4,683	1,762	991	142	9,648
Depreciation	493	9,120	2,821	334	176	12,944
Income tax expense - current	-	9	-	-	5	14
Income tax (recovery) expense - deferred	(700)	(2,869)	(1,394)	(356)	7,713	2,394
EBITDA	$ 3,008	$ 21,968	$ 17,843	$ 3,826	$ 24,577	$ 71,222
Total assets as at: December 31, 2011	39,757	233,662	118,663	24,733	39,220	456,035
Total liabilities as at: December 31, 2011	15,572	166,982	70,452	22,346	103,045	378,397

12. Comparative figures

As a result of discontinued operations the comparative financial statements have been reclassified from statements previously presented to conform to the September 30, 2012 interim consolidated financial statements. The comparative consolidated interim statement of (loss) income and comprehensive (loss) income categorizes the revenues and expenses of businesses sold in 2011 and 2012 as discontinued operations.

Furthermore, the purchase price allocation for Quantum Murray was finalized during the period ended September 30, 2012 and adjustments were applied retrospectively, resulting in changes to the comparative December 31, 2011 balance sheet and the statement of income and comprehensive income for the periods ended September 30, 2011.