TUCKAMORE
CAPITAL

ANNUAL REPORT 2012

Portfolio Performance Summary

$ 000s Operating Partner	Ownership Interest	Date of Initial Investment	2012 Adjusted EBITDA	2011 Adjusted EBITDA	2010 Adjusted EBITDA
ClearStream	100%	Oct. 2004	$ 37,689	$ 29,716	$ 20,703
Quantum Murray	100%	Mar. 2006	(1,226)	13,781	2,481
Gemma	100%	Mar. 2005	1,661	3,213	3,023
Titan	92%	Sept. 2006	3,107	2,937	2,191
Gusgo	80%	Oct. 2006	2,866	2,027	2,093
IC Group	80%	July 2006	1,208	923	592
Rlogistics	36%	May 2006	–	252	1,031
Total Current Portfolio			**$ 45,305**	**$ 52,849**	**$ 32,114**
Corporate Costs			(6,882)	(13,638)	(12,983)
Total Adjusted EBITDA			**$ 38,423**	**$ 39,211**	**$ 19,131**

2012 Financial Summary

$000s except for per share amounts	2012	2011	2010
Financial Highlights			
Revenue	**$ 757,407**	$ 627,612	$ 441,788
Gross profit	**146,213**	137,807	95,145
Adjusted EBITDA	**38,423**	39,211	19,131
Net (loss) income from continuing oprations	**(27,525)**	13,638	44,602
(Loss) income from continuing operations	**(0.38)**	0.19	0.62
Financial Position			
Total assets	**$ 428,133**	$ 456,035	$ 432,638
Senior credit facility	**89,300**	95,705	86,939
Secured Debentures	**152,860**	146,314	–
Unsecured Debentures	**18,781**	14,215	–
Convertible debt	**–**		159,829
Shareholders' equity	**$ 53,251**	$ 77,638	$ 43,515

2012 Financial Highlights

- Earned $38.4M Adjusted EBITDA from continuing operations.
- Announced the successful refinancing of the senior debt facility at much lower interest rates.
- Largest investment reported record revenues and EBITDA.
- Divested one operating partnership for proceeds of $5.4M with net proceeds used to repay senior debt.

2013 Objectives

- Focus on improved operational performance in particular within the industrial services segment.
- Identify funding strategies to support organic growth of core investments.
- Maximize cash management to provide working capital funds to investments.

Dear Shareholders

This past year was one where good progress at our largest investment was overshadowed by poor results elsewhere in our portfolio. Financial performance in 2012 suffered because of challenges with fixed price contract projects at the demolition division of Quantum Murray, as well as revenue declines at Gemma, our call centre operation.

The significance of the losses at Quantum Murray caused us to review and assess the processes around estimating and project management within the demolition division. The initial assessment resulted in a restructuring of the division and the right-sizing of the group to handle only the completion of projects under way, and a postponement of bidding on new demolition work until the assessment was complete. Following the introduction of a new executive management team to this business and its more extensive review, bidding for demolition work has resumed. Large industrial demolition business opportunities are available, particularly in Alberta and Northern Canada, and prospects for Quantum Murray should improve assuming continuing solid performance from the remediation division.

Gemma's call centre operation revenue levels tend to fluctuate based on its major clients' current view of return on investment from outsourcing customer and prospect reach programs. These views, as well as the health of the economy can result in such programs being postponed or resourced internally. This year saw a reduction in Gemma's revenues but, through client diversification efforts, recent new business wins should drive improved results.

ClearStream, our largest investment and oil and gas services business had a solid year in which it was operating at capacity. The Alberta marketplace is very active, and ClearStream has seen its revenues grow 30% year over year. We believe, despite occasional conflicting reports on the industry outlook, that we will continue to grow because, importantly, our business is largely tied to providing maintenance services to existing facilities, rather than providing services to new projects. To continue its growth, ClearStream needs access to skilled labour, but it is not alone as all businesses in the Alberta oil sector are challenged by a very tight labour market. We do believe we have a competitive edge through best in class human resources programs designed to attract and retain personnel, but we need to continue to be diligent in our management of personnel resources to ensure that rising costs do not impact our margins.

Dean T. MacDonald

President and Chief Executive Officer

We were pleased with results at Titan, our industrial supplies distributor, and at Gusgo, our container transportation business. Both businesses have focused management teams which pay detailed attention to the needs of their respective customers while closely managing costs, resulting in consistent profitability. At IC Group, our on-line promotional and loyalty program business, results reflect cost efficiencies in our platforms as we expand our reach within larger clients.

We have reported throughout 2012 that access to working capital is a challenge as we look to grow our businesses, in particular ClearStream. Within our capital structure we have debt agreements which are restrictive and disallow additional borrowings, without seeking bondholder approval which is a time consuming and expensive process, and one without guaranteed success. In the absence of additional funding, cash management to facilitate growth has been and continues to be the highest priority for Tuckamore. It is a complex issue and requires close and constant attention.

Losses within our demolition group did impact certain financial covenants with our senior lender during the year and amendments to the covenants were made. Tuckamore is in compliance with the amended senior debt covenants.

As long as we remain constrained by our debt agreements and access to working capital, we will continue to look to create value for all through careful and measured organic growth in our portfolio.

Thank you for your continued support.

Dean T. MacDonald
President and Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS
March 21, 2013

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, 2012 and 2011. This MD&A should be read in conjunction with Tuckamore's audited consolidated financial statements for the years ended December 31, 2012 and 2011.

All amounts in this MD&A are in Canadian dollars and expressed in thousands 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 21, 2013 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 41, and references to "we", "us", "our" or similar terms, refer to Tuckamore, unless the context otherwise requires.

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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 "2013 Outlook" presented. Readers are cautioned that this information may not be appropriate for any other purpose.

Non-standard measures

The terms ''EBITDA'', "Adjusted EBITDA" and non-cash interest expense (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 (recovery). 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 and income taxes. Tuckamore has provided a reconciliation of income (loss) from continuing operations 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/loss on extinguishment / de-recognition of debt, 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-GAAP 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-GAAP measures should only be used in conjunction with the financial statements included in the MD&A and Tuckamore's 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		
Gemma	Integrated direct marketing company.	100%
IC Group	Provider of on-line promotional and loyalty programs and select insurance products.	80%
Industrial Services		
ClearStream	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%

2012 RESULTS

SUMMARY RESULTS FROM CONTINUING OPERATIONS ($000s)

	For Year Ended December 31,		
	2012	2011	2010
Revenues	$ 757,407	$ 627,612	$ 441,788
Cost of revenues	(611,194)	(489,805)	(346,643)
Gross profit	146,213	137,807	95,145
Selling, general and administrative expenses	(107,790)	(96,210)	(76,283)
Amortization expense	(10,826)	(15,710)	(10,828)
Depreciation expense	(15,177)	(12,493)	(10,310)
Income from equity investments	-	252	590
Interest expense, net	(32,827)	(33,056)	(33,467)
Gain on re-measurement of investment	-	7,281	83,757
Gain on bargain purchase	-	709	-
(Loss) gain on extinguishment / de-recognition of debt	(1,534)	37,451	-
Restructuring costs	(861)	-	-
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	(9,268)	-	(8,218)
Income tax expense - current	(775)	(23)	(400)
Income tax recovery (expense)- deferred	5,320	(2,768)	8,410
Income (loss) from continuing operations	$ (27,525)	$ 13,638	$ 48,295
Add:			
Amortization	10,826	15,710	10,828
Depreciation	15,177	12,493	10,310
Interest expense, net	32,827	33,056	33,467
Income tax expense - current	775	23	400
Income tax (recovery) expense - deferred	(5,320)	2,768	(8,410)
EBITDA	$ 26,760	$ 77,688	$ 94,890
Gain on re-measurement of investment	-	(7,281)	(83,757)
Loss (gain) on extinguishment / de-recognition of debt	1,534	(37,451)	-
Gain on bargain purchase	-	(709)	-
Fair value adjustment on stock based compensation expense	-	883	(220)
Restrucuring costs	861	-	-
Write-down of long-term investments	-	6,081	-
Write-down of goodwill and intangible assets	9,268	-	8,218
Adjusted EBITDA	$ 38,423	$ 39,211	$ 19,131

	For Year Ended December 31		
	2012	2011	2010
Total assets	$ 428,133	$ 456,035	$ 432,638
Senior credit facility	89,300	95,705	86,939
Secured debentures	152,860	146,314	-
Unsecured debentures	18,781	14,215	-
Convertible debentures	-	-	159,829
Unitholders' Equity	-	-	43,515
Shareholders' equity	53,251	77,638	-

2012 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, 2012 were $757,407 compared to $627,612 in 2011 and $441,788 in 2010, an increase of 20.7% from 2011 and 71.3% from 2010. ClearStream was the primary driver, with all divisions reporting increased business volumes in 2012. Quantum Murray had increased revenues due to the increase in ownership in September 2011; however business volumes were down compared to the prior two years. The 2012 revenues were significantly higher than 2010, due to Tuckamore's increase in ownership in ClearStream and Quantum Murray in late 2010 and 2011.

Gross profit for the year ended December 31, 2012 was $146,213**,** compared to $137,807 in 2011 and $95,145 in 2010. Gross margins were 19.3% in 2012, compared to 22.0% in 2011 and 21.5% in 2010. The decrease in gross margin in 2012 was primarily due to project losses recorded at in the Demolition division at Quantum Murray.

For the year ended December 31, 2012, these three operating segments produced $45,305 of Adjusted EBITDA for Tuckamore compared to $52,849 in 2011 and $32,114 in 2010. Refer to the chart on the following page for Adjusted EBITDA by operating partner.

Corporate costs for the year ended December 31, 2012 were $6,882 compared to $13,638 in the prior year and $12,983 in 2010. The decrease in 2012 reflects the costs incurred in 2011 and 2010 related to the conversion to a corporation and professional fees incurred for the transition to IFRS and a reduction in compensation at the senior management level.

Non-cash items that impacted the results were depreciation and amortization, deferred income taxes, gains on remeasurement of investment and gain / loss on extinguishment / de-recognition of debt. Depreciation and amortization was $26,003 for the year ended December 31, 2012, compared to $28,203 for 2011 and $21,138 for 2010. Gain on re-measurement of investment relates to step acquisition accounting under IFRS for transactions where control of an investment is obtained. In 2011, a remeasurement gain of $7,281 was recorded for the Quantum Murray acquisition. Tuckamore also recognized a bargain purchase gain of $709 on this transaction, as the fair value of the net assets acquired exceeded the cash consideration paid. Tuckamore previously owned 64.3% of Quantum Murray and as such, Tuckamore was able to acquire the minority share at a small discount to fair value. In 2010, a remeasurement gain of $83,757 was recorded on the acquisition of the remaining 20% of ClearStream and Gemma.

During the year ended December 31, 2012, $5,067 of brand related to various subsidiaries of ClearStream was written down due to the implementation of a rebranding strategy, which was put into place to improve the market presence and brand strength of the organization

At Gemma, goodwill of $4,201 was impaired for the year ended December 31, 2012 as a result of the anticipated impact of declines in the volume of business from a significant customer.

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, were recorded in the income statement as a gain on extinguishment of debt of $37,451.

On March 9, 2012 Tuckamore completed an assignment to the Bank of Montreal ("BMO") of its senior credit facility from Marret. This assignment of the Senior Credit facility to BMO was considered a de-recognition of debt. A loss on de-recognition of $1,534 was recorded representing transaction costs and the write-off of deferred financing costs related to the extinguished credit facility.

For the year ended December 31, 2012, interest costs were $21,715, compared with $24,980 in 2011 and $33,467 in 2010. Non-cash accretion expense was $11,112 for 2012 compared to $8,076 in 2011 and $3,693 in 2010. Accretion expense relates 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, 2012, the operating segments had capital expenditures and capital lease payments of $10,610 compared to $7,684 in 2011 and $8,554 in 2010. The majority of these expenditures were incurred in the Industrial Services segment.

The net loss from continuing operations was $27,525 for the year ended December 31, 2012, compared to net income from continuing operations of $13,638 for 2011 and net income from continuing operations of $44,062 for 2010.

Adjusted EBITDA $000s	**2012**	**2011**	**2010**	**2012 vs. 2011**	**2012 vs. 2010**
Marketing					
Gemma	1,661	3,213	3,023	(1,552)	(1,362)
IC Group	1,208	923	592	285	616
	$ 2,869	$ 4,136	$ 3,615	$ (1,267)	$ (746)
Industrial Services					-
ClearStream	37,689	29,716	20,703	7,973	16,986
Quantum Murray	(1,226)	13,781	2,481	(15,007)	(3,707)
	$ 36,463	$ 43,497	$ 23,184	$ (7,034)	$ 13,279
Other					-
Gusgo	2,866	2,027	2,093	839	773
Titan	3,107	2,937	2,191	170	916
Rlogistics	-	252	1,031	(252)	(1,031)
	$ 5,973	$ 5,216	$ 5,315	$ 757	$ 658
Adjusted EBITDA from portfolio operation	$ 45,305	$ 52,849	$ 32,114	$ (7,544)	$ 13,191
Corporate	(6,882)	(13,638)	(12,983)	6,756	6,101
Adjusted EBITDA from operations	$ 38,423	$ 39,211	$ 19,131	$ (788)	$ 19,292

MARKETING

The marketing segment had mixed results for the year ended December 31, 2012. Gemma had a challenging year with lower revenues compared to the two prior years. The decrease in revenues was primarily a result of a reduction in the business volumes from a few key clients. In addition, Gemma experienced increased costs associated with adhering to regulatory changes for certain clients in the financial sector.

IC Group had improved results compared to the prior years. The positive results were directly related to increased sales from existing clients, an overall improvement in margins due to the realization of operational efficiencies and a reduction in the use of external contractors.

INDUSTRIAL SERVICES

Within the Industrial Services division, ClearStream reported solid results while Quantum Murray had a challenging year. At ClearStream, all divisions reported increased revenues as a result of the stimulated oil and gas industry. The percentage revenue gains at the Fabrication and Transportation divisions were the most favorable and on a dollar gain perspective the Industrial services and OilSands divisions had the largest revenue growth. Gross profit improved as a result of the revenue growth however there was some gross margin slippage due to some regional start-up costs and short term business solutions being implemented within the Transportation division to address significant business volume increases.

ClearStream's EBITDA contribution in 2012 was significantly higher than 2010 due to a general improvement in the market as well as the fact that Tuckamore purchased the remaining 20% of ClearStream in December 2010. ClearStream purchased the remaining 20% of Golosky Energy Services in February 2011.

At Quantum Murray, the project losses incurred at the Demolition division significantly impacted the full year results. In the second and third quarters, restructuring measures were undertaken to right size this division and to limit further losses. The negative variance year over year was further impacted by a lower EBITDA contribution in 2012 from the Environmental division which benefitted from several large projects in 2011.

OTHER

Gusgo has improved results over the two prior years due to an increase in business from its largest client and the addition of a new significant client for the full year in 2012. Favourable gross margins have also been realized as a result of achieving operational improvements with a large client.

Titan had improved results over the prior years due to strong demand from the oil sands construction industry and a general improvement in the volume of business from road maintenance contractors in Alberta. These gains were slightly offset by lower demand from the conventional drilling and government market segments.

ACQUISITIONS

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 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.

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

DIVESTITURES

In January 2012 ClearStream sold its 40% interest in Waydex to the majority partner 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.

On June 29, 2012 Tuckamore sold its 80% interest in Armstrong Partnership LP for cash proceeds of $5,366 realizing an accounting gain of $3,186.

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 $2,540.

On September 8, 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 five transactions above, the results of Morrison Williams, Baird MacGregor, Hargraft, Brompton and Armstrong are reflected as discontinued operations. The separate reporting of the financial services segment has been eliminated due to the sale of Brompton, Morrison Williams, Baird MacGregor and Hargraft.

SEGMENT OPERATING RESULTS

MARKETING

The Marketing segment includes 100% of the results of Gemma and Tuckamore's proportionate share of the results of IC Group. The results for Armstrong are no longer included in the marketing segment, as Tuckamore's 80% interest in Armstrong was sold on June 29, 2012.

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, 2012	Year Ended December 31, 2011
Revenues	$ 36,566	$ 42,931
Cost of revenues	(23,962)	(27,950)
Gross profit	12,604	14,981
Selling, general and administrative expenses	(9,735)	(10,845)
Amortization expense	(3,129)	(3,975)
Depreciation expense	(639)	(670)
Interest expense	(46)	(125)
Write-down of goodwill	(4,201)	-
Income tax expense - current	(90)	-
Income tax recovery - deferred	53	1,768
(Loss) income for the year	$ (5,183)	$ 1,134
Add:		
Amortization	3,129	3,975
Depreciation	639	670
Interest expense	46	125
Income tax expense - current	90	-
Income tax recovery - deferred	(53)	(1,768)
EBITDA	$ (1,332)	$ 4,136
Write-down of goodwill	4,201	-
Adjusted EBITDA	$ 2,869	$ 4,136

(I) REVENUES

Revenues for the Marketing segment were $36,566 during the year ended December 31, 2012, which represents a 14.8% decrease over $42,931 reported for the prior year. The decrease during the year was mostly due to decreased revenue at Gemma where a few key clients have been adjusting their corporate marketing and sales strategies resulting in lower outbound telesales programs at Gemma. IC Group's revenues improved compared to the prior year primarily due to additional services to existing clients.

(II) GROSS PROFIT

Gross profit for the Marketing segment was $12,604, and gross margin percentage was 34.5% for the year ended December 31, 2012 compared to 2011; gross profit of $14,981 and gross margin of 34.9%. The decreased gross profit was a direct result of Gemma's lower revenue and an increase in non-reimbursable training costs.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the year ended December 31, 2012 were $9,735 compared to $10,845 in 2011. These expenses as a percentage of revenues were 26.6% in 2012 compared to 25.3% in 2011. The decrease was primarily due to restructuring costs incurred at Gemma in 2011, which did not reoccur in 2012.

(IV) WRITE-DOWN OF GOODWILL

During the year ended December 31, 2012, goodwill of $4,201 related to Gemma was impaired as a result of the anticipated impact of declines in the volume of business from a significant customer.

INDUSTRIAL SERVICES

The Industrial Services segment includes 100% of the results of ClearStream and Quantum Murray (64.3% until September 30, 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,	
	2012	2011
Revenues	$ 669,653	$ 536,189
Cost of revenues	(552,640)	$ (428,771)
Gross profit	117,013	107,418
Selling, general and administrative expenses	(80,550)	(63,675)
Amortization expense	(6,973)	(10,404)
Depreciation expense	(14,000)	(11,380)
Interest expense	(12,295)	(11,762)
Gain on bargain purchase	-	709
Gain on re-measurement of investment	-	7,281
Transaction costs	-	(246)
Restructuring costs	(861)	-
Write-down of intangible assets	(5,067)	-
Income tax expense - current	(685)	(9)
Income tax recovery - deferred	3,927	4,541
Income for the year	$ 509	$ 22,473
Add:		
Amortization expense	6,973	10,404
Depreciation expense	14,000	11,380
Interest expense	12,295	11,762
Income tax expense - current	685	9
Income tax recovery - deferred	(3,927)	(4,541)
EBITDA	$ 30,535	$ 51,487
Gain on re-measurement of investment	-	(7,281)
Gain on bargain purchase	-	(709)
Restructuring costs	861	-
Write-down of intangible assets	5,067	-
Adjusted EBITDA	$ 36,463	$ 43,497

INDUSTRIAL SERVICES

	Year Ended December 31,			
	ClearStream		Quantum Murray	
	2012	2011	2012	2011
Revenues	$500,490	$ 370,160	$169,163	$166,029
Cost of revenues	(413,555)	(300,995)	(139,085)	(127,776)
Gross profit	86,935	69,165	30,078	38,253
Selling, general and administrative expenses	(49,246)	(39,203)	(31,304)	(24,472)
Amortization expense	(5,812)	(6,565)	(1,161)	(3,839)
Depreciation expense	(8,491)	(8,326)	(5,509)	(3,054)
Interest expense	(11,948)	(11,292)	(347)	(470)
Gain on bargain purchase	-	-	-	709
Gain on re-measurement of investment	-	-	-	7,281
Transaction costs	-	(246)	-	-
Restructuring costs	-	-	(861)	-
Write-down of intangible assets	(5,067)	-	-	-
Income tax expense - current	(685)	(9)	-	-
Income tax recovery (expense) - deferred	1,900	6,017	2,027	(1,476)
Income (loss) for the year	$ 7,586	$ 9,541	$ (7,077)	$ 12,932
Add:				
Amortization expense	5,812	6,565	1,161	3,839
Depreciation expense	8,491	8,326	5,509	3,054
Interest expense	11,948	11,292	347	470
Income tax expense - current	685	9	-	-
Income tax (recovery) expense - deferred	(1,900)	(6,017)	(2,027)	1,476
EBITDA	$ 32,622	$ 29,716	$ (2,087)	$ 21,771
Gain on re-measurement of investment	-	-	-	(7,281)
Gain on bargain purchase	-	-	-	(709)
Restructuring costs	-	-	861	-
Write-down of intangible assets	5,067	-	-	-
Adjusted EBITDA	$ 37,689	$ 29,716	$ (1,226)	$ 13,781

(I) REVENUES

Revenues from the Industrial Services segment were $669,653 for the year ended December 31, 2012 compared with $536,189 in the prior year, which reflects an increase of 24.9%.

Revenues at ClearStream were $500,490 for the year ended December 31, 2012 compared with $370,160 in the prior year, which reflects an increase of 35.2%.

The improvement in revenues at ClearStream reflected increased business volumes across all divisions. The largest increases were in the maintenance service divisions with increased business from existing clients as well as new business wins. The Fabrication division benefited from orders for components of new infrastructure projects, and increasing volumes of pipe logistics business drove the improvement in the Transportation division.

Revenues at Quantum Murray were $169,163 for the year ended December 31, 2012 compared with $166,029 in the prior year, which reflects an increase of 1.9%.

Tuckamore reported increased revenues for Quantum Murray however this was due to Tuckamore's increasing its ownership from 64% to 100% in Quantum Murray in September 2011. Overall business volumes were down 25%

at Quantum Murray compared to 2011. The major decrease in revenues was at the Demolition division. Following losses on demolition projects in early 2012, a business decision was made to suspend bidding on new demolition projects until an assessment was completed on the estimating and project management processes within the division. This resulted in minimal bidding from the second quarter of 2012. Further, revenue volumes at the Environmental division were reduced from 2011, primarily in remediation services where several larger projects which commenced in 2011 were completed in early 2012. Metals division revenues were slightly reduced from 2011 reflecting lower volumes of scrap metals from internal demolition projects.

(II) GROSS PROFIT

Gross profit was $117,013 for the year ended December 31, 2012 compared with $107,418 in 2011. Gross profit margin was 17.5% compared to 20.0% in 2011.

At ClearStream, gross profit was $86,935 for the year ended December 31, 2012 compared with $69,165 in 2011. Gross profit margin was 17.4% compared to 18.7% in 2011. Within the conventional oil and gas maintenance division, ClearStream experienced start up costs with a large new client in Northern B.C., as well as one loss leader project in Southern Alberta. In the Fabrication division one larger project had lower margins and there were some short term higher operating costs incurred to handle additional volumes at the Transportation division.

At Quantum Murray, gross profit was $30,078 for the year ended December 31, 2012 compared with $38,253 in 2011. Gross profit margin was 17.8% compared to 23.0% in 2011.

At Quantum Murray, gross margins were significantly impacted by cost overruns and scrap metal revenue shortfalls on two larger projects within the Demolition division. Margins within the Environmental division were maintained on lower revenues, and there was some margin pressure at the Metals division due to scrap metal price fluctuations.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $80,550 for the year ended December 31, 2012 compared to $63,675 in 2011.

ClearStream's selling, general and administrative expenses were $49,246 for the year ended December 31, 2012 compared to $39,203 in 2011. Selling, general and administrative expenses as a percentage of revenues were 9.8% for the year ended December 31, 2012 compared to 10.6% in 2011. Increases in these expenses in 2012 reflected increases in salaried resources and related overhead in the areas of project management, quality control, safety, and human resources, all required to manage the increase in additional revenues.

Quantum Murray's selling, general and administrative expenses were $31,304 for the year ended December 31, 2012 compared to $24,472. Although selling, general and administrative expenses were reduced 6% year over year taking the ownership increase into account, on a percentage of revenue basis were 18.5% for the year ended December 31, 2012 compared to 14.7% in 2011. The percentage increase does reflect the significant decrease in revenue, primarily at the demolition division, although some costs were rationalized as part of restructuring of that division.

(IV) GAIN ON REMEASUREMENT

On September 30, 2011, Tuckamore acquired the remaining 35.7% interest in Quantum Murray to bring Tuckamore's ownership to 100%. As a result of the acquisition of control, Tuckamore's existing investment has been revalued resulting in a gain of $7,281, as well as a gain on the purchase of the remaining interest of $709. The valuation estimates and gain calculations were preliminary at the end of 2011, and were finalized during 2012, with all the gains recorded effective September 30, 2011.

(V) RESTRUCTURING COSTS

The losses incurred in the Demolition division of Quantum Murray in the first and second quarters of 2012 resulted in an in-depth review of the division, its processes and its staffing. Until that review was complete, bidding on new work was suspended, and the group was right-sized to handle only the completion of work in place. One-time costs incurred, including severance costs were $861.

(VI) WRITE-DOWN OF INTANGIBLE ASSETS

Following the rebranding of the business under the ClearStream brand, management assessed the carrying value of the former divisional brands and as such a write-off of $5,067 was recorded for brands that were no longer being used.

(VII) 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 (80%) and Titan (91.9%). This segment also includes income from Tuckamore's equity investment in Rlogistics (36.0%)

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

SUMMARY FINANCIAL TABLE ($000S)

	Year Ended December 31,	
	2012	2011
Revenues	$ 51,188	$ 48,492
Cost of revenues	(34,592)	(33,084)
Gross profit	16,596	15,408
Selling, general and administrative expenses	(10,623)	(10,444)
Amortization expense	-	(1,097)
Depreciation expense	(535)	(442)
Income from equity investments	-	252
Interest expense	(716)	(697)
Write-down of long-term investments	-	(6,081)
Income tax (expense) recovery - deferred	(100)	91
Income (loss) for the year	$ 4,622	$ (3,010)
Add:		
Amortization expense	-	1,097
Depreciation expense	535	442
Interest expense	716	697
Write-down of long-term investments	-	6,081
Income tax expense (recovery) - deferred	100	(91)
Adjusted EBITDA	$ 5,973	$ 5,216

(I) REVENUES

Revenues for the other segment were $51,188 for the year ended December 31, 2012, compared to $48,492 in the prior year, which reflects an increase of 5.6%. Both Titan and Gusgo had increased revenues. Titan in particular had a positive year due to strong demand from the oil sands construction industry and a general improvement in the volume of business from road maintenance contractors in Alberta . Gusgo's revenues are also improved reflecting business from a new significant client.

(II) GROSS PROFIT

Gross profit was $16,596 for the year ended December 31, 2012, compared with $15,408 for 2011. Gross profit margin was 32.4% for the year ended December 31, 2012 and is comparable to 31.8% for the prior year. The increase in gross profit margins was primarily at Gusgo where a price increase and lower storage costs contributed to a more favourable result year over 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 $10,623 for the year ended December 31, 2012, compared with $10,444 for 2011. These expenses as a percentage of revenues were 20.8%, compared to 21.5% in the prior year. The decrease was primarily at Titan where they experienced favourable labour recoveries.

(IV) INCOME FROM EQUITY INVESTMENTS

Income from equity investments related to Tuckamore's ownership share of Rlogistics was $0 for the year ended December 31, 2012 versus $252 for 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, at December 31, 2011 the Company 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, 2012	2011
Selling, general and administrative expenses	$ (6,882)	$ (11,246)
Amortization expense	(724)	(234)
Depreciation expense	(3)	(1)
Interest expense	(19,770)	(20,472)
(Loss) gain on extinguishment / de-recognition of debt	(1,534)	37,451
Fair value adjustment to stock based compensation expense	-	(883)
Transaction costs	-	(2,392)
Income tax expense - current	-	(14)
Income tax recovery (expense) - deferred	1,440	(9,168)
Loss for the year	$ (27,473)	$ (6,959)
Add:		
Amortization expense	724	234
Depreciation expense	3	1
Interest expense	19,770	20,472
Income tax expense - current	-	14
Income tax (recovery) expense - deferred	(1,440)	9,168
EBITDA	$ (8,416)	$ 22,930
Loss (gain) on debt extinguishment	1,534	(37,451)
Fair value adjustment to stock based compensation expense	-	883
Adjusted EBITDA	$ (6,882)	$ (13,638)

(I) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $6,882 for the year ended December 31, 2012, compared to $11,246 for 2011. The break-down of selling, general and administrative expenses is as follows:

	Year Ended December 31, 2012	2011
Salaries and benefits	$ 4,086	$ 5,758
Stock-based compensation expense	1,177	2,509
Audit, accounting and tax	1,168	2,040
Other costs, net	451	939
Selling, general and administrative expenses	$ 6,882	$ 11,246

Decrease in salaries and benefits relate to a reduction in compensation at the senior management level. The reduction in audit, accounting and tax reflects the prior year costs related to the first-time adoption of IFRS.

(II) INTEREST EXPENSE

Total interest expense was $19,770 for the year ended December 31, 2012 compared to $20,472 in the prior year. The decrease in interest expense reflects the interest savings due to lower interest rates on the senior credit facility which was refinanced in March 2012, as well as lower senior indebtedness balances from asset sales in 2012 and 2011. Included in interest expense is the non-cash accretion on the secured and unsecured debentures of $11,112 for the year ended December 31, 2012 compared to $8,076 for the prior year period.

(III) (LOSS) GAIN ON EXTINGUISHMENT / DE-RECOGNITION OF DEBT

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 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.

For accounting purposes, the assignment of the senior credit facility to BMO was a de-recognition of debt. A loss on de-recognition of $1,534 was recorded representing transaction costs and the write-off of deferred financing costs related to the extinguished facility for the year ended December 31, 2012.

The refinancing of Tuckamore's convertible debentures, subordinated revolving credit facility and interest owing thereon in 2011 resulted in the issue of new secured and unsecured debentures. The new debentures were recorded at their estimated fair value at the date of issue, which was 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 facilities and related interest, less all transaction costs, were recorded in the income statement as a gain on debt extinguishment of $37,451 for the year ended December 31, 2011.

(IV) TRANSACTION COSTS

During the year there was $0 (2011 - $2,392) incurred in transaction costs. The prior year expense related 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	2012	2011
Cash used in operating activities	$ (10,341)	$ (2,342)
Cash provided by investing activities	2,964	2,104
Cash (used in) provided by financing activities	(9,166)	613
Consolidated cash (continuing and discontinued operations)	12,082	28,625

CASH USED IN OPERATING ACTIVITIES

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

December 31	2012	2011
Cash provided by operations	$ 16,873	$ 16,465
Changes in non-cash balances		
Accounts receivable	(27,681)	(30,107)
Inventories	11,483	2,117
Prepaid expenses	(1,570)	206
Other current assets	(197)	(119)
Accounts payable, accrued liabilities and provisions	(10,343)	4,630
Deferred revenue	988	745
Decrease in cash due to changes in non-cash balances	(27,320)	(22,528)
Cash and distributions provided by discontinued operations	106	3,721
Cash used in operating activities	$ (10,341)	$ (2,342)

CASH PROVIDED BY INVESTING ACTIVITIES

Cash provided by investing activities totaled $2,964 compared to $2,104 in the prior year period. See table below for further details.

December 31	2012	2011
Acquisition of businesses, net of cash acquired		
Golosky Energy Services, Quantum Murray and Morrison Williams	$ -	$ (31,865)
Purchase of property, plant and equipment	(4,419)	(2,658)
Proceeds on disposition of property plant and equipment	642	968
Proceeds on disposition of businesses	7,866	38,730
Purchase of intangibles	(91)	(852)
Increase in other assets	(1,027)	(2,000)
Cash used in discontinued operations	(7)	(219)
Cash provided by investing activities	$ 2,964	$ 2,104

CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES

Cash used in financing activities was $9,166 for the year ended December 31, 2012 and cash provided by financing activities was $613 in the prior year.

December 31		2012		2011
Repayment of long-term debt	$	(6,200)	$	(36,973)
Increase in long-term debt		-		46,989
Increase (decrease) in cash held in trust		3,609		(3,108)
Repayment of capital lease obligations		(6,191)		(5,026)
Cash used in discontinued operations		(384)		(1,269)
Cash (used in) provided by financing activities	$	(9,166)	$	613

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 Newport Finance Corp’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, however this requirement was subsequently removed upon signing the third amended and restated senior credit agreement.

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.

THIRD AMENDED & RESTATED SENIOR CREDIT AGREEMENT

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. The maturity date of the senior credit facility is March 9, 2015.

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

Effective November 13, 2012 Tuckamore reached an agreement to amend the financial covenants related to the Amended Senior Credit facility. The amended covenants include the interest coverage ratio, priority senior debt ratio and the minimum EBITDA amount. The amended covenants will be in effect for three quarters commencing the quarter ended September 30, 2012. After these three quarters, the covenants will revert back to the requirements prior to the November 13, 2012 amendment. As part of the amendment, the interest rate on the Amended Senior Credit Facility was adjusted to prime plus 1.625%. The total cost of the amendment was 0.125% and this amount has been expensed in 2012. Without the amendment, Tuckamore would have been in default on certain covenants at September 30, 2012, resulting in the senior credit facility and debentures being due on demand.

At December 31, 2012 Tuckamore was in compliance with its debt covenants. There is a risk that the Company may not meet certain debt covenants in the future and without an amendment from its senior lenders, the senior credit facility and debentures would be due on demand and classified as current.

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

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

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

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. 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 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 were initially recorded at their fair value and will be accreted up to the 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 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 which began in the final quarter of 2011. At this time, management does not expect to retire any additional amounts based on the requirements noted above.

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 reflect the significant growth of the business.

WORKING CAPITAL

	December 31, 2012	December 31, 2011
Current assets	$ 224,689	$ 233,617
Current liabilities	92,961	115,972
Total w orking capital	$ 131,728	$ 117,645

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 finance lease payments by segment.

Year ended December 31, 2012	Marketing	ClearStream	Quantum	Other	Corporate	Total
Capital expenditures	$ 204	$ 3,120	$ 997	$ 85	$ 13	$ 4,419
Finance lease repayments	155	3,340	2,340	356	-	$ 6,191
Total capital expenditures	$ 359	$ 6,460	$ 3,337	$ 441	$ 13	$ 10,610

Year Ended December 31, 2011	Marketing	ClearStream	Quantum	Other	Corporate	Total
Capital expenditures	$ 284	$ 1,557	$ 732	$ 59	$ 26	$ 2,658
Finance lease repayments	177	2,897	1,699	253	-	$ 5,026
Total capital expenditures	$ 461	$ 4,454	$ 2,431	$ 312	$ 26	$ 7,684

FOURTH QUARTER 2012 RESULTS

	Quarter Ended December 31,			
		2012		2011
Revenues	$	203,214	$	188,116
Cost of revenues		(164,525)		(146,746)
Gross profit		38,689		41,370
Selling, general and administrative expenses		(26,962)		(28,264)
Amortization expense		(2,956)		(2,361)
Depreciation expense		(3,922)		(3,250)
Income (loss) from equity investments		-		(120)
Interest expense		(8,902)		(9,311)
Gain on extinguishment / de-recognition of debt		2,002		-
Restructuring costs		65		-
Transaction costs		-		(345)
Write-down of long-term investment		-		(6,081)
Write-down of goodwill and intangibles		(9,268)		
Income tax expense - current		(131)		(9)
Income tax (expense) recovery - deferred		2,888		(374)
Loss from continuing operations	$	(8,497)	$	(8,745)
Add:				
Amortization expense		2,956		2,361
Depreciation expense		3,922		3,250
Interest expense		8,902		9,311
Income tax expense - current		131		9
Income tax expense (recovery) - deferred		(2,888)		374
EBITDA	$	4,526	$	6,560
Gain on extinguishment / de-recognition of debt		(2,002)		-
Restructuring costs		(65)		-
Write-down of long-term investment		-		6,081
Write-down of goodwill and intangibles		9,268		-
Adjusted EBITDA	$	11,727	$	12,641

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, 2012 were $203,214 compared to $188,116 in 2011, an increase of 8.0%. The increase was primarily driven by ClearStream.

Gross profit for the three months ended December 31, 2012 was $38,689 compared to $41,370 in 2011, a decrease of 6.6%. Gross margins were 19.0% for the three months ended December 31, 2012 compared to 22.0% in the 2011 period.

For the three months ended December 31, 2012, these three industry segments produced $12,804 of Adjusted EBITDA for Tuckamore compared to $14,244 in 2011. Refer to the chart below for Adjusted EBITDA by operating partner. During the final quarter, interest costs were $5,975, compared with $5,573 in 2011. Accretion of the secured and unsecured debentures was $2,927 for the fourth quarter of 2012 compared to $3,738 in prior year period. During the three months ended December 31, 2012, the capital expenditures and capital lease payments were $3,070, as compared to $2,073 in the same period in 2011. 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 $6,878 for the three months ended December 31, 2012, compared to $5,881 for 2011. 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, 2012 from continuing operations was $6,418 compared to $6,513 in 2011.

Adjusted EBITDA $000s	**Q4 2012**	**Q4 2011**	**2012 vs. 2011**
Marketing			
Gemma	520	981	(461)
IC Group	273	145	128
	$ 793	$ 1,126	$ (333)
Industrial Services			
ClearStream	11,070	7,891	3,179
Quantum Murray	(877)	3,927	(4,804)
	$ 10,193	$ 11,818	$ (1,625)
Other			
Gusgo	650	603	47
Titan	1,168	815	353
Rlogistics	-	(118)	118
	1,818	1,300	518
Adjusted EBITDA from portfolio operations	$ 12,804	$ 14,244	$ (1,440)
Corporate	(1,077)	(1,603)	526
Adjusted EBITDA from operations	$ 11,727	$ 12,641	$ (914)

INDUSTRIAL SERVICES

The industrial services segment had a mixed quarter with ClearStream reporting significantly improved results and Quantum Murray offsetting these gains with much poorer results.

At ClearStream, all divisions reported increased revenues levels as the trend of a stimulated oil sands and conventional oil and gas market continued into the fourth quarter.

At Quantum Murray the fourth quarter results were well below the prior year quarter which was mostly expected as result of the restructuring of the Demolition division in the second and third quarter. As well, the fourth quarter in 2011 had favorable results due to the impact of several large profitable projects in the completion stages at the Environmental division.

MARKETING

Gemma had a challenging quarter with lower revenues in comparison to the same quarter in the prior year. In the fourth quarter of 2011, Gemma experienced a significant ramp up in hours and revenue based on a short-term campaign for a financial services client. A similar campaign did not reoccur in the fourth quarter of 2012. IC group had improved results compared to the same period in the prior year. The positive results were directly related to increased sales to existing clients and an overall improvement in margins due to the realization of operational efficiencies.

OTHER

Titan had improved results over the same quarter in the prior year due to strong demand from the oil sands construction industry and a general improvement in the volume of business from road maintenance contractors in Alberta. These gains were slightly offset by lower demand from the conventional drilling and government market segments.

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, 2012 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 $72,466 at December 31, 2012 (December 31, 2011 - $76,667).

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 $62,773 at December 31, 2012 (December 31, 2011 - $78,928)

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 in December 2011, 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

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, 2012. 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, 2012 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 26.50%.

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, 2012 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. IAS 32 is effective for the annual periods beginning on or after January 1, 2014. All other new standards are effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

The following is a brief summary of the new standards:

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

In November 2009, the IASB issued IFRS 9, which represented the first phase of its replacement of IAS 39. IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows and it removes the need to separately account for certain embedded derivatives. The impact of IFRS 9 on Tuckamore's consolidated financial statements is not known at this time.

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

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 supersedes all of the guidance in SIC-12 *Consolidation—Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*. Tuckamore is assessing the impact of IFRS 10 on the Company's consolidated 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. Tuckamore is assessing the impact of IFRS 11 on the Company's consolidated financial statements.

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

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

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

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received 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. Tuckamore is assessing the impact of IFRS 13 on the Company's consolidated financial statements.

(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), IFRS 7, *Financial Instruments* and IAS 32 *Financial Instruments: Presentation*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13. IFRS 7 amendments require disclosure about the effects of offsetting financial assets and financial liabilities and related arrangements on an entity's financial position. IAS 32 addresses the inconsistencies when applying the offsetting requirements.

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

	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1
Revenue	203,214	189,537	191,682	172,974	$188,116	$158,202	$145,060	$136,234
Net Income (loss) from continuing operations	(8,497)	(5,049)	(5,569)	(8,410)	(8,745)	4,217	(2,861)	21,027
Net income (loss)	(8,497)	(5,049)	(3,620)	(8,397)	(9,625)	17,733	(74)	21,532
Income (loss) per share unit from continuing operations	(0.11)	(0.07)	(0.08)	(0.12)	(0.12)	0.06	(0.04)	0.29
Income (loss) per share ur	(0.11)	(0.07)	(0.06)	(0.12)	(0.13)	0.25	(0.01)	0.30

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 these claims are without merit and as such they are being rigorously defended.

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, 2012 directors, officers and employees, and operating partners related to Tuckamore beneficially hold an aggregate of 18,598,812 units or 21.7% 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 $1,359 (December 31, 2011 – $1,520) made to the Operating Partnerships, based on the percentage not owned by the Company.

Selling, general and administrative expenses include $638 of rent expense paid to related parties of Gusgo for the year ended December 31, 2012 (2011-$568). These transactions occurred in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to between the parties.

Tuckamore shares space and services with a business which employs two of the directors of Tuckamore, and paid $176 during the year ended December 31, 2012 (2011-$167). One of Tuckamore's board members is a member of the executive team for a client of Gemma. Revenues in the amount of $14,200 were realized from this client during the year ended December 31, 2012. One of Tuckamore's board members is a senior partner at a vendor from which Tuckamore obtains services. Total expenses for services obtained during the year amount to approximately $1,900, of which approximately $900 remains payable at December 31, 2012.

Loans made to current and former employees of Tuckamore were outstanding in the amount of $1,335 (December 31, 2011 – $1,572). 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.

2013 OUTLOOK

At ClearStream, there is a strong business outlook. There are continuing high levels of activity in both the oilsands and the conventional oil and gas sectors which should translate into significant levels of maintenance services work. While project work volumes can be more volatile than maintenance work, the wear and fabrication divisions are currently busy and there are positive signs that this will continue. In addition, our transportation and pipe logistics division benefits across the board from increased activity levels. Tuckamore and ClearStream management will work closely to address the working capital needs of the business.

At Quantum Murray there will be a continued focus on project bidding and cost management at the Demolition division. There are large industrial abatement and demolition projects to be won, particularly in Alberta and there is a consistent amount of revenue backlog within the remediation group at the environmental division. The metals division is expected to be a contributor but there is risk of a potential decline in scrap metal prices.

In the Marketing segment, the outlook is for improved results over 2012. At Gemma, there are significant efforts underway to attract new clients and diversify the existing base. Recent new client wins are encouraging but need to continue. At IC Group, existing clients are expanding their loyalty programs to different regions and additional product lines which should bode well as IC Group works to lever its platform.

In the Other segment, both Titan and Gusgo are expecting good results, comparable to 2012. Titan should benefit from continued strong business activity in Alberta in both the construction and oil and gas sectors, and Gusgo is expecting consistent business volumes from its stable customer base.

Management continues to look to create value through the improvement of the operations of Tuckamore's assets and, in some cases, may look to realize value through the sale of certain of its assets.

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 22, 2013 for a discussion of Risk Factors particular to the Operating Partnerships and Tuckamore.

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 (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. At December 31, 2012 Tuckamore was in compliance with its debt covenants. There is a risk that the Company may not meet certain debt covenants in the future and without an amendment from its senior lenders, the senior credit facility and debentures would be due on demand and classified as current.

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 fund internal working capital needs or 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.

Customer concentration

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.

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, Tuckamore Holdings LP "TH", 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 Income Tax Act, and that the allocation of partnership income for purposes of the Tax Act to the holders of LP Units is reasonable, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that Canada Revenue Agency "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, TH'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 TH acquired 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 TH, initiates a shot-gun buy-sell, the general partner of TH 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 TH will receive the proceeds of sale, and will use such proceeds to pay down debt. There is no assurance that TH will decide to buy at the offered price or that TH will have sufficient funds to buy at the offered price. Any decision of TH 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 TH 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 TH 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 fund working capital needs and 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 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 TH, there may be unknown liabilities assumed by TH through its interests in the Operating Partnerships for which TH 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, 2012 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, 2012 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.

There have been no changes in internal controls over financial reporting during the year ended December 31, 2012 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;

"BMO" – means Bank of Montreal;

"CEO" – means Chief Executive Officer;

"CFO" – means Chief Financial 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;

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

"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;

"TH"- means Tuckamore Holdings LP

"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 control over financial reporting to provide reasonable assurance that the information used internally by management and disclosed externally is complete and reliable in all material respects. Management has evaluated the effectiveness of the disclosure controls and procedures and has concluded that they are effective.

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

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

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

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

Dean T. MacDonald
President & CEO

Keith Halbert
Chief Financial Officer

Toronto, Canada
March 21, 2013

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Tuckamore Capital Management Inc.

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

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

Ernst & Young LLP

Toronto, Canada
March 21, 2013

Chartered Accountants
Licensed Public Accountants

TUCKAMORE CAPITAL MANAGEMENT INC.
Consolidated Balance Sheets
As at December 31
(In thousands of Canadian dollars)

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

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

Signed on behalf of the Board of Directors,

Mark Kinney, Director

Francesco Aquilini, Director

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income
Years Ended December 31
(In thousands of Canadian dollars, except per share amounts)

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

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

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

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

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

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

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

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

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

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

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

1. Significant accounting policies

a) Basis of Presentation

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

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

b) Principles of Consolidation

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

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

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

(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, 2012. Tuckamore invested in all Operating Partnerships indirectly together with their respective general partners.

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

[1] refer to note 3 (Business combinations)

(In thousands of Canadian dollars)

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

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

c) Financial instruments

(i) Financial assets and financial liabilities

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

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

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

(ii) Comprehensive income (loss)

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

(iii) Effective interest method

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

d) Inventories

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

e) Property, plant and equipment

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

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

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

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

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

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

f) Impairment of long-lived assets

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

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

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

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

g) Impairment of goodwill and indefinite life intangible assets

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

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

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

h) Intangible assets

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

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

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

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

i) Revenue recognition

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

(i) Marketing

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

(ii) Industrial Services

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

(iii) Other

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

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

j) Foreign currency translation

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

k) Income taxes

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

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

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

l) Leases

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

m) Stock-based compensation

The fair value of stock options granted is recognized on a graded vesting schedule on a straight-line basis over the applicable stock option vesting period as stock based compensation expense in the consolidated statement of income and comprehensive income and contributed surplus on the consolidated statement of changes in shareholders' equity. The initial fair value of the options is determined based on the application of the Black-Scholes option valuation model at the date the options were granted. The options granted by Tuckamore are accounted for as equity awards under IFRS 2, Share-based payments. In accordance with IFRS 2, the services received in relation to the options granted are recorded as stock based compensation expense and contributed surplus. Prior to April 1, 2011, the trust units awarded were considered puttable instruments and therefore were treated as cash settled awards under IFRS 2. In accordance with IFRS 2, the accumulated services received in relation to the options granted was recorded as a liability and remeasured to fair value at each balance sheet date up to April 1, 2011, the date of conversion to a corporation.

n) Income (loss) per share

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

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

o) Cash and cash equivalents

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

p) Provisions

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

q) Discontinued Operations

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

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

r) Business Combinations

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

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

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

s) Use of estimates and judgments

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

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

(i) Proportionate consolidation

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

(ii) Business combinations

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

(iii) Property, plant and equipment

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

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

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

(v) Income taxes

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

(vi) Stock-based compensation

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

Provisions

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

(vii) Impairment

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

t) New standards and interpretations not yet adopted

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

The following is a brief summary of the new standards:

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

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

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

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

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

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

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

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

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

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

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

(vi) Amendments to Other Standards

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

2. Discontinued operations

2012

Marketing

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

Industrial Services

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

2011

Financial Services

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

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

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

Industrial Services

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

(In thousands of Canadian dollars)

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

For the year ended December 31, 2012	Marketing
Revenue	5,215
Expenses	(4,877)
Income before taxes	338
Gain on sale of investment	3,186
Income tax expense - deferred	(1,562)
Net income from discontinued operations	$ 1,962
Net income per share - basic	$ 0.02
Net income per share - diluted	$ 0.02

For the year ended December 31, 2011	Marketing	Industrial	Financial Services	Total
Revenue	$ 10,788	$ 7,526	$ 7,633	$ 25,947
Expenses	(9,459)	(9,401)	(8,481)	(27,341)
Income (loss) before taxes	1,329	(1,875)	(848)	(1,394)
(Loss) income from equity investments	(35)	-	943	908
Gain (loss) on sale of discontinued operations	3,300	(11)	13,100	16,389
Write-down of goodwill and intangible assets	-	(321)	-	(321)
Income tax (expense) recovery - deferred	(88)	-	434	346
Net income (loss) from discontinued operations	$ 4,506	$ (2,207)	$ 13,629	$ 15,928
Net income (loss) per share - basic	$ 0.06	$ (0.03)	$ 0.19	$ 0.22
Net income (loss) per share - diluted	$ 0.06	$ (0.03)	$ 0.19	$ 0.22

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

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

3. Business combinations

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

Morrison Williams LP

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

ClearStream Energy Services LP

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

Tuckamore's acquisition of the remaining 20% of ClearStream on December 20, 2010, resulted in the fair valuation of 100% of ClearStream being recorded at fair value. This transaction resulted in 80% of GES being recorded at fair value as at December 20, 2010, due to 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 value of GES therefore, Tuckamore did not record additional fair value adjustments on the remeasurement of the existing 80% of GES previously owned by ClearStream.

Quantum Murray LP

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

(In thousands of Canadian dollars)

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

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

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

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

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

1 The results of Morrison Williams are included in discontinued operations as a result of its sale on July 27, 2011.
2 Included in current assets are gross contractual amounts of acquired receivables of $29,067, net of $105 of contractual cash flows not expected to be collected.
3 Goodwill for GES is attributable to: 1) the expected synergies arising from the acquisition. 2) The excess of enterprise value over the accounting fair value of the net identifiable tangible and intangible assets acquired. This goodwill is not deductible for tax purposes.

(In thousands of Canadian dollars)

4. Financial instruments

a) Tuckamore has classified its financial instruments as follows:

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

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

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

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

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

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

(In thousands of Canadian dollars)

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

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

b) Net Interest Expense

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

For the year ended December 31,	2012	2011
Interest expense on senior credit facility	$ 4,911	$ 10,617
Interest on the subordinated revolving credit facility	-	224
Interest expense on convertible debentures	-	2,741
Interest expense on secured debentures	14,098	10,873
Net interest income earned on advances to Operating Partners	(160)	(262)
Interest expense on capital leases (note14)	987	855
Interest expense (income) other	292	(814)
Interest expense on unsecured debentures	962	746
Deferred financing costs amortized	625	-
Accretion expense related to secured and unsecured debentures	11,112	8,076
Interest expense	$ 32,827	$ 33,056

(In thousands of Canadian dollars)

5. Accounts receivable

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

Accounts receivable are comprised of the following:

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

Other receivables primarily consist of unbilled accounts receivable.

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

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

The aging analysis of trade receivables is as follows:

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

(In thousands of Canadian dollars)

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of the following:

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

7. Inventories

Inventories are comprised as follows:

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

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

Goods held for resale reflects inventory held at Titan.

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

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

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

8. Other assets

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

(In thousands of Canadian dollars)

9. Property, plant and equipment

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

(In thousands of Canadian dollars)

a) Collateral:

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

b) Capital commitments:

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

10. Goodwill and intangible assets

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

(In thousands of Canadian dollars)

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

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

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

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

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

Valuation technique

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

Growth

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

Discount rate

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

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

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

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

(In thousands of Canadian dollars)

12. Construction contracts

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

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

The following are additional details for all construction contracts:

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

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

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

13. Senior credit facility and debentures

a) Senior credit facility

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

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

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

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

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

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

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

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

(In thousands of Canadian dollars)

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

b) Secured and unsecured debentures

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

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

(In thousands of Canadian dollars)

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

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

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

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

(In thousands of Canadian dollars)

14. Obligations under finance leases

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

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

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

15. Commitments and other contingencies

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

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

(In thousands of Canadian dollars)

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

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

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

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

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

(c) Tuckamore and its Operating Partnerships are subject to claims and litigation proceedings arising in the normal course of operations. These contingencies are provided for when they are likely to occur and can be reasonably estimated.

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

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

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

(In thousands of Canadian dollars)

16. Revenue

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

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

17. Income taxes

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

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

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

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

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

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

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

(In thousands of Canadian dollars)

18. Income (loss) per share

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

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

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

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

19. Stock-based compensation

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

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

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

(In thousands of Canadian dollars)

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 January 1, 2011	$0.403	7,000,000	-	-	7,000,000
Granted during the year	$0.358	50,000	$0.358	7,150,000	7,200,000
Outstanding at December 31, 2011		7,050,000		7,150,000	14,200,000
Exercisable at December 31, 2011		5,020,900		-	5,020,900
Outstanding at December 31, 2012		7,050,000		7,150,000	14,200,000
Exercisable at December 31, 2012		6,841,800		3,575,000	10,416,800

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

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

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

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

Year ended December 31, 2012	IOP	MIP	Total
2012 Stock based compensation expense using grant date fair value	$ 216	$ 960	$ 1,176
Contributed surplus related to stock based compensation as at December 31, 2012	$ 2,841	$ 2,892	$ 5,733

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

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

(In thousands of Canadian dollars)

20. Related party disclosures

a) Advances to Operating Partnerships

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

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

b) Employee loans

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

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

c) Other related party transactions

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

(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, 2012 and December 31, 2011 are as follows:

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

21. Deferred revenue

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

22. Financial risk management

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

(a) Credit risk

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

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

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

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

(b) Customer concentration risk

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

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

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

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

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

(c) Liquidity risk

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

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

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

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

(d) Market risk

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

(In thousands of Canadian dollars)

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

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

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

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

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

(e) Interest rate risk

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

(In thousands of Canadian dollars)

23. Interest in jointly controlled assets

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

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

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

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

24. Changes in non-cash balances

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

25. Segmented Information

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

(In thousands of Canadian dollars)

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

(In thousands of Canadian dollars)

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

26. Capital management

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

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

27. Non-monetary transactions

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

28. Comparative figures

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

Corporate Information

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Francesco Acquilini
Douglas C. Brown
Mark A. Kinney
Philip B. Lind
Dean T. MacDonald
The Right Honourable Brian Mulroney

Management

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President & Chief Executive Officer

C. Paul Hatcher
Chief Operating Officer

Keith Halbert
Chief Financial Officer

Charles P. Hutchings
Vice President

Adrian T. Montgomery
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