TUCKAMORE CAPITAL

ANNUAL REPORT

2013

Portfolio Performance Summary

$ 000s Operating Partner	Ownership Interest	Date of Initial Investment	2013 Adjusted EBITDA	2012 Adjusted EBITDA	2011 Adjusted EBITDA
ClearStream	100%	Oct. 2004	$ 47,646	$ 37,689	$ 29,716
Quantum Murray	100%	Mar. 2006	(2,050)	(1,226)	13,781
Gemma	100%	Mar. 2005	(227)	1,661	3,213
Titan	92%	Sept. 2006	2,479	3,107	2,937
Gusgo	80%	Oct. 2006	2,276	2,866	2,027
IC Group	80%	July 2006	935	1,208	923
Rlogistics	36%	May 2006	–	–	252
Total Current Portfolio			**$ 51,059**	**$ 45,305**	**$ 52,849**
Corporate Costs			(6,866)	(6,882)	(13,638)
Total Adjusted EBITDA			**$ 44,193**	**$ 38,423**	**$ 39,211**

2013 Financial Summary

$000s except for per share amounts	**2013**	2012	2011
Financial Highlights		Restated[1]	Restated[1]
Revenue	**$ 673,111**	$ 683,756	$ 554,874
Gross profit	**141,217**	123,433	115,746
Adjusted EBITDA	**44,193**	38,423	39,211
Net (loss) income from continuing oprations	**(17,381)**	(27,525)	13,637
(Loss) income from continuing operations	**(0.24)**	(0.38)	0.19
Financial Position			
Total assets	**$ 402,524**	$ 414,538	$ 442,866
Senior credit facility	**89,835**	89,300	95,705
Secured debentures	**159,700**	152,860	146,314
Unsecured debentures	**24,819**	18,781	14,215
Shareholders' equity	**$ 36,040**	$ 53,251	$ 77,638

[1] Please refer to the MD&A dated March 6, 2014 for more information on restated results for 2012 and 2011.

2013

Financial Highlights

- Earned $44.2M Adjusted EBITDA from continuing operations, an increase of 15% over 2012.
- Improved operational performance within the industrial services segment.
- Largest investment reported record revenues and EBITDA.
- Successfully managed cash to provide working capital for growth.

2014

Objectives

- Continue to 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

Dean T. MacDonald

The financial performance for Tuckamore in 2013 was improved over last year. Results were solid at ClearStream. Results at Quantum Murray indicate that there is still work to be done to put last year's difficulties in the demolition business behind us. The rest of the portfolio performed at levels slightly lower than last year, although Gemma in particular experienced a difficult year.

Although revenues have increased, ClearStream's better performance in 2013 was more related to improved margins in both the maintenance services and wear technology divisions. Maintenance services margins reflect better contract pricing, more efficient bidding and execution on fixed price contracts, and improved operational efficiencies. The wear technology division sells a patented pipe coating product which extends significantly the lifecycle of pipe used in tailing ponds. Demand for the specialty wear pipe product was strong particularly in the first half of the year, with clients willing to pay for expedited delivery. ClearStream has also been successful in winning two major maintenance services contracts over the last fifteen months which will position the business well for next year. However, margin compression will be a concern in 2014 as competition for business remains strong and service providers are being asked to continually improve their offerings. As always, global macroeconomics can negatively impact the Alberta oil sector, but ClearStream's focus on maintenance services provides a measure of stability in adverse market conditions.

The demolition division at Quantum Murray had improved results over the previous year but is still operating at a loss. It was a transitional year for the business as it worked to combine cost containment on older legacy projects with careful re-entry into the demolition market. Focus on new smaller to medium sized demolition projects has proven successful with good margins resulting from better execution on both estimating and project management. The demolition business still requires higher volumes of work, and progress is being made with an improved work backlog and through leveraging long standing relationships for repeat business.

The environmental division which includes soil remediation, hazmat services and emergency response services performed well this year. ER services were in demand and can provide higher margins given the urgent nature of the services provided. These services can often lead to additional opportunities for our more traditional environmental and demolition businesses.

Reductions in call centre revenues from major clients impacted Gemma this year. Gemma has excellent call centre expertise in the financial services and telecommunications sectors and there is renewed and increased focus by Gemma on diversifying its customer base. IC Group was also impacted by customer attrition but better revenue levels from its core clients in the final quarter are encouraging. Both Titan and Gusgo had solid years although slightly down from last year. Titan, our industrial supplies distributor, saw some seasonal revenue declines and margin compression. New executive leadership is on board and will drive Titan's sales and marketing efforts in 2014. Gusgo, our container transportation business, has excellent relationships with a small customer base and will focus on cost and operational management to maximize the margins in its business.

Corporate costs are slightly down from last year, although they include one time costs associated with the elimination of an executive role.

Slower recovery than originally anticipated within the demolition group at Quantum Murray required that amendments to the covenants in the senior credit facility were made in September, 2013. Tuckamore remains in full compliance with the amended covenants.

We have reported throughout 2013 that the constraints in our credit facilities and access to working capital are challenges as we look to grow our businesses. This will continue and will become more pronounced if increased work volumes at Quantum Murray coincide with peaks at ClearStream. Additional borrowings are disallowed, and 75% of excess cash flow is required to permanently pay down debt. The constraints create funding options for the businesses which are far less than ideal, and equipment needs are being satisfied through a carefully managed combination of cash, capital leases and operating leases. In the absence of additional funding, cash management to allow growth continues to be a very high priority for Tuckamore.

$26.5 million of unsecured debentures mature on March 23, 2014. It is the company's intention to satisfy the redemption, in accordance with the indenture, through the issue of shares equivalent to 10% of the equity of the company. Interest due of approximately $2.9 million will be paid in cash on maturity.

We will continue to look to create value for all through careful and measured organic growth in our portfolio, or through asset value realization if considered appropriate.

Thank you for your continued support.

Dean T. MacDonald
President and Chief Executive Officer

Management's Discussion and Analysis

March 6, 2014

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" or the "Company") for the years ended December 31, 2013, 2012 and 2011. This MD&A should be read in conjunction with Tuckamore's audited consolidated financial statements for the years ended December 31, 2013 and 2012.

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 6, 2014 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 40, 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 "2014 Outlook" presented. Readers are cautioned that this information may not be appropriate for any other purpose.

Non-standard measures

The terms ''EBITDA'' and "Adjusted EBITDA" (collectively the ''Non-GAAP measures'') are financial measures used in this MD&A that are not standard measures under 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 of Tuckamore (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 loss on de-recognition of debt, fair value adjustments on stock based compensation expense, the write-down of goodwill and intangible assets, restructuring costs and the interest, taxes, depreciation and amortization of long-term investments, gain on remeasurement of investments and bargain purchase gains. 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. A majority 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 and Adjusted 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	Manufacturer and distributor of rigging products and services, and ground engaging tools to the oil and gas, and construction sectors.	92%

2013 RESULTS

SUMMARY RESULTS FROM CONTINUING OPERATIONS ($000s)

	For Year Ended December 31,		
	2013	2012 Restated[1]	2011 Restated[1]
Revenues	$ 673,111	$ 683,756	$ 554,874
Cost of revenues	(531,894)	(560,323)	(439,128)
Gross profit	141,217	123,433	115,746
Selling, general and administrative expenses	(103,634)	(91,853)	(80,686)
Amortization expense	(8,973)	(10,824)	(14,609)
Depreciation expense	(15,210)	(14,438)	(11,789)
Income from equity investments	5,780	5,891	4,931
Interest expense, net	(33,676)	(32,606)	(32,989)
(Loss) gain on extinguishment / de-recognition of debt	-	(1,534)	37,451
Restructuring costs	-	(861)	-
Fair market value adjustment on stock options	-	-	(883)
Write-down of goodwill and intangible assets	(5,713)	(9,268)	-
Write-down of long term investments	-	-	(6,081)
Gain on remeasurement of investment	-	-	7,281
Transaction costs	-	-	(2,638)
Bargain purchase gain	-	-	709
Income tax expense - current	(3)	(671)	(23)
Income tax recovery (expense)- deferred	2,831	5,206	(2,783)
(Loss) income from continuing operations	$ (17,381)	$ (27,525)	$ 13,637
Add:			
Amortization	8,973	10,824	14,609
Depreciation	15,210	14,438	11,789
Interest expense, net	33,676	32,606	32,989
Income tax expense - current	3	671	23
Income tax (recovery) expense - deferred	(2,831)	(5,206)	2,783
EBITDA	$ 37,650	$ 25,808	$ 75,830
Interest, taxes, depreciation and amortization of long term investments	$ 830	$ 952	$ 1,858
Loss (gain) on extinguishment / de-recognition of debt	-	1,534	(37,451)
Restructuring costs	-	861	-
Fair market value adjustment on stock options	-	-	883
Write-down of long term investments	-	-	6,081
Gain on remeasurement of investment	-	-	(7,281)
Bargain purchase gain	-	-	(709)
Write-down of goodwill and intangible assets	5,713	9,268	-
Adjusted EBITDA	$ 44,193	$ 38,423	$ 39,211
(Loss) income per share:			
Continuing operations - Basic	$ (0.24)	$ (0.38)	$ 0.19
Continuing operations - Diluted	$ (0.24)	$ (0.38)	$ 0.16

	For Year Ended December 31		
	2013	2012 Restated[1]	2011 Restated[1]
Total assets	$ 402,524	$ 414,538	$ 442,866
Senior credit facility	89,835	89,300	95,705
Secured debentures	159,700	152,860	146,314
Unsecured debentures	24,819	18,781	14,215
Shareholders' equity	36,040	53,251	77,638

[1]See first paragraph on page 6 for discussion of restated results for 2012 and 2011.

2013 RESULTS COMMENTARY

Effective January 1, 2013, Tuckamore was required to adopt IFRS 11 *Joint Arrangements*, which requires that joint ventures are accounted for using the equity method of accounting and states that the proportionate consolidation method is no longer acceptable. Tuckamore's investments in Titan, Gusgo and IC Group are now accounted for using the equity method of accounting. These joint ventures are accounted for as long-term investments on the audited consolidated balance sheets and the income from joint ventures is recognized in the consolidated statement of loss and comprehensive loss as income from long-term investments. As a result of the requirement to retrospectively apply IFRS 11, Tuckamore has restated prior year results. Please refer to note 1 and note 2 of Tuckamore's audited consolidated financial statements for the year ended December 31, 2013 and 2012 for more information.

Revenues for the year ended December 31, 2013 were $673,111 compared to $683,756 in 2012 and $554,874 in 2011, a decrease of 1.6% from 2012 and an increase of 21.3% from 2011. Growth at ClearStream, with most divisions reporting increased business volumes in 2013, was offset by lower 2013 revenues at Quantum Murray. Revenues were higher than 2011 because of ClearStream's significant growth over the last two years as well as Tuckamore's smaller ownership position in Quantum Murray prior to October 2011.

Gross profit for the year ended December 31, 2013 was $141,217 compared to $123,433 in 2012 and $115,746 in 2011. Gross margins were 21.0% compared to 18.1% in 2012 and 20.9% in 2011. The increase in gross margin in 2013 over 2012 reflects improved margins in the maintenance and wear technology divisions at ClearStream, as well as improved margins at the demolition division at Quantum Murray. Gross margins are largely consistent with 2011.

Tuckamore's continuing operations from its portfolio investments are reported in its three operating segments: Marketing, Industrial Services and Other. For the year ended December 31, 2013, these three operating segments, before corporate costs, produced $51,059 of Adjusted EBITDA for Tuckamore compared to $45,305 in 2012 and $52,849 in 2011. Refer to the chart on the following page for Adjusted EBITDA by operating partner.

Corporate costs for the year ended December 31, 2013 were $6,866 compared to $6,882 in 2012 and $13,638 in 2011. The decrease in 2013 from 2012 in accounting and legal costs has been offset by one-time costs associated with reductions in the senior executive team. Costs incurred in 2011 included those for the conversion to a corporation and professional fees incurred for the transition to IFRS.

Non-cash items that impacted the results were depreciation and amortization, deferred income taxes, gains on remeasurement of investment, bargain purchase gain and gain / loss on extinguishment / de-recognition of debt. Depreciation and amortization was $24,183 for the year ended December 31, 2013 compared to $25,262 for 2012 and $26,398 for 2011. 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 re-measurement 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.

During the year ended December 31, 2013 $2,712 of goodwill and $3,001 of brand intangibles related to Gemma were impaired as a result of business volume declines. In 2012, goodwill of $4,201 was impaired as a result of the anticipated impact of declines in the volume of business from a significant customer related to Gemma. In 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.

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 (the "Assignment") to the Bank of Montreal ("BMO") of the senior credit facility from its former lenders. The Assignment and associated amendment and restatement of the senior credit facility 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, 2013, interest costs, excluding accretion expense, were $20,798 compared with $21,494 in 2012 and with $24,913 in 2011. Non-cash accretion expense was $12,878 for 2013 compared to $11,112 for 2012 and $8,076 in 2011. 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, 2013, the operating segments had capital expenditures and capital lease payments of $14,377 compared to $10,011 in 2012 and $7,288 in 2011. The majority of these expenditures were incurred in the Industrial Services segment.

The net loss from continuing operations was $17,381 for the year ended December 31, 2013, compared to a net loss from continuing operations of $27,525 for 2012, and net income from continuing operations of $13,637 for 2011.

Adjusted EBITDA $000s	2013	2012	2011	2013 vs. 2012	2013 vs. 2011
Marketing					
Gemma	(227)	1,661	3,213	(1,888)	(3,440)
IC Group	935	1,208	923	(273)	12
	$ 708	$ 2,869	$ 4,136	$ (2,161)	$ (3,428)
Industrial Services					-
ClearStream	47,646	37,689	29,716	9,957	17,930
Quantum Murray	(2,050)	(1,226)	13,781	(824)	(15,831)
	$ 45,596	$ 36,463	$ 43,497	$ 9,133	$ 2,099
Other					-
Gusgo	2,276	2,866	2,027	(590)	249
Titan	2,479	3,107	2,937	(628)	(458)
Rlogistics	-	-	252	-	(252)
	$ 4,755	$ 5,973	$ 5,216	$ (1,218)	$ (461)
Adjusted EBITDA from portfolio operations	$ 51,059	$ 45,305	$ 52,849	$ 5,754	$ (1,790)
Corporate	(6,866)	(6,882)	(13,638)	16	6,772
Adjusted EBITDA from operations	$ 44,193	$ 38,423	$ 39,211	$ 5,770	$ 4,982

MARKETING

The marketing segment had disappointing results for the year ended December 31, 2013. Gemma had a very challenging year with declining 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. The lack of a more diverse client base has negatively affected Gemma's profitability, and generating new revenue and clients is being given the highest priority.

IC Group' results were also down compared to the prior years. The results were impacted by some temporary revenue reductions in several of the core accounts. Margins however are improved and there has been good progress in cost containment within the corporate expense categories.

INDUSTRIAL SERVICES

Within the Industrial Services division, ClearStream reported solid results. While improvements at Quantum Murray were encouraging, progress still needs to be made to return the business to acceptable levels of profitability.

At ClearStream, all divisions except the Fabrication division reported increased revenues as a result of an active oil sector and recognition of ClearStream's service offerings. Revenue gains at the Wear division and the Oilsands' maintenance divisions were the most favorable. Gross margin improvements were significant and reflect higher demand for specialty wear product, improved pricing on certain contracts and better operational efficiencies. Only the Transportation division reported gross margin slippage compared to the prior year as a result of new premises relocation and start-up costs.

ClearStream's EBITDA contribution in 2013 was significantly higher than the previous year largely because of the gross margin improvements seen in the majority of the business.

At Quantum Murray, the Demolition division performed better than the previous year at a gross margin level, however the Demolition division was still operating at an overall loss. New smaller to medium demolition projects contributed well but were offset by additional costs on legacy projects completed during the year. Lower demolition volumes also impacted the throughput to the scrap metals division revenues. Revenues within the environmental divisions were similar to last year although gross margins were impacted by increased competition.

OTHER

Gusgo's revenues were slightly down from the prior year as one client experienced shipping delays due to production issues. Margins were also impacted by higher delivery costs and operational challenges related to another client.

Titan's revenues were at similar levels to the prior year due to continuing strong demand from the oil sands construction industry. Margins were largely consistent with last year. Overhead costs have increased in 2013 as the business has invested in additional sales and marketing staff. These investments should benefit the Company in 2014.

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 ("Armstrong") for cash proceeds of $5,366 realizing an accounting gain of $3,186. Net proceeds were used to repay senior indebtedness.

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. Although the Company is required to report interests in joint venture's using the equity method of accounting under IFRS 11 *Joint Arrangements*, management views the business as if the assets, liabilities, revenues and expenses of joint ventures (IC Group in the Marketing Segment) were proportionately consolidated. Proportionately consolidated results are used by management to make major strategic and operating decisions. As such, segment results include joint ventures as if they were proportionately consolidated.

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,	
	2013	2012
Revenues	$ 30,461	$ 36,566
Cost of revenues	(19,432)	(23,962)
Gross profit	11,029	12,604
Selling, general and administrative expenses	(10,321)	(9,735)
Amortization expense	(1,471)	(3,129)
Depreciation expense	(500)	(639)
Interest expense	(54)	(46)
Write-down of goodwill	(5,713)	(4,201)
Income tax expense - current	(18)	(90)
Income tax recovery - deferred	1,221	53
Loss for the year	$ (5,827)	$ (5,183)
Add:		
Amortization	1,471	3,129
Depreciation	500	639
Interest expense	54	46
Income tax expense - current	18	90
Income tax recovery - deferred	(1,221)	(53)
EBITDA	$ (5,005)	$ (1,332)
Write-down of goodwill	5,713	4,201
Adjusted EBITDA	$ 708	$ 2,869

(I) REVENUES

Revenues for the Marketing segment were $30,461 during the year ended December 31, 2013, which represents a 16.7% decrease from $36,566 reported for the prior year. The larger decrease during the year was at Gemma where revised sales strategies at key clients resulted in decreased revenues. There were decreases at IC Group too where one account was lost. Decreases at other core clients appear temporary with a return to higher levels in the fourth quarter.

(II) GROSS PROFIT

Gross profit for the Marketing segment was $11,029, and gross margin percentage was 36.2% for the year ended December 31, 2013 compared to a gross profit of $12,604 and gross margin of 34.5% in 2012. The increased gross margin percentage was at both Gemma and IC Group and reflects pro-active cost management to reduce the impact of lower revenues.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the year ended December 31, 2013 were $10,321 compared to $9,735 in the prior year. These expenses as a percentage of revenues were 33.9% in 2013 compared to 26.6% in 2012. The increase was primarily due to restructuring costs incurred at Gemma in 2013.

(IV) WRITE-DOWN OF GOODWILL

During the year ended December 31, 2013, $2,712 of goodwill and $3,001 of brand intangibles related to Gemma were impaired as a result of business volume declines. 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. Although the Company is required to report interests in joint venture's using the equity method of accounting under IFRS 11 *Joint Arrangements*, management views the business as if the assets, liabilities, revenues and expenses of joint ventures (joint ventures at ClearStream) were proportionately consolidated. Proportionately consolidated results are used by management to make major strategic and operating decisions. As such, segment results include joint ventures as if they were proportionately consolidated.

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,	
	2013	2012
Revenues	$ 662,522	$ 669,653
Cost of revenues	(525,809)	(552,640)
Gross profit	136,713	117,013
Selling, general and administrative expenses	(91,117)	(80,550)
Amortization expense	(6,800)	(6,973)
Depreciation expense	(14,280)	(14,000)
Interest expense	(11,865)	(12,295)
Restructuring costs	-	(861)
Write-down of intangible assets	-	(5,067)
Income tax recovery (expense) - current	16	(685)
Income tax recovery - deferred	1,827	3,927
Income for the year	$ 14,494	$ 509
Add:		
Amortization expense	6,800	6,973
Depreciation expense	14,280	14,000
Interest expense	11,865	12,295
Income tax (recovery) expense - current	(16)	685
Income tax recovery - deferred	(1,827)	(3,927)
EBITDA	$ 45,596	$ 30,535
Restructuring costs	-	861
Write-down of intangible assets	-	5,067
Adjusted EBITDA	$ 45,596	$ 36,463

INDUSTRIAL SERVICES

	Year Ended December 31,			
	ClearStream		Quantum Murray	
	2013	2012	2013	2012
Revenues	$522,524	$ 500,490	$139,998	$169,163
Cost of revenues	(413,510)	(413,555)	(112,299)	(139,085)
Gross profit	109,014	86,935	27,699	30,078
Selling, general and administrative expenses	(61,368)	(49,246)	(29,749)	(31,304)
Amortization expense	(5,849)	(5,812)	(951)	(1,161)
Depreciation expense	(9,170)	(8,491)	(5,110)	(5,509)
Interest expense	(11,523)	(11,948)	(342)	(347)
Restructuring costs	-	-	-	(861)
Write-down of intangible assets	-	(5,067)	-	-
Income tax expense - current	16	(685)	-	-
Income tax recovery (expense) - deferred	2,324	1,900	(497)	2,027
Income (loss) for the year	$ 23,444	$ 7,586	$ (8,950)	$ (7,077)
Add:				
Amortization expense	5,849	5,812	951	1,161
Depreciation expense	9,170	8,491	5,110	5,509
Interest expense	11,523	11,948	342	347
Income tax expense - current	(16)	685	-	-
Income tax (recovery) expense - deferred	(2,324)	(1,900)	497	(2,027)
EBITDA	$ 47,646	$ 32,622	$ (2,050)	$ (2,087)
Restructuring costs	-	-	-	861
Write-down of intangible assets	-	5,067	-	-
Adjusted EBITDA	$ 47,646	$ 37,689	$ (2,050)	$ (1,226)

(I) REVENUES

Revenues from the Industrial Services segment were $662,522 for the year ended December 31, 2013 compared with $669,653 in the prior year, which reflects a decrease of 1.1%.

Revenues at ClearStream were $522,524 for the year ended December 31, 2013 compared with $500,490 in the prior year, which reflects an increase of 4.4%.

The improvement in revenues at ClearStream reflected increased business volumes across all divisions, except for the Fabrication division. The largest increases were in the oilsands maintenance service divisions with increased business from existing clients, and in the wear technology division where there was considerable demand for the specialty pipe coating product. Revenues from new clients in our conventional oil and gas maintenance services division compensated for some reductions in revenues from other core clients. The Fabrication division was slower in the first and second quarters, but in the fourth quarter benefited from orders for components of new infrastructure projects.

Revenues at Quantum Murray were $139,998 for the year ended December 31, 2013 compared with $169,163 in the prior year, which reflects a decrease of 17.2%.

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. Bidding on projects re-commenced in early 2013 and while it has taken some time to re-establish itself, the division has been successful in bidding and executing on small to medium sized projects. The reduced revenues at the Demolition division have also impacted the supply of product to the Metals division and its revenues.

Revenue volumes at the Environmental division were at consistent levels with 2012. Soil remediation and emergency response services have been the drivers this year, with lower revenue contribution from hazmat services

(II) GROSS PROFIT

Gross profit was $136,713 for the year ended December 31, 2013 compared with $117,013 in 2012. Gross profit margin was 20.6% compared to 17.5% in 2012.

At ClearStream, gross profit was $109,014 for the year ended December 31, 2013 compared with $86,935 in 2012. Gross profit margin was 20.9% compared to 17.4% in 2012. The largest improvements came from the specialty wear product division where demand was high, and in the conventional oil and gas maintenance service division. Maintenance services margins in 2013 reflect better contract pricing, more efficient bidding and execution on fixed price contracts, and better equipment and services procurement practices. Margins were reduced at the transportation division which incurred moving costs and new site start-up costs in 2013.

At Quantum Murray, gross profit was $27,699 for the year ended December 31, 2013 compared with $30,078 in 2012. Gross profit margin was 19.8% compared to 17.8% in 2012.

The most significant reason for the margin improvement was the turnaround in the Demolition division gross margins compared to the margin losses incurred in the prior year. In 2012, gross margins were significantly impacted by cost overruns and scrap metal revenue shortfalls on two larger projects within the Demolition division. Margin percentages within the Environmental and Metals divisions were only slightly lower than 2012.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $91,117 for the year ended December 31, 2013 compared to $80,550 in 2012.

ClearStream's selling, general and administrative expenses were $61,368 for the year ended December 31, 2013 compared to $49,246 in 2012. Selling, general and administrative expenses as a percentage of revenues were 11.7% for the year ended December 31, 2013 compared to 9.8% in 2012. Increases in these expenses in 2013 reflected increases in salaried resources in the areas of project management, quality control, safety, and human resources. In addition, costs have been incurred in performance bonuses, site relocation costs and brand awareness marketing campaigns.

Quantum Murray's selling, general and administrative expenses were $29,749 for the year ended December 31, 2013 compared to $31,304 in 2012. Although selling, general and administrative expenses were reduced by 5.0% from 2012, on a percentage of revenue basis were 21.1% for the year ended December 31, 2013 compared to 18.5% in 2012. The percentage increase does reflect both the significant decrease in revenue, primarily at the demolition and metals divisions, as well as the fixed cost nature of many expenses.

(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 of $861, were recorded during the year ended December 31, 2012.

(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 during the year ended December 31, 2012.

(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 (92%). This segment also includes income from Tuckamore's equity investment in Rlogistics (36%). Although the Company is required to report interests in joint venture's using the equity method of accounting under IFRS 11 *Joint Arrangements*, management views the business as if the assets, liabilities, revenues and expenses of joint ventures (Gusgo and Titan in the Other segment) were proportionately consolidated. Proportionately consolidated results are used by management to make major strategic and operating decisions. As such, segment results include joint ventures as if they were proportionately consolidated.

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,	
	2013	2012
Revenues	$ 50,571	$ 51,188
Cost of revenues	(34,612)	(34,592)
Gross profit	15,959	16,596
Selling, general and administrative expenses	(11,204)	(10,623)
Amortization expense	(475)	-
Depreciation expense	-	(535)
Interest expense	(715)	(716)
Income tax expense - deferred	(51)	(100)
Income (loss) for the year	$ 3,514	$ 4,622
Add:		
Amortization expense	475	-
Depreciation expense	-	535
Interest expense	715	716
Income tax expense - deferred	51	100
Adjusted EBITDA	$ 4,755	$ 5,973

(I) REVENUES

Revenues for the other segment were $50,571 for the year ended December 31, 2013, compared to $51,188 in the prior year, which reflects a small decrease of 1.2%. Titan and Gusgo each had similar percentage decreases. Titan had higher revenues from its wear and ground engaging products but this was offset by lower revenues from rigging products and services. Gusgo's revenues were slightly reduced because of production delays at one larger client.

(II) GROSS PROFIT

Gross profit was $15,959 for the year ended December 31, 2013, compared with $16,596 in the prior year. Gross profit margin was 31.6% for the year ended December 31, 2013 compared to 32.4% for the prior year. The decrease in gross profit margins was primarily at Gusgo where operational changes at some clients have led to higher delivery costs. Titan's gross margin percentage remained comparable to the prior year despite continuing competitive pressures across the product range.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $11,204 for the year ended December 31, 2013, compared with $10,623 for the prior year. These expenses as a percentage of revenues were 22.2% for the year ended December 31, 2013, compared to 20.8% in the prior year. Gusgo's costs have remained consistent with the prior year and the increase at Titan relates to investments in additional sales resources and marketing initiatives.

(IV) INCOME FROM EQUITY INVESTMENTS

There has been no income recorded related to Tuckamore's ownership share of Rlogistics.

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,			
		2013		2012
Selling, general and administrative expenses	$	(6,866)	$	(6,882)
Amortization expense		(702)		(724)
Depreciation expense		(645)		(3)
Interest expense		(21,156)		(19,770)
Loss on de-recognition of debt		-		(1,534)
Income tax expense - current		(27)		-
Income tax (expense) recovery - deferred		(166)		1,440
Loss for the year	$	(29,562)	$	(27,473)
Add:				
Amortization expense		702		724
Depreciation expense		645		3
Interest expense		21,156		19,770
Income tax expense - current		27		-
Income tax expense (recovery) expense - deferred		166		(1,440)
EBITDA	$	(6,866)	$	(8,416)
Loss (gain) on debt extinguishment		-		1,534
Adjusted EBITDA	$	(6,866)	$	(6,882)

(I) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $6,866 for the year ended December 31, 2013, compared to $6,882 for the prior year. The break-down of selling, general and administrative expenses is as follows:

	Year Ended December 31,			
		2013		2012
Salaries and benefits	$	5,452	$	4,086
Stock-based compensation expense		170		1,177
Audit, accounting and tax		832		1,168
Other costs, net		412		451
Selling, general and administrative expenses	$	6,866	$	6,882

The increase in salaries and benefits reflect one-time executive severance costs as wells as lower bonus payments in 2012. The significant reduction in stock compensation expense reflects the completion of the vesting of options granted in earlier years. The reduction in audit, accounting and tax reflects improved efficiencies in the audit process.

(II) INTEREST EXPENSE

Total interest expense was $21,156 for the year ended December 31, 2013 compared to $19,770 in the prior year. For the year ended December 31, 2013, interest costs, excluding accretion expense, were $8,278 compared with $8,658 in 2012. Non-cash accretion expense was $12,878 for 2013 compared to $11,112 for 2012. Accretion expense relates to the secured and unsecured debentures, which were recorded at their fair values, and accrete up to their face value using the effective interest method over the term of the Debentures. The decrease in interest expense excluding accretion expense reflects interest savings due to lower senior indebtedness balances from asset sales in 2012 as well as pay downs of the revolving facility with cash on hand. At the corporate division, interest expense is net of interest income received from the other business segments.

(III) LOSS ON DE-RECOGNITION OF DEBT

On March 9, 2012, Tuckamore completed the Assignment to BMO of its senior credit facility from its former lenders. In connection with the Assignment, BMO received an assignment of all the rights and obligations of the former lenders under the senior credit facility. In connection with the assignment, 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 de-recognized facility for the year ended December 31, 2012.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW

The following table summarizes the major consolidated cash flow components:

		2013		2012
Cash provided by (used in) operating activities	$	27,167	$	(19,025)
Cash (used in) provided by investing activities		(2,424)		11,587
Cash used in financing activities		(6,403)		(8,438)
Consolidated cash as at December 31		28,883		10,543

The Company operates under the Amended Senior Credit Facility and debenture agreements which include restrictive financial covenants. Additional borrowings are not allowed, financing through capital leases is limited, and 75% of quarterly excess cash flow repays permanently the Amended Senior Credit Facility. The Company's cash flows are critical to the successful growth of the businesses and there can be no guarantee that the Company will be able to provide the working capital funding to satisfy or optimize business growth. The working capital needs of the Company largely follow the seasonality of ClearStream's business and are the highest in the second and third quarters of the calendar year.

CASH PROVIDED BY (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.

		2013		2012
Cash provided by operations	$	17,605	$	10,355
Changes in non-cash balances				
Accounts receivable		14,932		(28,528)
Inventories		3,205		11,118
Prepaid expenses		(2,267)		(1,590)
Other current assets		209		99
Accounts payable, accrued liabilities and provisions		(6,860)		(10,274)
Deferred revenue		343		(311)
Decrease in cash due to changes in non-cash balances		9,562		(29,486)
Cash and distributions provided by discontinued operations		-		106
Cash provided by (used in) operating activities	$	27,167	$	(19,025)

CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES

Cash (used in) provided by investing activities totaled ($2,424) compared to $11,587 in the prior year period. See table below for further details.

		2013		2012
Distributions from long-term investments		4,614		6,306
Purchase of property, plant and equipment		(8,107)		(4,250)
Proceeds on disposition of property plant and equipment		1,423		737
Proceeds on disposition of businesses		-		7,866
Purchase of intangibles		(406)		(91)
Increase in other assets		52		1,026
Cash used in discontinued operations		-		(7)
Cash (used in) provided by investing activities	$	(2,424)	$	11,587

CASH USED IN FINANCING ACTIVITIES

Cash used in financing activities was $6,403 for the year ended December 31, 2013 and cash used in financing activities was $8,438 in the prior year.

		2013		2012
Repayment of long-term debt	$	(118)	$	(6,200)
Increase (decrease) in cash held in trust		(15)		3,907
Repayment of capital lease obligations		(6,270)		(5,761)
Cash used in discontinued operations		-		(384)
Cash used in financing activities	$	(6,403)	$	(8,438)

FINANCING

THIRD AMENDED & RESTATED SENIOR CREDIT AGREEMENT

As at January 1, 2012, 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 amount was used to repay senior indebtedness under the Amended Senior Credit Facility.

On March 9, 2012, Tuckamore completed the Assignment to BMO of its senior credit facility from its former lenders. In connection with the Assignment, BMO received an assignment of all of the rights and obligations of the former lenders under the senior credit facility. Tuckamore also entered into the Amended Senior Credit Facility, appointing BMO as agent. The maturity date of the senior credit facility is March 9, 2015. The Amended Senior Credit Facility had an interest rate of prime plus 1.5%, and contained customary covenants which included interest coverage ratio, priority senior debt ratio and minimum EBITDA amount.

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 facility.

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

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 was in effect for three quarters commencing the quarter ended September 30, 2012. 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% or $113.

On September 25, 2013, Tuckamore reached an agreement to further amend the financial covenants (“the Second Amendment”) related to the Amended Senior Credit facility. The amended covenants include the interest coverage ratio, priority senior debt ratio and the minimum EBITDA amount, and are in effect for all quarters, commencing with the quarter ended September 30, 2013 through to December 2014. As part of the Second Amendment, the interest rate on the Amended Senior Credit Facility was adjusted to prime plus 1.75%. This rate can be reduced when certain leverage ratios are achieved. The total cost of the amendment was 0.225% or $204.

Advances outstanding under the Amended Senior Credit Facility as December 31, 2013 total $90,637 with $60,000 of this amount as a revolving facility and the balance as a term facility.

At December 31, 2013, 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 or forbearance from its senior lenders, the amounts owing by the Company under the Amended Senior Credit Facility and Debentures would be due on demand and classified as current.

Tuckamore is obligated to repay a portion of the Amended Senior Credit Facility prior to the maturity date based on proceeds from specified dispositions, proceeds from the issuance of equity instruments or based on excess operating cash flows as defined. In March 2014, Tuckamore expects to repay $5,481, representing 75% of excess cash flow for the fourth quarter of 2013.

DEBENTURES

On February 28, 2011, Tuckamore issued a management information circular which provided details of the exchange of the former Debentures (the “Exchange Transaction”). Under the Exchange Transaction the existing Debentures were mandatorily exchanged for second lien notes (the “Secured Debentures”) and the unpaid accrued interest on the Debentures were 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 Transaction and, the Secured Debentures and the Unsecured Debentures (the “New Debentures”) were issued on March 23, 2011 pursuant to new indenture agreements.

The aggregate principal amount of the Secured Debentures is $176,228 which satisfied the principal amounts outstanding under the former Debentures and the subordinated revolving credit facility. The aggregate principal amount of the Unsecured Debentures is $26,552 which satisfied related accrued interest outstanding under the former Debentures 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 Amended and Restated Credit Agreement (the “ARCA”) or certain debt incurred in the future by Tuckamore's subsidiaries. The Secured Debentures are listed on the TSX as of the date of closing of March 23, 2011.

The maturity date of the Unsecured Debentures 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 in accordance with the terms of the Unsecured Debentures on the repayment date. The Unsecured Debentures are listed on the TSX as of the closing date of March 23, 2011. It is expected that Tuckamore will settle the Unsecured Debentures maturing on March 23, 2014 by delivering common shares of Tuckamore equivalent to 10% of the outstanding common shares of Tuckamore in accordance with the terms of the Unsecured Debenture.

SUMMARY OF CONTRACTUAL OBLIGATIONS

Tuckamore's contractual obligations for the years 2014 to 2018 and thereafter are as follows:

	2014	2015	2016	2017	2018	Thereafter	Total
Accounts payable and accrued liabilities	$ 65,807	$ -	$ -	$ -	$ -	$ -	$ 65,807
Senior credit facility	5,481	85,156	-	-	-	-	90,637
Secured debentures	-	-	176,228	-	-	-	176,228
Unsecured debentures[2]	26,552	-	-	-	-	-	26,552
Capital lease obligations	6,940	5,454	4,177	2,230	965	-	19,766
Operating leases	13,790	11,553	9,793	8,036	5,471	29,195	77,838
Contractual undiscounted interest payments[1]	20,815	17,668	3,525	-	-	-	42,008
Total Contractual Obligations	$139,385	$ 119,831	$193,723	$10,266	$ 6,436	$29,195	$498,836

[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.

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 excess cash flow. In March 2014 Tuckamore will repay $5,481, representing 75% of excess cash flow for the fourth quarter of 2013.

The Operating Partnerships will primarily continue to be either self-funding, or as required Tuckamore will continue to provide working capital advances, largely to its industrial services investments.

WORKING CAPITAL

	December 31, 2013	December 31, 2012	January 1, 2012
Current assets	$ 199,898	$ 197,618	$ 201,732
Current liabilities	105,196	80,155	101,769
Total w orking capital	$ 94,702	$ 117,463	$ 99,963

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, 2013	Marketing	ClearStream	Quantum	Other	Corporate	Eliminations	Total
Capital expenditures	$ 252	$ 7,007	$ 968	$ 99	$ -	$ (220)	$ 8,107
Finance lease repayments	94	4,471	1,705	348	-	(348)	$ 6,270
Total capital expenditures	$ 346	$ 11,478	$ 2,673	$ 447	$ -	$ (568)	$14,377

Year ended December 31, 2012	Marketing	ClearStream	Quantum	Other	Corporate	Eliminations	Total
Capital expenditures	$ 204	$ 3,120	$ 997	$ 85	$ 17	$ (172)	$ 4,250
Finance lease repayments	156	3,265	2,340	356	-	(356)	$ 5,761
Total capital expenditures	$ 360	$ 6,385	$ 3,337	$ 441	$ 17	$ (528)	$10,011

FOURTH QUARTER 2013 RESULTS

	Quarter Ended December 31,	
	2013	2012 Restated[1]
Revenues	$ 167,025	$ 182,743
Cost of revenues	(131,795)	(150,300)
Gross profit	35,230	32,443
Selling, general and administrative expenses	(30,383)	(23,131)
Amortization expense	(1,924)	(2,956)
Depreciation expense	(3,324)	(3,735)
Income (loss) from equity investments	1,708	2,138
Interest expense	(8,383)	(8,766)
Restructuring costs	-	65
Write-down of goodwill and intangibles	-	(9,268)
Income tax expense - current	89	(131)
Income tax (expense) recovery - deferred	130	2,839
Loss from continuing operations	$ (6,857)	$ (10,502)
Add:		
Amortization expense	1,924	2,956
Depreciation expense	3,324	3,735
Interest expense	8,383	8,766
Income tax expense - current	(89)	131
Income tax expense (recovery) - deferred	(130)	(2,839)
EBITDA	$ 6,555	$ 2,247
Interest, taxes, depreciation and amortization	$ 215	$ 277
Restructuring costs	-	(65)
Write-down of goodwill and intangibles	-	9,268
Adjusted EBITDA	$ 6,770	$ 11,727

[1]See first paragraph below for discussion on the restatement of results for 2012

FOURTH QUARTER RESULTS COMMENTARY

Effective January 1, 2013, Tuckamore was required to adopt IFRS 11 *Joint Arrangements*, which requires that joint ventures are accounted for using the equity method of accounting and states that the proportionate consolidation method is no longer acceptable. Tuckamore's investments in Titan, Gusgo and IC Group are now accounted for using the equity method of accounting. These joint ventures are accounted for as long-term investments on the audited consolidated balance sheets and the income from joint ventures is recognized in the consolidated statement of loss and comprehensive loss as income from long-term investments. As a result of the requirement to retrospectively apply IFRS 11, Tuckamore has restated prior year results. Please refer to note 1 and note 2 of Tuckamore's audited consolidated financial statements for the year ended December 31, 2013 and 2012 for more information.

Revenues for the three months ended December 31, 2013 were $167,025 compared to $182,743 in 2012, a decrease of 8.6%. The decrease was primarily related to ClearStream which had a very active fourth quarter in 2012.

Gross profit for the three months ended December 31, 2013 was $35,230 compared to $32,443 in 2012, an increase of 8.6%. Gross margins were 21.0% for the three months ended December 31, 2013 compared to 17.8% in the 2012 period. The margin improvement reflects improved contract pricing and operational efficiencies at ClearStream as well as better margins on demolition projects at Quantum Murray.

Tuckamore's continuing operations from its portfolio investments are reported in its three industry segments: Marketing, Industrial Services and Other. For the three months ended December 31, 2013, these three industry segments produced $8,584 of Adjusted EBITDA for Tuckamore compared to $12,804 in 2012. Refer to the chart below for Adjusted EBITDA by operating partner. During the final quarter, interest costs, excluding accretion expense, were $ 4,974 compared with $5,839 in 2012. Accretion of the secured and unsecured debentures was $3,409 for the fourth quarter of 2013 compared to $2,927 in prior year period. During the three months ended December 31, 2013, the capital expenditures and capital lease payments were $3,316, as compared to $2,912 in the same period in 2012. 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 $5,248 for the three months ended December 31, 2013, compared to $6,691 for 2012.

Net loss for the three months ended December 31, 2013 from continuing operations was $6,857 compared to $10,502 in 2012.

Adjusted EBITDA $000s	**Q4 2013**	**Q4 2012**	**2013 vs. 2012**
Marketing			
Gemma	(617)	520	(1,137)
IC Group	222	273	(51)
	$ (395)	$ 793	$ (1,188)
Industrial Services			
ClearStream	10,534	11,070	(536)
Quantum Murray	(2,897)	(877)	(2,020)
	$ 7,637	$ 10,193	$ (2,556)
Other			
Gusgo	650	650	-
Titan	692	1,168	(476)
Rlogistics	-	-	-
	1,342	1,818	(476)
Adjusted EBITDA from portfolio operations	$ 8,584	$ 12,804	$ (4,220)
Corporate	(1,814)	(1,077)	(737)
Adjusted EBITDA from operations	$ 6,770	$ 11,727	$ (4,957)

INDUSTRIAL SERVICES

ClearStream's results were a little below last year on slightly reduced revenues. Revenues were similar or better in all divisions except Oilsands maintenance which were lower because contracted work for a major client was completed earlier in 2013 compared to last year. Improved gross margins were offset by certain one-time costs in the fourth quarter.

At Quantum Murray, revenues in the demolition and scrap metals division were well below the prior year quarter which included revenues from the final stages of some larger projects. Margins however were improved this quarter, in the demolition division in particular. The better margins however were offset this quarter by costs associated with changes in the senior management team, as well as additional corporate costs.

MARKETING

Gemma had a disappointing quarter with lower revenues in comparison to the same quarter in the prior year. Reduction in hours from a major client significantly impacted results. Although revenues were lower at IC group from a year ago, improved margins from operational efficiencies and lower selling, general and administrative expenses combined to produce only slightly lower earnings compared to the same period in the prior year.

OTHER

Titan's results for the quarter were impacted by lower revenues due to slower drilling activity, and increased pricing pressures compared to the same quarter in the prior year. While Gusgo had improved revenues, it experienced lower gross margins as a result of more drop shipments by a major client, resulting in similar earnings levels compared to the same quarter in the prior year.

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, 2013 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 $61,128 at December 31, 2013 (December 31, 2012 - $63,839).

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 $49,896 at December 31, 2013 (December 31, 2012 - $61,464)

Long-term Investments

Investments in joint ventures and associates 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. Long term investments include Tuckamore's investments in Titan, IC Group, Gusgo, NorTech and Rlogistics.

Deferred Taxes

Tuckamore has computed deferred income taxes based on temporary differences that are expected to reverse after December 31, 2013. 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, 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, 2013 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.

ADDITIONAL INFORMATION

NEW STANDARDS AND INTERPRETATIONS

The Company applies, for the first time, certain standards and amendments that require restatement of previous financial statements. The nature and the impact of each new standard/amendment is described below:

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 require entities to group items presented in other comprehensive income ("OCI") on the basis of whether they will or will not subsequently be reclassified to profit or loss. Amendments to IAS 1 are applicable to annual periods beginning on or after July 1, 2012. These amendments did not result in any impact to the Company's consolidated financial statements.

IAS 19 Employee Benefits

The amendments to IAS 19 include eliminating the option to defer the recognition of gains and losses, streamlining the presentation of changes to assets and liabilities with all changes from re-measurement to be recognized in OCI and enhancing the disclosure of the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. This amendment did not result in a material impact to the Company's consolidated financial statements.

IFRS 7 Financial Instruments: Disclosures

The amendments require the disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect on the entity's financial position, of offsetting financial assets and financial liabilities. This amendment did not result in a material impact to the Company's consolidated financial statements.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Company.

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

The application of this new standard impacted the financial position of the Company by replacing proportionate consolidation of joint ventures in Titan, Gusgo, IC Group and Armstrong with the equity method of accounting. The effect of IFRS 11 is described in more detail in the consolidated financial statements for the year ended December 31, 2013, which includes a quantification of the effect on the financial statements.

IFRS 12 Disclosure of interests in other entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structure entities.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted fair value measurements carried out by the Company.

IAS 36 Impairment of Assets

The amendments to IAS 36 requires the disclosure of information about the recoverable amount of every CGU to which significant goodwill or indefinite-life intangible assets have been allocated. Under the amendments, the recoverable cost of a CGU is required to be disclosed only when an impairment loss has been recognized or reversed. These amendments are effective for annual periods beginning on or after January 1, 2014. The Company has early adopted this section. Please refer to the consolidated financial statements for the year ended December 31, 2013 for more 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, 2013 and have not been applied in preparing the consolidated financial statements. The following is a brief summary of the new standards:

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

IFRS 9 as issued reflects the IASB's work to date on the replacement of Financial Instruments: Recognition and Measurement (IAS 39), and applies to the classification and measurement of financial assets and financial liabilities as defined in IAS 39. In November 2013, the IASB issued a new version of IFRS 9 (IFRS 9 (2013)) which includes the new hedge accounting requirements and some related amendments to IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosures. IFRS 9 (2013) does not have a mandatory effective date. The impact of this ongoing project will be assessed by the Company as remaining phases of the project are completed.The impact of IFRS 9 on Tuckamore's consolidated financial statements is not known at this time.

(ii) The amendments to IAS 32, Financial Instruments: Presentation, clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014, with retrospective application required. The impact of IAS 32 on Tuckamore's consolidated financial statements is not known at this time.

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

	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2012 Q1
		Restated[1]	Restated[1]	Restated[1]	Restated[1]	Restated[1]	Restated[1]	Restated[1]
Revenue	167,025	185,893	177,337	142,856	$182,743	$171,077	$175,178	$154,757
Net Income (loss) from continuing operations	(6,857)	(2,572)	(2,050)	(5,902)	(10,502)	(4,331)	(5,552)	(7,140)
Net income (loss)	(6,857)	(2,572)	(2,050)	(5,902)	(10,502)	(4,331)	(3,614)	(7,116)
Income (loss) per share unit - continuing operations[2]	(0.09)	(0.04)	(0.03)	(0.08)	(0.15)	(0.06)	(0.08)	(0.10)
Income (loss) per share unit[2]	(0.09)	(0.04)	(0.03)	(0.08)	(0.15)	(0.06)	(0.05)	(0.10)

[1]Please note that some of the revenue figures above have been restated from those published in the September 30, 2013 MD&A to reflect the impact of adopting IFRS 11 for joint ventures at ClearStream.

[2] The diluted income (loss) per share unit has not been included the table above as the effect of potentially dilutive shares would be anti-dilutive.

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. The Company has also made a counterclaim.

Quantum has filed a construction lien and statement of claim against a former customer of Quantum in the amount of $4,778. A counterclaim was filed by the defendant in the amount of $736. The counterclaim is being defended and management is of the opinion that the claim is without merit.

TRANSACTIONS WITH RELATED PARTIES

OWNERSHIP

As of December 31, 2013, directors, officers and employees, and operating partners related to Tuckamore beneficially hold an aggregate of 17,049,812 units or 20.5% 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 $1,467 (December 31, 2012 – $1,359) made to the Operating Partnerships, based on the percentage not owned by the Company.

Income from long-term investments include $620 of rent expense paid to related parties of Gusgo for the year ended December 31, 2013 (2012-$638). 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 $151 during the year ended December 31, 2013 (2012-$176).

Interest charged to joint venture Operating Partners on advances was $162 for the year ended December 31, 2013 (2012 - $160).

Two operating leases for property, with annual rents of $312 and $300 are with a landlord in which certain executives of Tuckamore hold an indirect minority interest.

One of Tuckamore's former board members is a member of the executive team for a client of Gemma. Revenues in the amount of $7,375 were realized from this client during 2013 while this particular board member served on Tuckamore's board (2012 - $14,200). Another former member of Tuckamore's board of directors is a senior partner at a vendor from which Tuckamore obtains services. Total expenses and expenditures for services obtained during 2013 while this particular board member served Tuckamore's board amounted to approximately $796 (2012 - $1,900).

Loans made to current and former employees of Tuckamore were outstanding in the amount of $1,335 (December 31, 2012 – $1,335). 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.

2014 OUTLOOK

At ClearStream strong levels of activity are expected to continue in both the oilsands and the conventional oil and gas sectors which should translate into significant levels of maintenance services work. ClearStream will look to carefully increase its project work this year with pricing solutions that reduce risk. The wear and fabrication divisions are currently busy. Margin compression is a risk as clients look to generate optimum value from their service providers. Growth will be carefully planned and monitored, and 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. Progress made in 2013 has created a solid foundation which will allow more focus to be placed on medium to larger demolition projects. There are continual large industrial abatement and demolition projects to be won, particularly in Alberta. Revenue backlogs are encouraging. Operational execution will determine the timing of a return to profitability.

In the Marketing segment, the outlook is for improved results. At Gemma, a strategic review has underlined the need for a significant increase in efforts to attract new clients and diversify the existing base. At IC Group, the core client base is strong and IC Group will continue to try to sell internally to these existing clients.

In the Other segment, both Titan and Gusgo are expecting results similar to or improved from 2013. 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, and looking to improve its margins.

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 6, 2014 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, 2013, 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 Amended 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

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 (the "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 Amended Senior 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 of Tuckamore 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

National Instrument 51-109, "Certification of Disclosure in Issuers' Annual and Interim Filings" ("NI 51-109"), 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, 2013 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, 2013 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

NI 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, 2013 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 of Tuckamore;

"CFO" – means Chief Financial Officer of Tuckamore;

"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;

"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

"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;

"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. Ernst & Young LLP has provided an independent auditors' report.

Dean T. MacDonald
President & Chief Executive Officer

Keith Halbert
Chief Financial Officer

Toronto, Canada
March 6, 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Tuckamore Capital Management Inc.

Report on the Consolidated Financial Statements

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, 2013, 2012 and January 1, 2012, and the consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for the years ended December 31, 2013 and 2012, 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, 2013, 2012 and January 1, 2012, and its financial performance and its cash flows for the years ended December 31, 2013 and 2012 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada
March 6, 2014

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Balance Sheets
(In thousands of Canadian dollars)

As at	December 31, 2013	December 31, 2012	January 1, 2012
		Restated (Note 2)	Restated (Note 2)
Assets			
Current Assets:			
Cash and cash equivalents (note 4)	$ 28,883	$ 10,543	$ 26,134
Cash and short-term investments held in trust (note 4)	2,950	2,935	6,842
Accounts receivable (note 5)	145,858	160,786	132,258
Inventories (note 7)	12,721	15,926	27,044
Prepaid expenses	6,753	4,485	2,896
Other current assets (note 8)	2,733	2,943	3,041
Current assets of discontinued operations (note 3)	-	-	3,517
Total current assets	199,898	197,618	201,732
Property, plant and equipment (note 9)	62,688	63,817	60,606
Long-term investments (notes 1, 2 and 24)	28,281	27,115	33,160
Goodwill (notes 10 and 11)	61,128	63,839	68,040
Intangible assets (notes 10 and 11)	49,896	61,464	77,617
Other assets (notes 8 and 20)	633	685	1,711
Total assets	$ 402,524	$ 414,538	$ 442,866
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued liabilities (note 6)	$ 65,807	$ 72,699	$ 82,939
Deferred revenue (note 21)	3,048	2,705	3,016
Current portion of obligations under finance leases (note 14)	6,041	4,751	5,163
Current portion of senior credit facility (note 13)	5,481	-	10,000
Unsecured debentures (note 13)	24,819	-	-
Current liabilities of discontinued operations (note 3)	-	-	651
Total current liabilities	105,196	80,155	101,769
Obligations under finance leases (note 14)	11,584	11,678	3,278
Senior credit facility (note 13)	84,354	89,300	85,705
Secured debentures (note 13)	159,700	152,860	146,314
Unsecured debentures (note 13)	-	18,781	14,215
Deferred tax liabilities (note 17)	5,650	8,513	13,947
Shareholders' equity	36,040	53,251	77,638
Total liabilities and shareholders' equity	$ 402,524	$ 414,538	$ 442,866

The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Board of Directors,

Fraser Clarke, Director

Dr. Cal Bricker, Director

TUCKAMORE CAPITAL MANAGEMENT INC.

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

	2013	2012 Restated (Note 2)
Revenue (note 16)	$ 673,111	$ 683,756
Cost of revenue	(531,894)	(560,323)
Gross profit	141,217	123,433
Selling, general and administrative expenses	(103,634)	(91,853)
Amortization of intangible assets (note 10)	(8,973)	(10,824)
Depreciation (note 9)	(15,210)	(14,438)
Income from equity investments (notes 1, 2 and 24)	5,780	5,891
Interest expense (notes 4 and 13)	(33,676)	(32,606)
Loss on de-recognition of debt (note 13)	-	(1,534)
Restructuring costs	-	(861)
Write-down of goodwill and intangible assets (notes 10 and 11)	(5,713)	(9,268)
Loss before income taxes	(20,209)	(32,060)
Income tax expense - current (note 17)	(3)	(671)
Income tax recovery - deferred (note 17)	2,831	5,206
Loss from continuing operations	(17,381)	(27,525)
Income from discontinued operations (net of income tax) (note 3)	-	1,962
Loss and comprehensive loss	$ (17,381)	$ (25,563)
Loss per share (note 18)		
Basic & Diluted:		
Continuing operations	$ (0.24)	$ (0.38)
Net loss	$ (0.24)	$ (0.36)

The accompanying notes are an integral part of these financial statements.

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Statements of Shareholders' Equity
(In thousands of Canadian dollars, except number of shares)

(Restated - See Note 2)	Number of shares	Share Capital		Deficit		Contributed Surplus		Total Shareholders' Equity
Balance - January 1, 2013	71,631,431	$414,884	$	(369,726)	$	8,093	$	53,251
Net loss and comprehensive loss for the year	-	-		(17,381)		-		(17,381)
Stock-based compensation (note 19)	-	-		-		170		170
Balance - December 31, 2013	71,631,431	$414,884	$	(387,107)	$	8,263	$	36,040

	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

The accompanying notes are an integral part of these financial statements.

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

	2013	2012 Restated (Note 2)
Operating activities:		
Net loss for the year	$ (17,381)	$ (25,563)
Income from discontinued operations (net of income tax) (note 3)	-	(1,962)
Items not affecting cash:		
Amortization of intangible assets (note 10)	8,973	10,824
Depreciation (note 9)	15,210	14,438
Deferred income tax recovery (note 17)	(2,831)	(5,206)
Income from long-term investments	(5,780)	(5,891)
Non-cash accretion expense (notes 13 and 4)	12,878	11,112
Amortization of deferred financing costs (notes 13 and 4)	653	625
Loss on de-recognition of debt (note 13)	-	1,534
Stock-based compensation expense (note 19)	170	1,176
Write-down of goodwill and intangible assets (notes 10 and 11)	5,713	9,268
Changes in non-cash working capital (note 23)	9,562	(29,486)
Cash provided by discontinued operations	-	106
Total cash provided by (used in) operating activities	27,167	(19,025)
Investing activities:		
Distributions from long-term investments	4,614	6,306
Purchase of property, plant and equipment (note 9)	(8,107)	(4,250)
Proceeds on disposition of property, plant and equipment, net	1,423	737
Proceeds on disposition of businesses (note 3)	-	7,866
Purchase of software (note 10)	(406)	(91)
Decrease in other assets (note 8)	52	1,026
Cash used in discontinued operations	-	(7)
Total cash (used in) provided by investing activities	(2,424)	11,587
Financing activities:		
Repayment of long-term debt (note 13)	(118)	(6,200)
(Increase) decrease in cash held in trust (note 4)	(15)	3,907
Repayment of obligations under finance leases	(6,270)	(5,761)
Cash used in discontinued operations	-	(384)
Total cash used in financing activities	(6,403)	(8,438)
Increase (decrease) in cash	18,340	(15,876)
Cash beginning of year - continuing operations	10,543	26,134
Cash beginning of year - discontinued operations	-	285
Cash end of year	$ 28,883	$ 10,543
Cash end of year - continuing operations	$ 28,883	$ 10,543
Supplemental cash flow information:		
Interest paid	$ 19,221	$ 22,607
Supplemental disclosure of non-cash financing and investing activities:		
Acquisition of property, plant and equipment through finance leases	$ 7,412	$ 13,823

The accompanying notes are an integral part of these 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 6, 2014.

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"), applicable to the preparation of financial statements, including International Accounting Stardards ("IAS") 1, Presentation of Financial Statements. Standards and guidelines issued but not in effect up to the date of issuance are discussed in note 1(t).

The consolidated financial statements are prepared on a going concern basis.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Company presents an additional consolidated balance sheet at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement or a reclassification of items in the financial statements. An additional statement of financial position as at January 1, 2012 is presented in these financial statements due to the retrospective application of certain accounting policies; refer to note 1(c) and note 2.

b) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2013. The Company consolidates the results of its investments over which it exercises control. Control is achieved when the Company 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. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee

(In thousands of Canadian dollars)

- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statements of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Operating Partners even if this attribution results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intercompany assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The following table indicates the accounting method for each of Tuckamore's consolidated Operating Partnerships:

Operating Partnership	Initial Investment Date	December 31, 2013 Percentage Ownership	December 31, 2012 Percentage Ownership	January 1, 2012 Percentage Ownership	Accounting Method	Business Description	Principal Place of Business
ClearStream Energy Services LP ("ClearStream")[1]	October 2004	100	100	100	Consolidation	Provider of oil and gas maintenance, construction and wear technology services to both the conventional oil and gas industry and the oilsands	Alberta
Gemma Communications LP ("Gemma")	March 2005	100	100	100	Consolidation	Integrated direct marketing company	Ontario
Quantum Murray LP ("Quantum Murray")	March 2006	100	100	100	Consolidation	National provider of demolition, remediation and scrap metal services	Ontario

[1] Included in ClearStream Energy Services LP is Nor-Tech, an 80% joint venture which primarily operates its business in Alberta. Nor-Tech is an electrical and instrumentation contracting company. Nor-Tech is accounted for as a joint venture under IFRS. Please see note 1.c), note 2 and note 24 for more details.

c) Investment in associates and joint ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Those parties are called joint operators. The Company recognizes its share of the assets, liabilities and benefits generated from the asset in proportion to its rights.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Company's investments in its associate and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize the changes in the Company's share of net assets of the associate or joint venture since its acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The statement of profit or loss reflects the Company's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Company's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statements of income (loss) and comprehensive income (loss) and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Company determines whether there is evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss in the consolidated statements of income (loss) and comprehensive income (loss).

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment or proceeds from disposal is recognized in the consolidated statement of income (loss) and comprehensive income (loss).

(In thousands of Canadian dollars)

The following table indicates the accounting method for each of Tuckamore's investments in Operating Partnerships categorized as associates or joint ventures as at December 31, 2013. Tuckamore invested in all Operating Partnerships indirectly together with their respective general partners.

Operating Partnership	Initial Investment Date	December 31, 2013 Percentage Ownership	December 31, 2012 Percentage Ownership	January 1, 2012 Percentage Ownership	Accounting Method	Business Description	Principal Place of Business
IC Group LP ("IC Group")	July 2006	80	80	80	Equity method	Provider of on-line promotional and loyalty programs and select insurance products	Manitoba
Titan Supply LP ("Titan")	September 2006	92	92	92	Equity method	Manufacturer and distributor of rigging products and services, and ground engaging tools to the oil and gas, and construction sectors	Alberta
Gusgo Transport LP ("Gusgo")	October 2006	80	80	80	Equity method	Transportation and storage services provider	Ontario
Rlogistics LP ("Rlogistics")	May 2006	36	36	36	Equity method	Reseller of close-out, discount and refurbished consumer electronics and household goods in Ontario	Ontario

The following table indicates the accounting method for each of Tuckamore's investments in Operating Partnerships sold prior to December 31, 2013, as further described in note 3.

Operating Partnership	Initial Investment Date	December 31, 2013 Percentage	December 31, 2012 Percentage	January 1, 2012 Percentage	Accounting Method	Business Description	Principal Place of Business
Armstrong Partnership LP ("Armstrong")	Oct-06	nil	nil	80	Equity method	Provider of in-store promotional marketing services	Ontario

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. 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)

Transaction and financing costs, including fees paid to advisors, underwriting and arrangement fees paid to lenders and other related costs 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 a de-recognition 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.

The Company assesses at each balance sheet date whether there is any objective evidence of impairment for each financial asset (or a group of financial assets). A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of an event that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtor(s) is experiencing financial difficulty, which may include default or delinquency in interest or principal payments, the probability that it will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears payments or economic conditions that correlate with defaults.

(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, 2013 and 2012, 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 weighted average cost formula is 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 finance 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 finance 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, or whenever events or changes in circumstances occur, 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.

For the purposes of assessing impairment, assets are grouped into Cash Generating Units ("CGUs"). A CGU is the lowest level for which there are separately identifiable cash flows. Tuckamore has a total of 9 CGUs. ClearStream is comprised of 5 CGUs (Conventional, Oil Sands, Fabrication, Wear and Transportation), Quantum Murray is comprised of 3 CGUs (Demolition, Remediation and Metals) and Gemma is a CGU on its own.

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. For the purposes of impairment testing, goodwill is allocated to the CGU or group of CGUs constituting a consolidated Operating Partner whose acquisition gave rise to the goodwill. Impairment of goodwill is tested at the level where goodwill is monitored for internal management purposes. Therefore, goodwill may be assessed for impairment at the level of either an individual CGU or a group of CGUs. The determination of CGUs and the level at which goodwill is monitored requires judgment by management. Goodwill impairment is determined by assessing whether the carrying value of the CGU or relevant group of CGUs 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 a CGU or group of CGUs fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses recognized in respect of a CGU or group of CGUs are allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU or group of CGUs. Impairment losses are recognized in the consolidated statements 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 that are recorded as non-monetary transactions measured at fair value using active market prices (note 26).

(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 or recovery 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 that 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 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 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.

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

In the consolidated statement of income (loss) and comprehensive income (loss) of the reporting periods, 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 statements of income (loss) and comprehensive income (loss). In the consolidated balance sheet, 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) Control / Joint Arrangements

Judgement has been used in determining whether Tuckamore and its investees have joint control over the respective joint arrangements. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. It has been concluded that key activities require the unanimous consent of Tuckamore and their respective investees. In addition to this, judgement has been used in determining whether the relevant parties to the arrangement have rights to the net assets of the joint operation. It has been concluded that the relevant parties do have rights to the net assets of the joint venture and as such, these arrangements are accounted for using the equity method of accounting. Please refer to note 1(c) and note 2 for more information.

(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.

(vii) 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.

(viii) 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. Estimates include, but are not limited to, cash flow projections, growth rates, terminal values and discount rates. Tuckamore's annual impairment tests of goodwill and indefinite life intangibles is performed in the fourth quarter of the fiscal year.

t) New accounting standards and interpretations adopted by the Company

(i) IAS 1 Presentation of Financial Statements

The amendments to IAS 1 require entities to group items presented in other comprehensive income ("OCI") on the basis of whether they will or will not subsequently be reclassified to profit or loss. Amendments to IAS 1 are applicable to annual periods beginning on or after July 1, 2012. These amendments did not result in any impact to the Company's consolidated financial statements.

(ii) IAS 19 Employee Benefits

The amendments to IAS 19 include eliminating the option to defer the recognition of gains and losses, streamlining the presentation of changes to assets and liabilities with all changes from re-measurement to be recognized in OCI and enhancing the disclosure of the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. This amendment did not result in a material impact to the Company's consolidated financial statements.

(iii) IFRS 7 Financial Instruments: Disclosures

The amendments require the disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect on the entity's financial position, of offsetting financial assets and financial liabilities. This amendment did not result in a material impact to the Company's consolidated financial statements.

(iv) IFRS 10 Consolidated Financial Statements and IAS 27 Consolidated and Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Company.

(v) IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures

IFRS 11 replaces IAS 28 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

The application of this new standard impacted the financial position of the Company by replacing proportionate consolidation of joint ventures in Titan, Gusgo, IC Group, Armstrong and joint arrangements at ClearStream (see note 1 and 2) with the equity method of accounting. The effect of IFRS 11 is described in more detail in note 2, which includes a quantification of the effect on the financial statements.

(vi) IFRS 12 Disclosure of interest in other entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structure entities. Refer to note 1, note 2 and note 24.

(vii) IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted fair value measurements carried out by the Company. Refer to note 4.

(viii) IAS 36 Impairment of Assets

The amendments to IAS 36 require the disclosure of the recoverable amount of a CGU only when an impairment loss has been recognized or reversed. These amendments are effective for annual periods beginning on or after January 1, 2014. The Company has early adopted this section.

Please refer to note 11 for more details on the Company's impairment testing for goodwill and intangible assets.

u) 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, 2013 and have not been applied in preparing these annual consolidated financial statements. 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")

IFRS 9 as issued reflects the IASB's work to date on the replacement of Financial Instruments: Recognition and Measurement (IAS 39), and applies to the classification and measurement of financial assets and financial liabilities as defined in IAS 39. In November 2013, the IASB issued a new version of IFRS 9 (IFRS 9 (2013)) which includes the new hedge accounting requirements and some related amendments to IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosures. IFRS 9 (2013) does not have a mandatory effective date. The impact of this ongoing project will be assessed by the Company as remaining phases of the project are completed.The impact of IFRS 9 on Tuckamore's consolidated financial statements is not known at this time.

(ii) Amendments to Other Standards

The amendments to IAS 32, Financial Instruments: Presentation, clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014, with retrospective application required. IAS 32 will not have an impact on Tuckamore's consolidated financial statements.

(In thousands of Canadian dollars)

2. Share of Investments in a joint venture

The application of IFRS 11 impacted the Company's accounting of its interest in joint ventures. Please refer to note 1(c), 1(s)(i) and 1(t)(v) for more details. The effect of applying IFRS 11 on the Company's financial statements is as follows:

Impact on the consolidated statements of loss and comprehensive loss	**December 31, 2012**
Decrease in the reported revenues	(73,651)
Decrease in the cost of revenue	50,871
Decrease in gross profit	(22,780)
Decrease in selling, general and administrative expenses	15,937
Decrease in depreciation / amortization of intangible assets	741
Decrease in other income	221
Decrease in current tax expense	104
Increase in future tax expense	(114)
Increase in income from long-term investments	5,891
Net impact on net loss and comprehensive loss	-

Impact on the consolidated balance sheet	**December 31, 2012**	**January 1, 2012**
Increase in long-term investments	27,117	33,160
Decrease in cash and cash equivalents	(1,539)	(2,491)
Decrease in cash and short-term investments held in trust	(1,564)	(1,266)
Decrease in accounts receivable	(13,631)	(17,115)
Decrease in inventory	(9,862)	(10,420)
Decrease in prepaid expenses	(468)	(590)
Decrease in property, plant and equipment	(2,621)	(3,103)
Decrease in goodwill	(8,627)	(8,627)
Decrease in intangible assets	(1,309)	(1,311)
Decrease in other assets	(1,091)	(1,406)
Decrease in accounts payable and accrued liabilities	7,224	8,235
Decrease in deferred revenue	5,446	5,592
Decrease in finance lease obligations	686	779
Decrease in deferred tax liabilities	239	(1,437)
Net impact on equity	-	-

Impact on the consolidated Statement of Cash Flows	**December 31, 2012**
Operating	(2,378)
Investing	2,317
Financing	726
Net increase in cash	665
Net decrease in opening cash	(2,204)
Net decrease in closing cash	(1,539)

3. Discontinued operations

Marketing

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 sale 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

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.

(In thousands of Canadian dollars)

The following tables show the revenue, expenses and net income from discontinued operations for the year ended December 31, 2012.

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

The following table shows the assets and liabilities held for sale as at January 1, 2012:

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

(In thousands of Canadian dollars)

4. Financial instruments

a) Tuckamore has classified its financial instruments as follows:

As at	December 31, 2013	December 31, 2012	January 1, 2012
Financial Assets			
Held for trading, measured at fair value:			
Cash and cash equivalents	$ 28,883	$ 10,543	$ 26,134
Cash and short term investments held in trust	2,950	2,935	6,842
Total financial assets, held for trading	$ 31,833	$ 13,478	$ 32,976
Loans and receivables, measured at amortized cost:			
Accounts receivable	$ 145,858	$ 160,786	$ 132,258
Advances to Joint Venture Operating Partners	1,467	1,359	1,410
Employee loans	1,335	1,335	1,572
Total loans and receivables	$ 148,660	$ 163,480	$ 135,240
Financial liabilities, measured at amortized cost:			
Accounts payable and accrued liabilities	$ 65,807	$ 72,699	$ 82,939
Capital lease obligations	17,625	16,429	8,441
Current portion of senior credit facility	5,481	-	10,000
Senior credit facility	84,354	89,300	85,705
Secured debentures	159,700	152,860	146,314
Unsecured debentures	24,819	18,781	14,215
Total financial liabilities	$ 357,786	$ 350,069	$ 347,614

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 and are level 3 instruments. The secured debentures, unsecured debentures and senior credit facility at December 31, 2013 had fair values of $147,150, $5,841 and $90,637, respectively compared to $110,143, $6,638 and $90,755, respectively at December 31, 2012 and $114,548, 11,484 and $103,789, respectively at January 1, 2012.

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 unadjusted 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, including recent arm’s length market transactions, and comparisons to the current fair value of similar instruments; 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.

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 3. 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,	2013	2012
Interest expense on senior credit facility	$ 3,810	$ 4,911
Interest expense on secured debentures	14,098	14,098
Net interest income earned on advances to Operating Partners	(162)	(160)
Interest expense on finance leases (note 14)	1,191	943
Interest expense - other	246	115
Interest expense on unsecured debentures	962	962
Deferred financing costs amortized	653	625
Accretion expense related to secured and unsecured debentures	12,878	11,112
Interest expense	$ 33,676	$ 32,606

(In thousands of Canadian dollars)

5. Accounts receivable

Tuckamore establishes an allowance for doubtful accounts that represents its estimate of expected losses with respect to 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 comprise the following:

	December 31, 2013	December 31, 2012	January 1, 2012
Trade receivables	$ 103,706	$ 123,256	$ 96,767
Allowance for doubtful accounts	(3,508)	(1,643)	(1,276)
Holdback receivable	9,880	8,540	12,994
Other	35,780	30,633	23,773
Total accounts receivable	$ 145,858	$ 160,786	$ 132,258

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, January 1, 2012	$	1,276
Increase in allowance during the year		1,301
Receivables written off as uncollectible		(934)
Allowance for doubtful accounts, December 31, 2012		1,643
Increase in allowance during the year		2,322
Receivables written off as uncollectible		(457)
Allowance for doubtful accounts, December 31, 2013	$	3,508

The aging analysis of trade receivables is as follows:

	Total	Current	30-60 days	61-90 days	91-120 days	>120 days
December 31, 2013	$ 103,706	$ 61,809	$ 8,807	$ 15,931	$ 3,321	$ 13,838
December 31, 2012	$ 123,256	$ 89,876	$ 6,643	$ 17,799	$ 4,618	$ 4,320
January 1, 2012	96,767	82,165	5,449	4,983	3,913	257

(In thousands of Canadian dollars)

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities comprise the following:

	December 31, 2013	December 31, 2012	January 1, 2012
Trade payables	$ 28,957	$ 42,486	$ 41,559
Accrued liabilities	34,165	28,499	31,009
Interest payable	2,685	1,714	10,371
Total accounts payable and accrued liabilities	$ 65,807	$ 72,699	$ 82,939

7. Inventories

Inventories comprise the following:

	December 31, 2013	December 31, 2012	January 1, 2012
Raw materials	2,687	$ 3,226	$ 3,583
Work-in-progress	7,392	9,066	19,311
Finished goods	1,541	2,292	3,136
Parts and supplies	1,101	1,342	1,014
Total inventories	$ 12,721	$ 15,926	$ 27,044

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

Included in cost of revenue is the cost of inventories of $48,068 (2012 – $62,597).

As at December 31, 2013, the inventory of consolidated entities and joint ventures with a carrying amount of $12,721 and $11,884, respectively, were subject to a general security agreement under the senior credit facility (December 31, 2012 - $15,926 and $9,862).

8. Other assets

	December 31, 2013	December 31, 2012	January 1, 2012
Advances to Operating Partners	$ 1,467	$ 1,359	$ 1,410
Other	1,899	2,269	3,342
Total other assets	3,366	3,628	4,752
Less: Current portion	2,733	2,943	3,041
Other assets - long-term	$ 633	$ 685	$ 1,711

(In thousands of Canadian dollars)

9. Property, plant and equipment

	Equipment under finance lease	Furniture and equipment	Computer hardware	Automotive and heavy equipment	Land and buildings	Leasehold improvements	Total
Cost							
Balance at January 1, 2012	$ 20,517	$ 12,199	$ 3,733	$ 67,065	$ 5,981	$ 7,005	$ 116,500
Additions	13,823	585	391	2,420	327	527	18,073
Disposals	(774)	(19)	(26)	(2,006)	(80)	(118)	(3,023)
Other	-	6	-	367	17	-	390
Balance at December 31, 2012	$ 33,566	$ 12,771	$ 4,098	$ 67,846	$ 6,245	$ 7,414	$ 131,940
Additions	7,412	972	504	2,085	36	4,510	15,519
Disposals	(1,560)	(580)	(487)	(6,866)	(756)	(297)	(10,546)
Reclassification	(7,139)	77	-	7,062	291	(291)	-
Balance as December 31, 2013	$ 32,279	$ 13,240	$ 4,115	$ 70,127	$ 5,816	$ 11,336	$ 136,913
Depreciation							
Balance at January 1, 2012	(8,958)	(4,290)	(2,789)	(34,125)	(1,711)	(4,021)	$ (55,894)
Depreciation for the year	(3,359)	(1,255)	(457)	(7,978)	(179)	(1,210)	(14,438)
Disposals	546	3	17	1,520	8	115	2,209
Balance at December 31, 2012	(11,771)	(5,542)	(3,229)	(40,583)	(1,882)	(5,116)	$ (68,123)
Depreciation for the year	(5,252)	(1,135)	(456)	(7,121)	(172)	(1,074)	(15,210)
Disposals	1,853	63	483	6,200	259	250	9,108
Reclassification	3,276	381	-	(3,657)	136	(136)	-
Balance at December 31, 2013	$ (11,894)	$ (6,233)	$ (3,202)	$ (45,161)	$ (1,659)	$ (6,076)	$ (74,225)
Net book value							
At January 1, 2012	$ 11,559	$ 7,909	$ 944	$ 32,940	$ 4,270	$ 2,984	$ 60,606
At December 31, 2012	$ 21,795	$ 7,229	$ 869	$ 27,263	$ 4,363	$ 2,298	$ 63,817
At December 31, 2013	$ 20,385	$ 7,007	$ 913	$ 24,966	$ 4,157	$ 5,260	$ 62,688

(In thousands of Canadian dollars)

a) Collateral:

As at December 31, 2013, the property, plant and equipment of consolidated entities and joint ventures with a carrying amount of $42,303 and $1,465, respectively, are subject to a general security agreement under the senior credit facility (December 31, 2012 - $42,022 and $1,713, January 1, 2012 - $49,047 and $2,258).

b) Capital commitments:

As at December 31, 2013, Tuckamore had no capital commitments for the acquisition of new equipment (December 31, 2012 – $nil).

10. Goodwill and intangible assets

	Goodwill	Customer relationships	Computer software	Brands	Sales Orders	Management Contracts	Intangible Total
Cost							
Balance at January 1, 2012	$ 91,723	$ 132,777	$ 2,181	$ 16,538	$ 2,444	$ 2,000	$ 155,940
Additions	-	-	91	-	-	-	91
Reclassification	-	(399)	(83)	(64)	-	-	(546)
Other	-	(441)	89	-	-	-	(352)
Balance at December 31, 2012	$ 91,723	$ 131,937	$ 2,278	$ 16,474	$ 2,444	$ 2,000	$ 155,133
Additions	-	-	406	-	-	-	406
Reclassification	-	(199)	-	-	-	-	(199)
Other	-	-	-	-	-	-	-
Balance at December 31, 2013	$ 91,723	$ 131,738	$ 2,684	$ 16,474	$ 2,444	$ 2,000	$ 155,340
Amortization and impairments							
Balance at January 1, 2012	(23,683)	(76,312)	(810)	(321)	(713)	(167)	(78,323)
Amortization for the year	-	(8,243)	(693)	-	(1,222)	(666)	(10,824)
Impairment	(4,200)	-	-	(5,068)	-	-	(5,068)
Reclassification	(1)	544	-	-	2	-	546
Balance at December 31, 2012	$ (27,884)	$ (84,011)	$ (1,503)	$ (5,389)	$ (1,933)	$ (833)	$ (93,669)
Amortization for the year	-	(7,405)	(390)	-	(511)	(667)	(8,973)
Impairment	(2,712)	-	-	(3,001)	-	-	(3,001)
Reclassification	1	199	-	-	-	-	199
Balance at December 31, 2013	$ (30,595)	$ (91,217)	$ (1,893)	$ (8,390)	$ (2,444)	$ (1,500)	$ (105,444)
Net book value							
At January 1, 2012	$ 68,040	$ 56,465	$ 1,371	$ 16,217	$ 1,731	$ 1,833	$ 77,617
At December 31, 2012	$ 63,839	$ 47,926	$ 775	$ 11,085	$ 511	$ 1,167	$ 61,464
At December 31, 2013	$ 61,128	$ 40,521	$ 791	$ 8,084	$ -	$ 500	$ 49,896

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 2013. 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 and the relative size of the Company. Given the factors identified above, the market capitalization deficiency was not considered to be an indicator of impairment.

Tuckamore has nine CGUs, three 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	$ 61,128
Quantum Murray - Remediation	5,332	
Total	$ 8,084	$ 61,128

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, working capital and discount rates.

Growth rate and terminal value

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 Gross Domestic Product growth and inflation as well as industry and market trends.

Discount rate

Tuckamore assumed a pre-tax discount rate of 16%-19% 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, 2013, $2,712 of goodwill and $3,001 of brand at Gemma was impaired as a result of the continued decline in volumes from a significant customer. All of Gemma's goodwill and indefinite life intangibles have been written down. The recoverable amount of Gemma approximates its carrying value.

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, 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,	2013	2012
Costs incurred for the year	$ 54,916	$ 49,925
Recognized profits (losses)	7,812	(2,861)
Contract revenue for the year	$ 62,728	$ 47,064
Progress billings	(61,723)	(46,213)
Gross costs in excess of billings	$ 1,005	$ 851

The following are additional details for all construction contracts:

For the year ended December 31,	2013	2012
Aggregate amounts of costs incurred and recognized profits (less losses to date)	$ 117,526	$ 119,907
Holdbacks receivable	9,880	8,540
Billings in advance	482	120

For the year ended December 31,	2013	2012
Aggregate gross costs in excess of billings (WIP)	$ 7,392	$ 9,103
Aggregate gross billings in excess of costs (deferred revenue)	(482)	(4,833)
Aggregate net costs in excess of billings	$ 6,910	$ 4,270

The aggregate amounts of costs incurred and recognized in profits (less losses to date) include amounts from projects which were completed and in progress as at December 31, 2013 and December 31, 2012, respectively.

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

13. Senior credit facility and debentures

a) Senior credit facility

As at January 1, 2012 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 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. The Senior Credit Facility had an interest rate of prime plus 1.5%, and contained customary covenants which included interest coverage ratio, priority senior debt ratio and minimum EBITDA amount.

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 facility.

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

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 were in effect for three quarters commencing the quarter ended September 30, 2012. 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% or $113.

On September 25, 2013 Tuckamore reached an agreement to amend the financial covenants ("the Second Amendment") related to the Senior Credit facility. The amended covenants include the interest coverage ratio, priority senior debt ratio and the minimum EBITDA amount, and are in effect for all quarters, commencing with the quarter ended September 30, 2013 through to December 2014. As part of the Second Amendment, the interest rate on the Senior Credit Facility was adjusted to prime plus 1.75%. This rate can be reduced when certain leverage ratios are achieved. The total cost of the amendment was 0.225% or $204.

Advances outstanding under the Amended Senior Credit Facility as December 31, 2013 total $90,637 with $60,000 of this amount as a revolving facility and the balance as a term facility.

(In thousands of Canadian dollars)

At December 31, 2013 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. During 2013, excess cash flows of $118 were used to repay a portion of the term facility. In March 2014, Tuckamore will repay $5,481 representing 75% of excess cash flow for the fourth quarter of 2013.

Senior credit facility at January 1, 2012	$ 96,955
Repayments	(6,200)
Senior credit facility at December 31, 2012	$ 90,755
Repayments	(118)
Senior credit facility at December 31, 2013	$ 90,637
Deferred financing costs at January 1, 2012	$ (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)
Amortization of deferred financing costs	653
Deferred financing costs at December 31, 2013	$ (802)
Net balance of senior credit facility at December 31, 2013	$ 89,835
Less: Current portion of senior credit facility at December 31, 2013	$ (5,481)
Long-term portion of senior credit facility	$ 84,354

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 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. It is expected that, in accordance with the indenture, Tuckamore will settle the Unsecured Debentures on March 23, 2014 by delivering common shares of Tuckamore equivalent to 10% of the outstanding common shares of Tuckamore.

	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, 2013	$ 159,700	$ 24,819
Accretion expense recorded in 2013	$ 6,840	$ 6,038
Accretion expense recorded in 2012	$ 6,546	$ 4,566
Maturity date	March 23, 2016	March 23, 2014

(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 1% to 16% (2012 – 1% to 17%) per annum and are secured by specific assets. Tuckamore's future minimum payments are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
2012	$ -	$ -	$ 5,352
2013	-	5,699	1,877
2014	6,940	5,122	1,552
2015	5,454	3,684	469
2016	4,177	2,290	293
2017	2,230	2,062	-
2018	965	-	-
Total minimum lease payments	19,766	18,857	9,543
Less amount representing interest (at rates ranging from 1% to 17%)	2,141	2,428	1,102
Present value of net minimum finance lease payments	17,625	16,429	8,441
Less current portion of obligations under finance leases	6,041	4,751	5,163
Long-term portion of obligation under finance leases	$ 11,584	$ 11,678	$ 3,278

Interest of $1,191 for the year ended December 31, 2013 (2012 - $943) 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 2029 in the total of approximately $77,838. 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:

	December 31, 2013	December 31, 2012	January 1, 2012
2012	-	-	$ 9,755
2013	-	12,714	6,490
2014	13,790	10,646	4,290
2015	11,553	8,744	3,115
2016	9,793	7,509	2,563
2017	8,036	6,233	2,348
2018	5,471	1,932	-
Thereafter	29,195	21,235	-
Total commitments under operating leases	$ 77,838	$ 69,013	$ 28,561
Last year of commitment	2029	2027	2018

(In thousands of Canadian dollars)

Tuckamore's contractual obligations for the years 2014 to 2018 and thereafter are as follows:

	2014	2015	2016	2017	2018	Thereafter	Total
Accounts payable and accrued liabilities	$ 65,807	$ -	$ -	$ -	$ -	$ -	$ 65,807
Senior credit facility	5,481	85,156	-	-	-	-	90,637
Secured debentures	-	-	176,228	-	-	-	176,228
Unsecured debentures[2]	26,552	-	-	-	-	-	26,552
Capital lease obligations	6,940	5,454	4,177	2,230	965	-	19,766
Operating leases	13,790	11,553	9,793	8,036	5,471	29,195	77,838
Contractual undiscounted interest payments[1]	20,815	17,668	3,525	-	-	-	42,008
Total Contractual Obligations	$139,385	$ 119,831	$193,723	$10,266	$ 6,436	$29,195	$498,836

[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, 2013 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) that could if interpreted differently result in additional tax liabilities.

(c) Tuckamore and its Operating Partnerships are subject to material 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. The Company has made a counterclaim.

Quantum has filed a construction lien and statement of claim against a former customer of Quantum in the amount of $4,778. A counterclaim was filed by the defendant in the amount of $736. The counterclaim is being defended and management is of the opinion that the claim is without merit.

(In thousands of Canadian dollars)

(d) Tuckamore has $2,950 of letters of credit outstanding as at December 31, 2013. 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.

16. Revenue

The following are amounts for each significant category of revenue recognized during the years ended December 31, 2013 and December 31, 2012:

For the year ended December 31,		2013		2012
Rendering of services	$	567,279	$	623,785
Sales of goods		105,832		59,971
Total revenue	$	673,111	$	683,756

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,		2013		2012
Income tax recovery at statutory rates	$	5,355	$	8,496
Permanent differences		(2,158)		(3,130)
Change in tax rates on temporary differences		-		866
Other		(369)		(1,697)
Income tax recovery	$	2,828	$	4,535

The major components of income tax recovery are as follows:

For the year ended December 31,		2013		2012
Current income tax expense				
Based on taxable income of the current year	$	(3)	$	(671)
Deferred income tax recovery:				
Origination and reversal of temporary differences		2,831		4,340
Deferred tax due to changes in tax rates		-		866
Income tax recovery recorded	$	2,828	$	4,535

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

December 31		2013		2012
Deferred income tax assets (liabilities):				
Fixed assets	$	(3,733)	$	(5,185)
Intangible assets		206		(1,637)
Debentures		(4,839)		(8,252)
Net operating losses		3,377		5,960
Other		(661)		601
Total deferred income tax liabilities	$	(5,650)	$	(8,513)

(In thousands of Canadian dollars)

Tuckamore has approximately $131,851 of capital losses that have not been recognized in the consolidated financial statements as at December 31, 2012 (2012 - $131,851). There is no expiry of capital losses.

18. 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,		2013		2012
Numerator:				
Loss from continuing operations	$	(17,381)	$	(27,525)
Net income from discontinued operations		-		1,962
Net loss	$	(17,381)	$	(25,563)
Denominator:				
Weighted average number of shares outstanding (basic)		71,631		71,631
Effect of stock options[1]		-		-
Weighted average number of shares outstanding		71,631		71,631

[1]The effect of stock options for the year ended December 31, 2013 and 2012 was anti-dilutive.

The authorized share capital of the Company consists of: (i) an unlimited number of shares and (ii) preferred shares issuable in series to be limited in number of an amount equal to not more than one half of the limited and outstanding shares at the time of issuance of such preferred share. As at December 31, 2013, there were 71,631,431 shares issued and outstanding and no preferred shares issued and outstanding.

(In thousands of Canadian dollars)

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			

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, 2012	$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, 2012		7,050,000		7,150,000	14,200,000
Exercisable at December 31, 2012		6,841,800		3,575,000	10,416,800
Outstanding at December 31, 2013		7,050,000		7,150,000	14,200,000
Forfeited during 2013		(850,000)		(50,000)	(900,000)
Exercisable at December 31, 2013		6,200,000		7,100,000	13,300,000

The options outstanding at December 31, 2013 have an exercise price in the range of $0.358 to $0.403 and a weighted average remaining contractual life of 2 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%

(In thousands of Canadian dollars)

Year ended December 31, 2013		IOP		MIP		Total
2013 Stock based compensation expense using grant date fair value	$	6	$	164	$	170
Contributed surplus related to stock based compensation as at December 31, 2013	$	2,847	$	3,056	$	5,903

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

The intrinsic value of vested stock-based compensation awards outstanding as at December 31, 2013 was $nil.

20. Related party disclosures

a) Advances to Operating Partnerships

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

	December 31, 2013	December 31, 2012	January 1, 2012
Net advances to joint venture Operating Partners	$ 1,467	$ 1,359	$ 1,410

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.

	December 31, 2013	December 31, 2012	January 1, 2012
Loans to current and former employees	$ 1,335	$ 1,335	$ 1,572

c) Other related party transactions

Income from equity investments includes $620 of rent expense paid to a company owned by the minority shareholder of Gusgo for the year ended December 31, 2013 (2012 - $638). 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 that employs two of its directors and paid $151 for the year ended December 31, 2013 (2012- $176) for such services. Interest charged to joint venture Operating Partners on advances was $162

(In thousands of Canadian dollars)

(2012 - $160). Two operating leases for property, with annual rents of $312 and $300 are with a landlord in which certain executives of Tuckamore hold an indirect minority interest. One of Tuckamore's former board members is a member of the executive team for a client of Gemma. Revenues in the amount of $7,375 were realized from this client during the period in which this particular board member served on Tuckamore's board in 2013 (2012 - $14,200). Another former member of Tuckamore's board is a senior partner at a vendor from which Tuckamore obtains services. Total expenses and expenditures for services obtained during the period in which this particular board member served on Tuckamore's board in 2013 amounted to approximately $796 (2012 - $1,900).

d) Compensation for Key Management Personnel

Tuckamore's key management personnel includes the Directors, 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, 2013 and December 31, 2012 are as follows:

For the year ended December 31,	2013	2012
Short-term employment benefits	$ 10,872	$ 12,044
Post-employment benefits	-	8
Termination benefits	863	99
Share based payment	170	1,176
Total compensation	$ 11,905	$ 13,327

21. Deferred revenue

Balance at January 1, 2012	$	3,016
Deferred during the year		2,253
Realized in income during the year		(2,564)
Balance at December 31, 2012	$	2,705
Deferred during the year		2,937
Realized in income during the year		(2,594)
Balance at December 31, 2013	$	3,048

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 41.4% of consolidated revenue for Tuckamore (2012 – 39%).

Revenues from the top three ClearStream customers represent 53.4% of ClearStream's total revenues for the year ended December 31, 2013 and 31.1% of the accounts receivable balance as at December 31, 2013 is due from these customers (2012 – 54% of revenues and 39% of accounts receivable).

Revenues from the top three Quantum Murray customers represent 19.9% of Quantum Murray's total revenues for the year ended December 31, 2013 and 22.9% of the accounts receivable balance as at December 31, 2013 is due from these customers (2012 – 25% of revenues and 14% of accounts receivable).

Revenues from the top three Gemma customers represent 80.7% of Gemma's total revenues for the year ended December 31, 2013 and 94.5% of the accounts receivable balance at December 31, 2013 is due from these customers (2012 – 76% of revenues and 85% of accounts receivable).

On a consolidated basis, the aforementioned customers of ClearStream, Quantum Murray and Gemma represent 47.9% of Tuckamore's revenues for the year ended December 31, 2013 and 27.0% of Tuckamore's accounts receivable balance as at December 31, 2013 (2012 – 48.1% of revenues and 33.2% 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 2015 and 2016 respectively. The finance lease obligations expire in the years 2014 to 2018.

Tuckamore's strategy is that long-term debt should always form part of its capital structure, assuming an appropriate cost. As existing debt approaches maturity, Tuckamore will 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.

(In thousands of Canadian dollars)

(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.

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 that this risk is minimal and has not entered into any currency hedging transactions.

Tuckamore is exposed to currency risk on certain sales and purchases. As at December 31, 2013, December 31, 2012 and January 1, 2012, Tuckamore's consolidated financial statements included the Canadian equivalent of the following U.S. dollar denominated balances:

As at		December 31, 2013		December 31, 2012		January 1, 2012
Accounts receivable	$	289	$	478	$	736
Accounts payable and accrued liabilities		(76)		(781)		(766)
	$	213	$	(303)	$	(30)

A 10% strengthening (weakening) in the Canadian dollar against the $U.S dollar as at December 31, 2013 would result in $21 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 $372/tonne as at December 31, 2013 (2012 - $404/tonne). A $100/tonne price decrease would result in a $358 (2012 - $9,484) 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 $906 change in the annual net income for the year ended December 31, 2013.

23. Changes in non-cash balances

		2013		2012
Accounts receivable	$	14,932	$	(28,528)
Inventories		3,205		11,118
Prepaid expenses		(2,267)		(1,590)
Other current assets		209		99
Accounts payable and accrued liabilities		(6,860)		(10,274)
Deferred revenue		343		(311)
Total changes in non-cash balances	$	9,562	$	(29,486)

(In thousands of Canadian dollars)

24. Long-term Investments

At December 31, 2013 and 2012 Tuckamore holds a 92% interest in Titan, 80% interests in Gusgo, 80% interest in IC Group and other joint arrangements and associates. The summarized financial information for Tuckamore's joint arrangements and associates at 100% are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Current assets	$ 28,513	$ 31,263	$ 37,614
Property, plant and equipment	2,876	3,101	3,681
Goodwill and intangibles	12,439	12,420	12,422
Other assets	1,353	1,353	1,753
Total Assets	$ 45,181	$ 48,137	$ 55,470
Current liabilities	$ 10,917	$ 15,187	$ 17,321
Long-term obligations	1,015	1,041	(1,233)
Total Liabilities	$ 11,932	$ 16,228	$ 16,088
Total Equity	$ 33,249	$ 31,909	$ 39,382
Attributable to:			
Tuckamore	$ 28,281	$ 27,115	$ 33,160
Joint arrangement / associate partners	$ 4,968	$ 4,794	$ 6,222

For the year ended December 31,	2013	2012
Revenues	$ 82,581	$ 86,132
Expenses	75,439	79,619
Net income	$ 7,142	$ 6,513
Attributable to:		
Tuckamore	$ 5,780	$ 5,891
Joint arrangement / associate partners	$ 1,362	$ 622

For the year ended December 31,	2013	2012
Cash flows provided by operating activities	$ 5,352	$ 2,973
Cash flows used in financing activities	$ (4,761)	(2,896)
Cash flows used in investing activities	$ (165)	(908)
Net increase (decrease) in cash	$ 426	$ (831)

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 integrated direct marketing company and a provider of on-line promotional and loyalty programs and select insurance products. The industrial services segment includes two reportable operating segments and represents 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. The eliminations column represents adjustments required to reconcile Tuckamore's segmented reporting, to the reporting on the consolidated balance sheets and the consolidated statement of loss and comprehensive loss. This column represents adjustments required to account for joint ventures under IFRS 11 (see note 1).

(In thousands of Canadian dollars)

Year Ended December 31, 2013	Marketing	Industrial Services		Other	Corporate	Eliminations	Total
		ClearStream	Quantum Murray				
Revenue	$ 30,461	$ 522,524	$ 139,998	$ 50,571	$ -	$ (70,443)	$ 673,111
Cost of revenue	(19,432)	(413,510)	(112,299)	(34,612)	-	47,959	(531,894)
Gross profit	11,029	109,014	27,699	15,959	-	(22,484)	141,217
Selling, general and administrative expenses	(10,321)	(61,368)	(29,749)	(11,204)	(6,866)	15,874	(103,634)
Amortization of intangible assets	(1,471)	(5,849)	(951)	(475)	(702)	475	(8,973)
Depreciation	(500)	(9,170)	(5,110)	-	(645)	215	(15,210)
Income from equity investment	-	-	-	-	-	5,780	5,780
Interest expense	(54)	(11,523)	(342)	(715)	(21,156)	114	(33,676)
Write-down of goodwill and intangible assets	(5,713)	-	-	-	-	-	(5,713)
(Loss) income before taxes	$ (7,030)	$ 21,104	$ (8,453)	$ 3,565	$ (29,369)	$ (26)	$ (20,209)
Income tax (expense) recovery - current	(18)	16	-	-	(27)	26	(3)
Income tax recovery (expense) - deferred	1,221	2,324	(497)	(51)	(166)	-	2,831
(Loss) income from continuing operations	$ (5,827)	$ 23,444	$ (8,950)	$ 3,514	$ (29,562)	$ (0)	$ (17,381)
Add back:							-
Interest expense	54	11,523	342	715	21,156	(114)	33,676
Amortization	1,471	5,849	951	475	702	(475)	8,973
Depreciation	500	9,170	5,110	-	645	(215)	15,210
Income tax expense (recovery) - current	18	(16)	-	-	27	(26)	3
	(1,221)	(2,324)	497	51	166	-	(2,831)
EBITDA	$ (5,005)	$ 47,646	$ (2,050)	$ 4,755	$ (6,866)	$ (831)	$ 37,649
Total assets as at: December 31, 2013	14,650	251,451	83,993	25,189	37,265	(10,024)	402,524
Total liabilities as at: December 31, 2013	6,459	137,032	54,150	23,431	155,436	(10,024)	366,484

Included in the assets and liabilities of the Marketing, Industrial and Other segments are long-term investments in joint ventures and associates of $6,302, $2,516 and $19,463, respectively.

(In thousands of Canadian dollars)

Year Ended December 31, 2012	Marketing	Industrial Services		Other	Corporate	Eliminations	Total
		ClearStream	Quantum Murray				
Revenue	$36,566	$ 500,490	$169,163	$51,188	$ -	$ (73,651)	$ 683,756
Cost of revenue	(23,962)	(413,555)	(139,085)	(34,592)	-	50,871	(560,323)
Gross profit	12,604	86,935	30,078	16,596	-	(22,780)	123,433
Selling, general and administrative expenses	(9,735)	(49,246)	(31,304)	(10,623)	(6,882)	15,937	(91,853)
Amortization of intangible assets	(3,129)	(5,812)	(1,161)	-	(724)	2	(10,824)
Depreciation	(639)	(8,491)	(5,509)	(535)	(3)	739	(14,438)
Income from equity investments	-	-	-	-	-	5,891	5,891
Interest expense	(46)	(11,948)	(347)	(716)	(19,770)	221	(32,606)
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)
(Loss) income before income taxes	$ (5,146)	$ 6,371	$ (9,104)	$ 4,722	$(28,913)	$ 10	$ (32,060)
Income tax expense - current	(90)	(685)	-	-	-	104	(671)
Income tax recovery (expense) - deferred	53	1,900	2,027	(100)	1,440	(114)	5,206
(Loss) income 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	(221)	32,606
Amortization	3,129	5,812	1,161	-	724	(2)	10,824
Depreciation	639	8,491	5,509	535	3	(739)	14,438
Income tax expense - current	90	685	-	-	-	(104)	671
Income tax expense (recovery) - deferred	(53)	(1,900)	(2,027)	100	(1,440)	114	(5,206)
EBITDA	$ (1,332)	$ 32,622	$ (2,087)	$ 5,973	$ (8,416)	$ (952)	$ 25,808
Total assets as at: December 31, 2012	25,560	263,449	91,920	24,954	22,250	(13,595)	414,538
Total liabilities as at: December 31, 2012	11,253	172,915	53,104	23,035	114,575	(13,595)	361,287

Included in the assets and liabilities of the Marketing, Industrial and Other segments are long-term investments in joint ventures and associates of $6,483, $2,121 and $18,511, respectively.

26. Capital management

Tuckamore's capital structure is comprised of shareholders' equity and short 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 and debentures with which it must comply. As at December 31, 2013 and 2012 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, 2013, $613 (2012 - $12,745) of scrap materials were received as consideration for demolition services provided and recorded as revenue.

28. Comparative figures

As a result of the adoption of IFRS 11 the comparative consolidated statements of loss and comprehensive loss has been reclassified from statements previously presented to conform to the presentation in the December 31, 2013 consolidated financial statements. Please refer to note 1 and 2 for more information.

Corporate Information

Board of Directors

Dean T. MacDonald
Douglas C. Brown
Dr. Cal Bricker
Fraser Clarke
Jordan L. Bitove
Mark A. Kinney

Management

Dean T. MacDonald
President & Chief Executive Officer

Keith Halbert
Chief Financial Officer

Adrian T. Montgomery
Chief Investment Officer

Head Office

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

Investor Relations

Keith Halbert
Chief Financial Officer
416-775-3790
IRinfo@tuckamore.ca

Auditors

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

Transfer Agent

Canadian Stock Transfer Company Inc.
320 Bay Street
Toronto, Ontario M5H 4A6

TUCKAMORE CAPITAL MANAGEMENT INC.
469 King Street West, 4th Floor
Toronto, Ontario M5V 1K4
416-775-3790

IRinfo@tuckamore.ca

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

www.tuckamore.ca