

Consolidated Financial Statements of  
**TUCKAMORE CAPITAL MANAGEMENT INC.**  
Years ended December 31, 2014 and December 31, 2013

## 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 professional 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  
Chief Executive Officer



Keith Halbert  
Chief Financial Officer

Toronto, Canada  
March 27, 2015

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of Tuckamore Capital Management Inc.

We have audited the accompanying consolidated financial statements of Tuckamore Capital Management Inc. (the "Company"), which comprise the consolidated balance sheets as at December 31, 2014 and December 31, 2013 and the consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for the years ended December 31, 2014 and 2013, 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, 2014 and December 31, 2013, and its financial performance and its cash flows for the years ended December 31, 2014 and 2013 in accordance with International Financial Reporting Standards.

*Ernst & Young LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
March 27, 2015

## TUCKAMORE CAPITAL MANAGEMENT INC.

### Consolidated Balance Sheets

(In thousands of Canadian dollars)

As at	December 31, 2014	December 31, 2013
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents (note 4)	\$ 22,714	\$ 28,883
Cash and short-term investments held in trust (note 4)	2,950	2,950
Accounts receivable (note 5)	155,281	145,858
Inventories (note 7)	22,215	12,721
Prepaid expenses	4,445	6,753
Other current assets (note 8)	2,109	2,733
Current assets of discontinued operations and assets held for sale (note 2)	3,293	-
<b>Total current assets</b>	<b>213,007</b>	<b>199,898</b>
Property, plant and equipment (note 9)	56,154	62,688
Long-term investments (note 26)	21,773	28,281
Goodwill (notes 10 and 11)	61,128	61,128
Intangible assets (notes 10 and 11)	38,506	49,896
Other assets (notes 8 and 22)	633	633
Deferred tax asset (note 18)	531	-
<b>Total assets</b>	<b>\$ 391,732</b>	<b>\$ 402,524</b>
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 68,841	\$ 65,807
Income tax payable (note 18)	2,050	-
Deferred revenue (note 23)	5,363	3,048
Current portion of obligations under finance leases (note 14)	6,457	6,041
Current portion of senior credit facility (note 13)	67,253	5,481
Unsecured debentures (note 13)	-	24,819
Current liabilities of discontinued operations and assets held for sale (note 2)	3,293	-
<b>Total current liabilities</b>	<b>153,257</b>	<b>105,196</b>
Obligations under finance leases (note 14)	11,799	11,584
Senior credit facility (note 13)	-	84,354
Secured debentures (note 13)	166,845	159,700
Deferred tax liabilities (note 18)	-	5,650
Shareholders' equity	59,831	36,040
<b>Total liabilities and shareholders' equity</b>	<b>\$ 391,732</b>	<b>\$ 402,524</b>

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

Signed on behalf of the Board of Directors,



Fraser Clarke, Director



Peggy Mulligan, 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)

	2014	2013
		Restated (Note 2)
Revenue (note 16)	\$ 703,102	\$ 647,788
Cost of revenue	(555,397)	(511,457)
Gross profit	147,705	136,331
Selling, general and administrative expenses (note 17)	(98,147)	(97,690)
Amortization of intangible assets (note 10)	(6,798)	(8,973)
Depreciation (note 9)	(13,932)	(13,654)
Income from equity investments (note 26)	678	5,780
Interest expense (notes 4 and 13)	(27,726)	(33,605)
Transaction costs (note 20)	(9,057)	-
Write-down of goodwill and intangible assets (notes 10 and 11)	(5,308)	(5,713)
Loss before income taxes	(12,585)	(17,524)
Income tax expense - current (note 18)	(2,050)	(3)
Income tax recovery - deferred (note 18)	6,799	2,831
Loss from continuing operations	(7,836)	(14,696)
Loss from discontinued operations (net of income taxes) (note 2)	(9,411)	(2,685)
<b>Net loss and comprehensive loss</b>	<b>\$ (17,247)</b>	<b>\$ (17,381)</b>
Loss per share (note 19)		
Basic & Diluted:		
Continuing operations	\$ (0.09)	\$ (0.21)
Net loss	\$ (0.19)	\$ (0.24)

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

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

	Number of shares	Share Capital	Deficit	Contributed Surplus	Total Shareholders' Equity
Balance - January 1, 2014	71,631,431	\$414,884	\$ (387,107)	\$ 8,263	\$ 36,040
Net loss and comprehensive loss for the year	-	-	(17,247)	-	(17,247)
Shares issued upon settlement of Unsecured Debentures, net of tax (note 13)	8,493,143	23,552	-	-	23,552
Options exercised (note 13 and 21)	13,150,000	10,822	-	(5,836)	4,986
Issuance of common shares, net (note 13)	16,666,667	12,500	-	-	12,500
<b>Balance - December 31, 2014</b>	<b>109,941,241</b>	<b>\$461,758</b>	<b>\$ (404,354)</b>	<b>\$ 2,427</b>	<b>\$ 59,831</b>

	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 21)	-	-	-	170	170
<b>Balance - December 31, 2013</b>	<b>71,631,431</b>	<b>\$414,884</b>	<b>\$ (387,107)</b>	<b>\$ 8,263</b>	<b>\$ 36,040</b>

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

**TUCKAMORE CAPITAL MANAGEMENT INC.****Consolidated Statements of Cash Flows**

Years Ended December 31

(In thousands of Canadian dollars)

	2014	2013
		Restated (Note 2)
Operating activities:		
Net loss for the year	\$ (17,247)	\$ (17,381)
Loss from discontinued operations (net of income tax) (note 2)	9,411	2,685
Items not affecting cash:		
Amortization of intangible assets (note 10)	6,798	8,973
Depreciation (note 9)	13,932	13,654
Deferred income tax recovery (note 18)	(6,799)	(2,831)
Income from long-term investments	(678)	(5,780)
Non-cash accretion expense (notes 4 and 13)	8,878	12,878
Amortization of deferred financing costs (notes 4 and 13)	535	653
Stock-based compensation expense (note 21)	-	170
Write-down of goodwill and intangible assets (notes 10 and 11)	5,308	5,713
Impairment of long-term investments (note 26)	2,000	-
Changes in non-cash working capital (note 25)	(13,960)	7,549
Cash provided by discontinued operations	122	846
<b>Total cash provided by operating activities</b>	<b>8,300</b>	<b>27,129</b>
Investing activities:		
Distributions from long-term investments	5,186	4,614
Purchase of property, plant and equipment (note 9)	(7,109)	(8,107)
Proceeds on disposition of property, plant and equipment, net	699	1,423
Purchase of software (note 10)	(408)	(368)
Decrease in other assets (note 8)	-	52
Acquisition of business, net (note 3)	(308)	-
<b>Total cash used in investing activities</b>	<b>(1,940)</b>	<b>(2,386)</b>
Financing activities:		
Repayment of long-term debt (note 13)	(22,968)	(118)
Proceeds from issuance of common shares, net (note 13)	12,500	-
Proceeds from the exercise of options for common shares (note 13)	4,986	-
Increase in cash held in trust (note 4)	-	(15)
Repayment of obligations under finance leases	(6,792)	(5,805)
Cash used in discontinued operations	(429)	(465)
<b>Total cash used in financing activities</b>	<b>(12,703)</b>	<b>(6,403)</b>
(Decrease) increase in cash	(6,343)	18,340
Cash beginning of year		
- continuing operations	28,883	10,750
Cash beginning of year		
- discontinued operations	174	(207)
<b>Cash end of year</b>	<b>\$ 22,714</b>	<b>\$ 28,883</b>
Cash end of year		
- continuing operations	\$ 22,714	\$ 28,709
Cash end of year		
- discontinued operations	\$ (133)	\$ 174
Supplemental cash flow information:		
Interest paid	\$ 21,349	\$ 22,607
Supplemental disclosure of non-cash financing and investing activities:		
Acquisition of property, plant and equipment through finance leases	\$ 8,663	\$ 13,823

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

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2014 and 2013

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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 27, 2015.

### 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 Standards ("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.

#### b) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2014. 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
- 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



## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2014 and 2013

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 Partnerships 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, 2014 Percentage Ownership	December 31, 2013 Percentage Ownership	January 1, 2013 Percentage Ownership	Accounting Method	Business Description	Principal Place of Business
ClearStream Energy Services LP ("ClearStream") <sup>1</sup>	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

<sup>1</sup> ClearStream owned an 80% interest in Nor-tech until August 1, 2014. Prior to this date, Nor-tech was a joint venture which was accounted for using the equity method of accounting. On August 1, 2014 ClearStream purchased the remaining 20% of Nor-tech that the company did not previously own. From August 1, 2014 onwards Nor-tech was fully consolidated. Nor-tech primarily operates its business in Alberta and is an electrical instrumentation and contracting company.

### 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.

## **TUCKAMORE CAPITAL MANAGEMENT INC.**

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2014 and 2013

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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 associates 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).

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

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Years Ended December 31, 2014 and 2013

The following table indicates the accounting method and other information for each of Tuckamore's investments in Operating Partnerships categorized as associates or joint ventures as at December 31, 2014. Tuckamore invested in all Operating Partnerships indirectly together with their respective general partners.

Operating Partnership	Initial Investment Date	December 31, 2014 Percentage Ownership	December 31, 2013 Percentage Ownership	January 1, 2013 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

### 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)

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2014 and 2013

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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, 2014 and 2013, 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

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

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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:

<b>Asset</b>	<b>Basis</b>	<b>Rate</b>
Equipment under finance lease	Straight-line	Lesser of the term of lease or useful life
Furniture, tools 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.

## TUCKAMORE CAPITAL MANAGEMENT INC.

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(In thousands of Canadian dollars)

Years Ended December 31, 2014 and 2013

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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 ("FVLCS") and its Value in Use ("VIU"). 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. The FVLCS excludes any costs with respect to restructuring, employee severance and termination benefits. VIU 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 FVLCS and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale are not 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 7 CGUs. ClearStream is comprised of 5 CGUs (Conventional Industrial Services, Oil Sands, Fabrication, Wear and Transportation), Quantum Murray and Gemma are a CGU on their 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

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

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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 FVLCS 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 FVLCS, an appropriate valuation model is used. The FVLCS excludes any costs with respect to restructuring, employee severance and termination benefits. 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:

<b>Asset</b>	<b>Basis</b>	<b>Rate/Term</b>
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

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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 29). Revenue for the sale of goods with respect to general and modular fabrication and wear projects is recognized when significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable.

### 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



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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 classification 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 which have a graded vesting schedule are recognized 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.

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.

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### p) Provisions

A provision is recognized if, as a result of a past event, Tuckamore has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a 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. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale arrangement will be made or that it will be withdrawn. 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. Assets or disposal groups classified as held for sale are measured at the lower of their carrying amount and FVLCS. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

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 for the current period, assets and liabilities from discontinued operations are reported separately from the assets and liabilities of continuing operations. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

### 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.

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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 control or joint control over joint arrangements in which the Company has more than a fifty-percent ownership interest. 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.

Each of Tuckamore's joint arrangements has its own management team which is responsible for the day-to-day operation of the joint arrangement. However, key activities include, but are not limited to the following:

- Approval of the joint arrangement's annual budget
- Purchase of capital equipment
- Entering into material commitments
- Hiring or termination of key individuals
- Sale or disposal of any assets outside of the ordinary course of business

It has been concluded that key activities require the unanimous consent of the parties sharing control, and as such these joint arrangements are accounted for using the equity method of accounting.

In addition to this, judgement has been used in determining whether the relevant parties to the joint arrangement have rights to the net assets of the joint arrangement. It has been concluded

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that the relevant parties do have rights to the net assets of the joint arrangement and as such, these arrangements are accounted for using the equity method of accounting.

Please refer to note 1(c) 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 estimates with respect to assumptions about 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) Revenue Recognition – Percentage of Completion ("POC")

The Company generates revenue from maintenance and construction services to the energy industry and from contracts to provide demolition and remediation services. This method requires management to make a number of estimates and assumptions surrounding the expected profitability of the contract, the estimated degree of completion based on cost progression and other detailed factors. Although these factors are routinely reviewed as part of the project management process, changes in these estimates or assumptions could lead to changes in revenues recognized in a given period.

(v) 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.

(vi) Income taxes

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

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(vii) 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.

(viii) Provisions

Judgment and estimates are used in measuring and recognizing provisions and the exposure to contingent liabilities. Judgment and estimates are 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.

(ix) 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) Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Company, since none of the entities in the Company qualify to be an investment entity under IFRS 10.

**(ii) Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32**

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Company's consolidated financial statements.

**(iii) International Financial Reporting Interpretations Committee 21, Levies – IFRIC 21**

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact on the Company. IFRIC 21, Levies, is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g. IAS 12, Income Taxes) and fines or other penalties for breach of legislation. The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is

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accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and is applied retrospectively. The adoption of this new interpretation did not result in any changes to the consolidated financial statements of the Company

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, 2014 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) International Financial Reporting Standard 9, Financial Instruments – IFRS 9**

IFRS 9, Financial Instruments, as issued in 2014, introduces new requirements for the classification and measurement of financial instruments, a new expected-loss impairment model that will require more timely recognition of expected credit losses and a substantially reformed model for hedge accounting, with enhanced disclosures about risk management activity. IFRS 9 also removes the volatility in profit or loss that was caused by changes in an entity's own credit risk for liabilities elected to be measured at fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company has not yet begun the process of evaluating the impact of this standard on its audited consolidated financial statements.

**(ii) International Financial Reporting Standard 15, Revenue from Contracts with Customers – IFRS 15**

IFRS 15, Revenue from Contracts with Customers was issued in May 2014, which will replace IAS 11, Construction Contracts, IAS 18 Revenue Recognition, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and Standard Interpretations Committee ("SIC") – 31, Revenue – Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based five-step model that will apply to all contracts with customers with limited exceptions. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted. The Company has not yet begun the process of evaluating the impact of this standard on its audited consolidated financial statements.

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### 2. Discontinued Operations

Tuckamore has concluded on the long-term strategic direction of Quantum Murray. This strategy requires management to focus on the Environmental and Demolition divisions of the business, while developing and executing a plan to exit the Metals business. The Metals division specializes in the salvage and recycling of scrap metals, transforming them into a valuable resource. The division provides integrated services from collection, processing, management, transportation and sales for industrial and commercial markets. It includes residential services for bin rental and waste disposal. The Metals business was generating significant losses and required a significant amount of management time. The Metals division was unable to secure the volumes of scrap and waste required to make the business profitable. The planned disposition of Metals was approved by Tuckamore's board of directors and management began an active program to locate a buyer in the fourth quarter of 2014. By December 31, 2014 Tuckamore was in advanced negotiations to sell the business to a prospective buyer. Management expects that the transaction to close before June 30, 2015. Given the factors identified above, it was concluded the Metals division of Quantum Murray qualified as disposal group that was held for sale and was to be accounted for as a discontinued operation. With the Metals division being classified as discontinued operations, it is no longer presented in the Segment note under Industrial Services and Quantum Murray.

The following table shows the revenue and net income(loss) from discontinued operations for Metals business for the years ended December 31, 2014 and 2013.

	December 31, 2014	December 31, 2013
<b>Thomson Metals - Quantum Murray - Industrial Services</b>		
Revenue	26,153	25,323
Expenses	(28,970)	(28,008)
Income before taxes	(2,817)	(2,685)
Impairment loss recognized on the remeasurement to FVLCS	(8,976)	-
Income tax expense - deferred	2,382	711
Net loss from discontinued operations	\$ (9,411)	\$ (1,974)
Net loss per share - basic	\$ (0.11)	\$ (0.03)
Net loss per share - diluted	\$ (0.11)	\$ (0.03)

The major classes of assets and liabilities of Thomson Metals classified as held for sale are as follows:

For the period ending,	December 31, 2014
<b>Assets</b>	
Accounts receivable	1,939
Inventory	1,354
	3,293
<b>Liabilities</b>	
Accounts payable & accrued liabilities	2,290
Capital lease obligation	543
Other liabilities	460
	3,293
<b>Net assets directly associated with the disposal group</b>	-

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The net cash flows incurred by Thomson Metals are, as follows:

For the period ending,	December 31, 2014	December 31, 2013
Operating	122	846
Investing	-	-
Financing	(429)	(465)
<b>Net cash (outflow) / inflow</b>	<b>(307)</b>	<b>381</b>

Immediately before the classification of Thomson Metals as discontinued operations, the recoverable amount was estimated for current assets and property, plant and equipment and no impairment loss was identified. Following the classification, a write-down of \$8,976 was recognized.

### 3. Business Combination

On August 1, 2014 ClearStream paid \$500 to acquire the remaining 20% of Nor-tech, increasing its ownership to 100%. The transaction was accounted for under the acquisition method of accounting as a step acquisition which required ClearStream to re-measure its previously held 80% interest. All of the estimated fair values assigned to the assets and liabilities assumed were based on internal estimates. The fair value of ClearStream's previously held 80% interest was equivalent to its book value. As such, no adjustments were required to pre-acquisition book values. The table below provides the details of the assets acquired and liabilities assumed for the 20% interest in Nor-tech.

	ClearStream (Nor-tech)
Current assets	\$ 646
Property, plant and equipment	170
Goodwill <sup>1</sup>	308
Current liabilities	(160)
Long-term liabilities	(463)
Net assets acquired	501
Less: Advance settled	(285)
Consideration paid, in cash	216
Bank indebtedness/ (cash acquired)	-
Net cash outflow	\$ 216

<sup>1</sup> Goodwill is attributable to the fact that ClearStream no longer shares joint control over Nor-tech and as such it represents benefit of full control. This goodwill is not deductible for tax purposes and was subsequently impaired by December 31, 2014. Please refer to the impairment note (note 11) for more details.



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### 4. Financial instruments

a) Tuckamore has classified its financial instruments as follows:

As at	December 31, 2014	December 31, 2013
<b>Financial Assets</b>		
Held for trading, measured at fair value:		
Cash and cash equivalents	\$ 22,714	\$ 28,883
Cash and short term investments held in trust	2,950	2,950
<b>Total financial assets, held for trading</b>	<b>\$ 25,664</b>	<b>\$ 31,833</b>
Loans and receivables, measured at amortized cost:		
Accounts receivable	\$ 155,281	\$ 145,858
Advances to joint venture Operating Partnerships	1,418	1,467
Employee loans	1,059	1,335
<b>Total loans and receivables</b>	<b>\$ 157,758</b>	<b>\$ 148,660</b>
Financial liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	\$ 68,841	\$ 65,807
Capital lease obligations	18,256	17,625
Current portion of senior credit facility	67,253	5,481
Senior credit facility	-	84,354
Secured debentures	166,845	159,700
Unsecured debentures	-	24,819
<b>Total financial liabilities</b>	<b>\$ 321,195</b>	<b>\$ 357,786</b>

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, 2014 had fair values of \$154,200, \$0 and \$67,669, respectively compared to \$147,150, \$5,841 and \$90,637, respectively at December 31, 2013.

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 Partnerships.

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

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fair value of similar instruments; where this is not feasible, inputs such as liquidity risk, credit risk and volatility are used.

- Level 3 – Valuations in this level are those with inputs that are not based on observable market data.

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. The discount factor is based on market rates for debt with similar terms and remaining maturities and is based on Tuckamore's credit risk. The Company has no plans to prepay these instruments prior to maturity. The valuation is determined using Level 2 inputs which are observable inputs or inputs which can be corroborated by observable market data for substantially the full term of the liability.

### b) Net Interest Expense

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

For the year ended December 31,	2014	2013
Interest expense on senior credit facility	\$ 2,886	\$ 3,810
Interest expense on secured debentures	14,098	14,098
Interest expense on finance leases (note 14)	1,108	1,191
Interest expense - other	5	13
Interest expense on unsecured debentures	216	962
Deferred financing costs amortized	535	653
Accretion expense related to secured and unsecured debentures	8,878	12,878
Interest expense	\$ 27,726	\$ 33,605

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### 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, 2014	December 31, 2013
Trade receivables	\$ 125,555	\$ 103,706
Allowance for doubtful accounts	(3,875)	(3,508)
Holdback receivable	8,418	9,880
Other	25,183	35,780
Total accounts receivable	\$ 155,281	\$ 145,858

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, 2013	\$	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
Increase in allowance during the year		1,630
Receivables written off as uncollectible		(69)
Receivables collected during the year		(751)
Transferred to discontinued operations - Thomson Metals		(443)
Allowance for doubtful accounts, December 31, 2014	\$	3,875

The aging analysis of trade receivables is as follows:

	Total	Current	30-60 days	61-90 days	91-120 days	>120 days
December 31, 2014	\$ 125,555	\$ 61,221	\$ 30,672	\$ 11,758	\$ 4,927	\$ 16,977
December 31, 2013	\$ 103,706	\$ 61,809	\$ 8,807	\$ 15,931	\$ 3,321	\$ 13,838

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### 6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities comprise the following:

	December 31, 2014	December 31, 2013
Trade payables	\$ 32,724	\$ 28,957
Accrued liabilities	36,117	34,165
Interest payable on unsecured debentures	-	2,685
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 68,841</b>	<b>\$ 65,807</b>

### 7. Inventories

Inventories comprise the following:

	December 31, 2014	December 31, 2013
Raw materials	2,415	1,595
Work-in-progress	14,555	7,392
Finished goods	1,036	1,541
Parts and supplies	4,209	2,193
<b>Total inventories</b>	<b>\$ 22,215</b>	<b>\$ 12,721</b>

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 \$36,477 (2013 - \$48,068)

As at December 31, 2014, the inventory of consolidated entities and joint ventures with a carrying amount of \$17,507 and \$11,531, respectively, were subject to a general security agreement under the senior credit facility (December 31, 2013 - \$12,721 and \$11,884).

### 8. Other assets

	December 31, 2014	December 31, 2013
Advances to Operating Partnerships	\$ 1,418	\$ 1,467
Other	1,324	1,899
<b>Total other assets</b>	<b>2,742</b>	<b>3,366</b>
Less: Current portion	2,109	2,733
<b>Other assets - long-term</b>	<b>\$ 633</b>	<b>\$ 633</b>

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

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### 9. Property, plant and equipment

	Equipment under finance lease	Furniture, tools and equipment	Computer hardware	Automotive and heavy equipment	Land and buildings	Leasehold improvements	Total
<b>Cost</b>							
<b>Balance at January 1, 2013</b>	\$ 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)	-
<b>Balance at December 31, 2013</b>	\$ 32,279	\$ 13,240	\$ 4,115	\$ 70,127	\$ 5,816	\$ 11,336	\$ 136,913
Additions	7,943	1,668	469	3,369	166	1,437	15,052
Disposals	(215)	(1)	(56)	(3,947)	(11)	-	(4,230)
Acquisitions through business combinations	-	-	-	681	-	-	681
Assets related to discontinued operations or assets held for sale	(3,717)	(59)	(315)	(15,515)	(24)	(857)	(20,487)
Reclassification	(1,614)	(94)	-	1,734	5	(31)	-
<b>Balance as December 31, 2014</b>	\$ 34,676	\$ 14,754	\$ 4,213	\$ 56,449	\$ 5,952	\$ 11,885	\$ 127,929
<b>Depreciation</b>							
<b>Balance at January 1, 2013</b>	\$ (11,771)	\$ (5,542)	\$ (3,229)	\$ (40,583)	\$ (1,882)	\$ (5,116)	\$ (68,123)
Depreciation for the year	(6,314)	(1,127)	(423)	(4,554)	(171)	(1,065)	(13,654)
Depreciation for assets related to discontinued operations or assets held for sale	1,062	(8)	(33)	(2,565)	(1)	(9)	(1,554)
Disposals	1,853	63	483	6,198	259	250	9,106
Reclassification	3,276	381	-	(3,657)	136	(136)	-
<b>Balance at December 31, 2013</b>	\$ (11,894)	\$ (6,233)	\$ (3,202)	\$ (45,161)	\$ (1,659)	\$ (6,076)	\$ (74,225)
Depreciation for the year	(4,047)	(1,819)	(439)	(6,335)	(182)	(1,110)	(13,932)
Disposals	46	-	56	3,309	1	-	3,412
Acquisitions through business combinations	-	-	-	(102)	-	-	(102)
Sold through dispositions of businesses	1,456	46	269	9,746	24	831	12,372
Reclassification	273	-	-	(273)	-	-	-
Other	-	700	-	-	-	-	700
<b>Balance at December 31, 2014</b>	\$ (14,166)	\$ (7,306)	\$ (3,316)	\$ (38,816)	\$ (1,816)	\$ (6,355)	\$ (71,775)
<b>Net book value</b>							
At December 31, 2013	\$ 20,385	\$ 7,007	\$ 913	\$ 24,966	\$ 4,157	\$ 5,260	\$ 62,688
At December 31, 2014	\$ 20,510	\$ 7,448	\$ 897	\$ 17,633	\$ 4,136	\$ 5,530	\$ 56,154

## TUCKAMORE CAPITAL MANAGEMENT INC.

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a) Collateral:

As at December 31, 2014, the property, plant and equipment of consolidated entities and joint ventures with a carrying amount of \$35,644 and \$2,107, respectively, are subject to a general security agreement under the senior credit facility (December 31, 2013 - \$42,303 and \$1,465).

b) Capital commitments:

As at December 31, 2014, Tuckamore had \$322 in capital commitments for the acquisition of new equipment (December 31, 2013 - \$nil).

### 10. Goodwill and intangible assets

	Goodwill	Customer relationships	Computer software	Brands	Sales Orders	Management Contracts	Intangible Total
<b>Cost</b>							
<b>Balance at December 31, 2013</b>	\$ 91,723	\$ 131,738	\$ 2,684	\$ 16,474	\$ 2,444	\$ 2,000	\$ 155,340
Additions	308	-	408	-	-	-	408
<b>Balance at December 31, 2014</b>	\$ 92,031	\$ 131,738	\$ 3,092	\$ 16,474	\$ 2,444	\$ 2,000	\$ 155,748
<b>Amortization and impairments</b>							
<b>Balance at December 31, 2013</b>	\$ (30,595)	\$ (91,217)	\$ (1,893)	\$ (8,390)	\$ (2,444)	\$ (1,500)	\$ (105,444)
Amortization for the year	-	(5,937)	(361)	-	-	(500)	(6,798)
Impairment (Note 11)	(308)	-	-	(5,000)	-	-	(5,000)
<b>Balance at December 31, 2014</b>	\$ (30,903)	\$ (97,154)	\$ (2,254)	\$ (13,390)	\$ (2,444)	\$ (2,000)	\$ (117,242)
<b>Net book value</b>							
At December 31, 2013	\$ 61,128	\$ 40,521	\$ 791	\$ 8,084	\$ -	\$ 500	\$ 49,896
At December 31, 2014	\$ 61,128	\$ 34,584	\$ 838	\$ 3,084	\$ -	\$ -	\$ 38,506

## TUCKAMORE CAPITAL MANAGEMENT INC.

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### 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 2014. 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 seven 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.

<b>Operating Partner</b>	<b>Indefinite life intangibles</b>	<b>Goodwill</b>
ClearStream		
Wear	\$ 1,574	
Oilsands	1,178	
<b>Total ClearStream</b>	<b>\$ 2,752</b>	<b>\$ 61,128</b>
Quantum Murray	332	
<b>Total</b>	<b>\$ 3,084</b>	<b>\$ 61,128</b>

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 VIU using the income approach or the 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.

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

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### **Projected EBITDA, Capital Expenditures and Change in Working Capital**

Projected EBITDA, net of capital expenditures and adjustments for change in working capital are used by the Company to determine anticipated future cash flows. Projected EBITDA and capital expenditures are based on the Company's internal budget for the following year and take into consideration past experience, economic trends and market/industry trends at the time at which the budget is developed. The budget is developed during the fourth quarter and approved by senior management. The anticipated future cash flows are updated to reflect any subsequent changes in demand for products and services.

### **Growth rate and terminal value**

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%-18% 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, 2014, \$5,000 of brand at Quantum Murray was impaired as a result of a general reduction in business volumes from when the remainder of the business was purchased by the Company. The recoverable amount of Quantum Murray approximates its carrying value. In this particular instance, the FVLCS method was used to determine recoverable value.

During the year ended December 31, 2014, \$308 of goodwill related to a subsidiary of ClearStream was impaired (refer to note 3). Goodwill was created as a result of ClearStream's acquisition of the remaining 20% of the subsidiary (Nor-tech) that the company did not previously own. Although management paid a premium to gain full control of the Nor-tech, the company had accumulated losses by the end of the year and management was in the process of restructuring the business. As such, the goodwill created on the acquisition was subsequently impaired. The recoverable amount of Nor-tech approximates its carrying value.

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.

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-



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### 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,	2014	2013
Costs incurred for the year	\$ 49,724	\$ 54,916
Recognized profits (losses)	9,573	7,812
Contract revenue for the year	\$ 59,297	\$ 62,728
Progress billings	(53,937)	(61,723)
Gross costs in excess of billings	\$ 5,360	\$ 1,005

The following are additional details for all construction contracts:

For the year ended December 31,	2014	2013
Aggregate amounts of costs incurred and recognized profits (less losses to date)	\$ 128,856	\$ 117,526
Holdbacks receivable	8,418	9,880
Billings in advance	4,283	482

For the year ended December 31,	2014	2013
Aggregate gross costs in excess of billings (WIP)	\$ 14,555	\$ 7,392
Aggregate gross billings in excess of costs (deferred revenue)	(4,283)	(482)
Aggregate net costs in excess of billings	\$ 10,272	\$ 6,910

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, 2014 and December 31, 2013, 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.

## TUCKAMORE CAPITAL MANAGEMENT INC.

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### 13. Senior credit facility and debentures

#### a) Senior credit facility

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.

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.

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. In March 2014, Tuckamore repaid \$5,481 representing 75% of excess cash flow for the fourth quarter of 2013. On August 1, 2014 Tuckamore issued 16,666,667 shares to Orange Capital Master I, Ltd. ("Orange Capital") for \$0.80 per share (the "Private Placement"). Tuckamore received gross proceeds of \$13,333 of which net proceeds of \$12,500 were used to reduce outstanding senior indebtedness under the Senior Credit Agreement. In conjunction with the Private Placement and repayment of debt from net proceeds, the Company obtained approval from the lenders under its Senior Secured Credit Facilities to extend the maturity date of the Senior Credit Facility from March 9, 2015 to December 31, 2015. The total cost of the amendment was 0.175% or \$149.

During the year ended December 31, 2014 options were exercised by management, resulting in the issuance of 13,150,000 common shares. Proceeds of \$4,986, from all options exercised during the year, were used to reduce outstanding senior indebtedness under the Company's Senior Credit Agreement.

At December 31, 2014 Tuckamore was in compliance with its financial covenants. The improved financial ratios at the end of the second quarter resulted in a reduction of a half percent on the Senior Credit

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

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Facility. 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.

Advances outstanding under the Amended Senior Credit Facility at December 31, 2014 total \$67,669 with \$60,000 of this amount as a revolving facility and the balance as a term facility. The full amount of the revolving facility was drawn at December 31, 2014.

Senior credit facility at January 1, 2013	\$ 90,755
Repayments	(118)
Senior credit facility at December 31, 2013	\$ 90,637
Repayments	(22,968)
Senior credit facility at December 31, 2014	\$ 67,669
Deferred financing costs at January 1, 2013	\$ (1,455)
Amortization of deferred financing costs	653
Deferred financing costs at December 31, 2013	\$ (802)
Additional deferred financing costs incurred on the senior credit facility	(149)
Amortization of deferred financing costs	535
Deferred financing costs at December 31, 2014	\$ (416)
Net balance of senior credit facility at December 31, 2014	\$ 67,253
Less: Current portion of senior credit facility at December 31, 2014	\$(67,253)
Long-term portion of senior credit facility	\$ -

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.

On March 24, 2014, pursuant to a mandatory conversion upon maturity, the Company satisfied the total principal owing under the Unsecured Debentures in the amount of \$26,552. The principal was settled by the issuance of 8,493,143 common shares of the Company. The impact of settling the Unsecured Debentures for common shares of the Company resulted in a future tax recovery of \$3,000. Interest accrued on the principal amount of the Unsecured Debentures at a non-compounding rate of 3.624% per annum, and was paid in cash in the amount of \$2,887 on March 23, 2014.

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

## TUCKAMORE CAPITAL MANAGEMENT INC.

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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.

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	<b>Secured Debentures</b>
Issue date	March 23, 2011
Principal amount	\$ 176,228
Interest rate	8.0%
Carrying value at December 31, 2014	\$ 166,845
Accretion expense recorded in 2014	\$ 7,145
Accretion expense recorded in 2013	\$ 6,840
Maturity date	March 23, 2016

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## TUCKAMORE CAPITAL MANAGEMENT INC.

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### 14. Obligations under finance leases

Finance lease obligations relate to vehicles and heavy equipment. Tuckamore's future minimum payments are as follows:

	December 31, 2014	December 31, 2013
2014	\$ -	\$ 6,940
2015	7,405	5,454
2016	6,152	4,177
2017	4,191	2,230
2018	2,053	965
2019	488	-
Total minimum lease payments	20,289	19,766
Less amount representing interest (at rates ranging from 1% to 16%)	2,033	2,141
Present value of net minimum finance lease payments	18,256	17,625
Less current portion of obligations under finance leases	6,457	6,041
Long-term portion of obligation under finance leases	\$ 11,799	\$ 11,584

Interest of \$1,108 for the year ended December 31, 2014 (2013 - \$1,191) 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 \$78,781. 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, 2014	December 31, 2013
2014	\$ -	\$ 13,790
2015	15,429	11,553
2016	13,477	9,793
2017	11,407	8,036
2018	8,263	5,471
2019	5,190	3,276
Thereafter	25,015	25,919
Total commitments under operating leases	\$ 78,781	\$ 77,838
Last year of commitment	2029	2029

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Tuckamore's contractual obligations for the years 2015 to 2019 and thereafter are as follows:

	2015	2016	2017	2018	2019	Thereafter	Total
Accounts payable and accrued liabilities	\$ 68,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,841
Income tax payable	2,050	-	-	-	-	-	2,050
Senior credit facility	67,669	-	-	-	-	-	67,669
Secured debentures	-	176,228	-	-	-	-	176,228
Capital lease obligations	7,405	6,152	4,191	2,053	488	-	20,289
Operating leases	15,429	13,477	11,407	8,263	5,190	25,015	78,781
Contractual undiscounted interest payments <sup>1</sup>	16,462	3,525	-	-	-	-	19,987
<b>Total Contractual Obligations</b>	<b>\$ 177,856</b>	<b>\$199,382</b>	<b>\$15,598</b>	<b>\$10,316</b>	<b>\$ 5,678</b>	<b>\$25,015</b>	<b>\$433,845</b>

Contractual undiscounted interest payments are calculated using fixed interest rates on the Senior Credit Facility and Secured Debentures. These calculations are made using the assumption that the debt balances as at December 31, 2014 will not change until they are fully repaid at maturity (refer to 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. The Company has also made a counterclaim.

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.

- (d) In March 2015, the Company was advised by Brompton Corp. ("Brompton") that Brompton has received notices of reassessment from the Canada Revenue Agency (the "CRA") in which the CRA has denied the deduction to Brompton of certain non-capital losses and other tax attributes in computing Brompton's income for the 2010 to 2014 taxation years. Tuckamore has been notified by Brompton that, in view of its interest in mitigating any potential penalties or interest amounts associated with these taxes, Brompton proposes to pay some or all of the taxes assessed while continuing to challenge these assessments, and that Brompton is seeking indemnification in the amount of \$4,044 from Tuckamore Holdings LP, representing approximately 40% of its taxes, losses or costs, pursuant to certain agreements entered into by Tuckamore Holdings LP prior to the sale of its interest in Brompton.

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Tuckamore previously announced, in September 2014, that it had been notified by Brompton that in the event that Brompton is subject to taxes assessed by CRA or incurs losses or costs associated with the CRA's review, it would be seeking indemnification for approximately 40% of these taxes, losses or costs pursuant to agreements entered into by Tuckamore Holdings LP. Tuckamore Holdings LP, a wholly-owned subsidiary of Tuckamore, previously held approximately 40% of the outstanding shares of Brompton. Tuckamore Holdings LP sold its interest in Brompton in September 2011.

Tuckamore continues to monitor the situation involving Brompton, including its alternatives in respect of Brompton's claim for indemnification. The Company intends to follow and participate in the conduct of any negotiations, objections, appeals or other tax-related proceedings relating to the periods during which it was, indirectly, a shareholder of Brompton and to exercise all rights and remedies that it may have in respect of such claims by Brompton against Tuckamore Holdings LP for indemnification. The Company has not provided for any amount with respect to this matter in its consolidated audited financial statements for the year ending December 31, 2014.

- (e) Tuckamore has \$2,950 of letters of credit outstanding as at December 31, 2014. 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, 2014 and December 31, 2013:

For the year ended December 31,	2014		2013 Restated (Note 2)	
Rendering of services	\$	551,732	\$	541,956
Sales of goods		151,370		105,832
Total revenue	\$	703,102	\$	647,788

## TUCKAMORE CAPITAL MANAGEMENT INC.

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### 17. Selling, General & Administrative Expenses

For the year ended	December 31, 2014	December 31, 2013
		Restated (Note 2)
Salaries & Benefits	\$ 56,574	\$ 62,130
Occupancy Costs	17,160	13,089
Consulting	3,336	2,186
Travel	4,718	4,102
Repairs & Maintenance	2,229	1,986
Office Expenses	4,435	4,047
Audit & Accounting	1,445	1,556
Other	8,250	8,594
	\$ 98,147	\$ 97,690

### 18. Income taxes

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

For the year ended December 31,	2014	2013
Income tax recovery at statutory rates	\$ 3,272	\$ 5,355
Permanent differences	(1,684)	(2,158)
Recovery on the settlement of Unsecured Debentures	3,000	-
Other	161	(369)
Income tax recovery	\$ 4,749	\$ 2,828

The major components of income tax recovery are as follows:

For the year ended December 31,	2014	2013
Current income tax expense:		
Based on taxable income of the current year	\$ (2,050)	\$ (3)
Deferred income tax recovery:		
Origination and reversal of temporary differences	3,799	2,831
Deferred tax due to settlement of Unsecured Debentures	3,000	-
Deferred tax due to changes in tax rates	-	-
Income tax recovery recorded	\$ 4,749	\$ 2,828

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



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December 31	2014	2013
Deferred income tax assets (liabilities):		
Fixed assets	\$ (1,578)	\$ (3,733)
Intangible assets	3,455	206
Debentures	(2,486)	(4,839)
Net operating losses	-	3,377
Deferred tax asset related to discontinued operations and assets held for sale (note 2)	2,382	-
Other	(1,242)	(661)
Total deferred income tax asset (liability)	\$ 531	\$ (5,650)

Tuckamore has approximately \$108,299 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.

### 19. 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,	2014	2013
		Restated (Note 2)
Numerator:		
Net income (loss) from continuing operations	\$ (7,836)	\$ (14,696)
Net loss from discontinued operations	(9,411)	(2,685)
Net loss	\$ (17,247)	\$ (17,381)
Denominator:		
Weighted average number of shares outstanding (basic)	90,526	71,631
Effect of stock options <sup>1</sup>	-	-
Weighted average number of shares outstanding	90,526	71,631

<sup>1</sup>The effect of stock options for the year ended December 31, 2014 and 2013 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, 2014, there were 109,941,241 shares issued and outstanding and no preferred shares issued and outstanding.

### 20. Transaction Costs

During 2014, the Company incurred transaction costs of \$9,057. The costs were incurred on legal fees, financial advisory fees, proxy solicitation fees, public relation fees, and expense reimbursements related to both a proposed, but unsuccessful, acquisition of all the shares of the Company and to the Company's response to certain activities undertaken by a minority group of dissident shareholders.

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

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### 21. Stock-based compensation

On November 30, 2009 the shareholders of Tuckamore approved an Incentive Option Plan ("IOP"). Pursuant to the IOP, 7,100,590 shares were listed and reserved for issuance upon the exercise of the stock options granted. During 2014, 6,200,000 options were exercised under the IOP. 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. During 2014, 6,950,000 options were exercised under the MIP. 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		Total
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	
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, 2012		7,050,000		7,150,000	14,200,000
Forfeited during 2013		(850,000)		(50,000)	(900,000)
Outstanding at December 31, 2013		6,200,000		7,100,000	13,300,000
Exercised during 2014		(6,200,000)		(6,950,000)	(13,150,000)
Exercisable at December 31, 2014		-		150,000	150,000

The options outstanding at December 31, 2014 have an exercise price of \$0.358 and a weighted average remaining contractual life of 1 year.

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. No new stock options were granted during the years ended December 31, 2013 and December 31, 2014.

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

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Years Ended December 31, 2014 and 2013

Year ended December 31, 2014	IOP	MIP	Total
Contributed surplus related to stock based compensation as at December 31, 2014	\$ -	\$ 67	\$ 67

  

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

### 22. 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, 2014	December 31, 2013
Net advances to joint venture Operating Partners	\$ 1,418	\$ 1,467

#### 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, 2014	December 31, 2013
Loans to current and former employees	\$ 1,059	\$ 1,335

#### c) Other related party transactions

Income from equity investments includes \$836 of rent expense paid to a company owned by the minority shareholder of Gusgo for the year ended December 31, 2014 (2013 - \$620). 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 \$235 for the year ended December 31, 2013 (2013- \$151) for such services. Interest charged to joint venture Operating Partnerships on advances was \$119 (2013 - \$162). Two operating leases for property, with annual rents of \$312 and \$400 are with a landlord in which certain executives of Tuckamore hold an indirect minority interest (2013 -\$312 and \$300).

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2014 and 2013

### 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 Partnerships. The remuneration for these key management personnel during the years ended December 31, 2014 and December 31, 2013 are as follows:

For the year ended December 31,	2014	2013
Short-term employment benefits	\$ 11,883	\$ 10,872
Post-employment benefits	91	-
Termination benefits	550	863
Share based payment	-	170
Total compensation	\$ 12,524	\$ 11,905

### 23. Deferred revenue

Balance at January 1, 2013	\$	2,705
Deferred during the year		2,937
Realized in income during the year		(2,594)
Balance at December 31, 2013	\$	3,048
Deferred during the year		7,433
Realized in income during the year		(5,118)
Balance at December 31, 2014	\$	5,363

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2014 and 2013

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### 24. 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 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 40.6% of consolidated revenue for Tuckamore (2013 – 41.4%). More specifically, ClearStream's largest customer accounted for 26.8% or \$188,769 of Tuckamore's consolidated revenue for the year ended December 31, 2014 (2013 – 28.2% or \$182,968).

Revenues from the top three ClearStream customers represent 51.1% of ClearStream's total revenues for the year ended December 31, 2014 and 40.2% of the accounts receivable balance as at December 31, 2014 is due from these customers (2013 – 53.4% of revenues and 31.1% of accounts receivable).

Revenues from the top three Quantum Murray customers represent 16.4% of Quantum Murray's total revenues for the year ended December 31, 2014 and 11.2% of the accounts receivable balance as at December 31, 2014 is due from these customers (2013 – 19.9% of revenues and 22.9% of accounts receivable).

Revenues from the top three Gemma customers represent 84.6% of Gemma's total revenues for the year ended December 31, 2014 and 83.9% of the accounts receivable balance at December 31, 2014 is due from these customers (2013 – 80.7% of revenues and 94.5% of accounts receivable).

On a consolidated basis, the aforementioned customers of ClearStream, Quantum Murray and Gemma represent 45.6% of Tuckamore's revenues for the year ended December 31, 2014 and 26.3% of Tuckamore's accounts receivable balance as at December 31, 2014 (2013 – 47.9% of revenues and 27.0% of accounts receivable).

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2014 and 2013

### (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 the senior credit facility and secured debentures are in 2015 and 2016, respectively. The finance lease obligations expire in the years 2015 to 2019.

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

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

### (d) Market risk

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

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, 2014 and December 31, 2013, Tuckamore's consolidated financial statements included the Canadian equivalent of the following U.S. dollar denominated balances:

As at	December 31, 2014	December 31, 2013
Accounts receivable	4	289
Accounts payable and accrued liabilities	(301)	(76)
	(297)	213

A 10% strengthening (weakening) in the Canadian dollar against the \$U.S. dollar as at December 31, 2014 would result in \$10 gain (loss).

### (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 \$677 change in the annual net income for the year ended December 31, 2014.

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2014 and 2013

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### 25. Changes in non-cash balances

	2014		2013	
Accounts receivable	\$	(17,023)	\$	14,928
Inventories		(10,228)		3,205
Prepaid expenses		2,154		(2,268)
Other current assets		624		210
Accounts payable and accrued liabilities		6,148		(6,894)
Income taxes payable		2,050		-
Deferred revenue		2,315		343
Total changes in non-cash balances	\$	(13,960)	\$	9,524
Total change in non-cash balances - discontinued operations (note 2)		-		(1,975)

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

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### 26. Long-term Investments

At December 31, 2014 and 2013 Tuckamore holds a 92% interest in Titan, 80% interests in Gusgo, 80% interest in IC Group and a nominal interest in other joint arrangements and associates. The summarized financial information for Tuckamore's joint arrangements and associates at 100% are as follows:

	December 31, 2014	December 31, 2013
Current assets	\$ 26,208	\$ 28,513
Property, plant and equipment	2,467	2,876
Goodwill and intangibles	9,096	12,439
Other assets	1,353	1,353
<b>Total Assets</b>	<b>\$ 39,124</b>	<b>\$ 45,181</b>
Current liabilities	\$ 16,056	\$ 10,917
Long-term obligations	217	1,015
<b>Total Liabilities</b>	<b>\$ 16,273</b>	<b>\$ 11,932</b>
<b>Total Equity</b>	<b>\$ 22,851</b>	<b>\$ 33,249</b>
Attributable to:		
Tuckamore	\$ 21,773	\$ 28,281
Joint arrangement / associate partners	\$ 1,078	\$ 4,968
For the year ended December 31,	2014	2013
Revenues	\$ 66,692	\$ 82,581
Expenses	65,181	75,439
<b>Net income</b>	<b>\$ 1,511</b>	<b>\$ 7,142</b>
Attributable to:		
Tuckamore	\$ 678	\$ 5,780
Joint arrangement / associate partners	\$ 833	\$ 1,362
For the year ended December 31,	2014	2013
Cash flows provided by operating activities	\$ 4,950	\$ 5,352
Cash flows used in financing activities	\$ (3,048)	(4,761)
Cash flows used in investing activities	\$ (1,100)	(165)
<b>Net increase in cash</b>	<b>\$ 802</b>	<b>\$ 426</b>

During the year ended December 31, 2014, \$2,000 of goodwill at IC Group was impaired as a result of a general reduction in business volumes. The recoverable amount of IC Group approximates its carrying value.



## **TUCKAMORE CAPITAL MANAGEMENT INC.**

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

Years Ended December 31, 2014 and 2013

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### **27. 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).

## TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

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Year Ended December 31, 2014	Marketing	Industrial Services	Other	Corporate	Eliminations	Total
		ClearStream	Quantum Murray			
Revenue	\$ 24,533	\$ 559,510	\$ 129,474	\$ 45,736	\$ -	\$ 703,102
Cost of revenue	(15,997)	(444,885)	(100,718)	(29,971)	-	(555,397)
Gross profit	8,536	114,625	28,756	15,765	-	147,705
Selling, general and administrative expenses	(11,797)	(57,529)	(29,074)	(12,561)	(3,747)	(98,147)
Amortization of intangible assets	-	(5,692)	(1,084)	-	(22)	(6,798)
Depreciation	(555)	(9,350)	(3,659)	(521)	(479)	(13,932)
Income from equity investment	-	-	-	-	-	678
Interest expense	(92)	(10,126)	(607)	(711)	(16,211)	(27,726)
Transaction costs	-	-	-	-	(9,057)	(9,057)
Write-down of goodwill and intangible assets	(2,000)	(308)	(5,000)	-	-	(5,308)
(Loss) income before taxes	\$ (5,908)	\$ 31,620	\$ (10,668)	\$ 1,972	\$ (29,516)	\$ (12,585)
Income tax recovery (expense) - current	-	18	-	-	(2,114)	46
Income tax recovery (expense) - deferred	6	1,592	2,196	(40)	3,006	6,799
(Loss) income from continuing operations	\$ (5,902)	\$ 33,230	\$ (8,472)	\$ 1,932	\$ (28,624)	\$ (7,836)
Add back:						
Interest expense	92	10,126	607	711	16,211	(21)
Amortization	-	5,692	1,084	-	22	-
Depreciation	555	9,350	3,659	521	479	(632)
Income tax (recovery) expense - current	-	(18)	-	-	2,114	(46)
Income tax (recovery) expense - deferred	(6)	(1,592)	(2,196)	40	(3,006)	(39)
EBITDA	\$ (5,261)	\$ 56,788	\$ (5,318)	\$ 3,204	\$ (12,804)	\$ (738)
Total assets as at:						
December 31, 2014	11,164	257,879	80,998	25,973	28,049	(12,331)
Total liabilities as at:						
December 31, 2014	9,324	109,766	64,886	24,959	135,297	(12,331)

Included in the assets and liabilities of the Marketing, Industrial and Other segments are long-term investments in joint ventures and associates of \$3,625, \$51 and \$18,097, respectively.

## TUCKAMORE CAPITAL MANAGEMENT INC.

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(In thousands of Canadian dollars)

Years Ended December 31, 2014 and 2013

Year Ended December 31, 2013	Marketing	Industrial Services	Other	Corporate	Eliminations	Total
			Quantum ClearStream Murray			
Revenue	\$ 30,461	\$ 522,524	\$ 114,675	\$ 50,571	\$ -	\$ (70,443) \$ 647,788
Cost of revenue	(19,432)	(413,510)	(91,862)	(34,612)	-	47,959 (511,457)
Gross profit	11,029	109,014	22,813	15,959	-	(22,484) 136,331
Selling, general and administrative expense:	(10,321)	(61,368)	(23,805)	(11,204)	(6,866)	15,874 (97,690)
Amortization of intangible assets	(1,471)	(5,849)	(951)	(475)	(702)	475 (8,973)
Depreciation	(500)	(9,170)	(3,554)	-	(645)	215 (13,654)
Income from equity investments	-	-	-	-	-	5,780 5,780
Interest expense	(54)	(11,523)	(271)	(715)	(21,156)	114 (33,605)
Write-down of goodwill and intangibles	(5,713)	-	-	-	-	- (5,713)
(Loss) income before income taxes	\$ (7,030)	\$ 21,104	\$ (5,768)	\$ 3,565	\$ (29,369)	\$ (26) \$ (17,524)
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	\$ (6,265)	\$ 3,514	\$ (29,562)	\$ - \$ (14,696)
Add back:						-
Interest expense	54	11,523	271	715	21,156	(114) 33,605
Amortization	1,471	5,849	951	475	702	(475) 8,973
Depreciation	500	9,170	3,554	-	645	(215) 13,654
Income tax expense (recovery) - current	18	(16)	-	-	27	(26) 3
Income tax (recovery) expense - deferred	(1,221)	(2,324)	497	51	166	- (2,831)
EBITDA	\$ (5,005)	\$ 47,646	\$ (992)	\$ 4,755	\$ (6,866)	\$ (830) \$ 38,708
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.

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### **28. 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, 2014 and 2013 Tuckamore was in compliance with all financial covenants.

### **29. 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, 2014, \$1,807 (2013 - \$613) of scrap materials were received as consideration for demolition services provided and recorded as revenue.

### **30. Comparative figures**

As a result of discontinued operations, the comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation in the December 31, 2014 annual consolidated financial statements. The comparative consolidated income statement categorizes the revenues and expenses of the business classified as a discontinued operation and held for sale at December 31, 2014.