

**TUCKAMORE CAPITAL MANAGEMENT INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED DECEMBER 31, 2014**

## DEAR SHAREHOLDERS

Overall we are pleased with the financial performance of Tuckamore in 2014 compared to the previous year. Revenues increased by 8.5% to \$703,102 and Adjusted EBITDA increased by 17.0% to \$52,974.

ClearStream's results in 2014 reflect revenues up from a year ago with increases in the wear technology, fabrication and conventional oil and gas maintenance divisions. ClearStream continues to see strong demand and backlog for its pipe-coating wear product. Lower oil prices since the fall of 2014 will impact ClearStream's fabrication division which focuses more on new capital projects. ClearStream's business is primarily focused on providing operational and maintenance support to in-production facilities. However, prolonged low oil prices will impact ClearStream's core businesses, and some clients have approached ClearStream to discuss price concessions. ClearStream is assessing these requests, and is developing an action plan to reduce its own costs to mitigate the impact of any revenue reductions. Conditions in the energy industry are influenced by numerous factors over which ClearStream has no control, including: the level of oil and gas prices; expectations about future oil and gas prices; the cost of exploring for, producing and delivering oil and gas; the expected rates of declining production; the discovery rates of new oil and gas reserves; available pipeline and other oil and gas transportation capacity; weather conditions; global political, military, regulatory and economic conditions; and the ability of oil and gas companies to raise equity capital or debt financing.

Quantum Murray's results were improved over 2013 and there is a foundation for growth. The return to greater profitability in the Demolition division is a key objective, now that losses of previous years have been reversed. Project execution is much improved but significant top line growth is required to build on the success achieved on smaller to medium sized projects. Lower scrap Metal volumes from the Demolition division have hurt the Metals division, and a decision has been made to dispose of that unit. Gross margins have been solid in the Emergency Response business, as well as the Remediation division, although some larger continuing projects have relatively low margins. Significant restructuring costs have also adversely affected results as the businesses have been re-aligned.

In the balance of the portfolio, Gusgo's results are improved from a year ago due to increased client activity and improved contract pricing. Gemma experienced reductions in call centre revenues from several clients this year. While Gemma's business has also been impacted by organizational change costs, it has increased significantly its focus on business development efforts which are expected to benefit future quarters. IC Group has continued to experience revenue reduction as clients marketing programs have been delayed or internalized. Titan is continuing its transition, and is re-aligning its sales force to better address customer needs.

Corporate costs are significantly reduced year over year, reflecting reduced head office headcount and careful management of professional services providers.

During the second quarter, the Company announced that it had entered into an arrangement agreement (the "Arrangement Agreement") pursuant to which certain members of Tuckamore's senior management, along with the support of certain funds managed by Birch Hill Equity Partners, had agreed to indirectly acquire all of the issued and outstanding common shares of the Company (not already owned by senior management) for cash consideration at a price of \$0.75 per share (the "Arrangement"). On July 11, 2014, the Company announced that it had adjourned the special meeting of shareholders called to consider the Arrangement to allow the Company additional time to consult with shareholders. On July 25, 2014, the Company announced that the Arrangement Agreement had been terminated and that the special meeting of shareholders had been cancelled.

On August 1, 2014 the Company announced that it had closed a transaction with Orange Capital Master I, Ltd. ("Orange Capital"), to sell \$13,333 of common shares of the Company to Orange Capital for a price of \$0.80 per share resulting in the issuance of 16,666,667 shares (the "Private Placement"). The Company used the net proceeds from the Private Placement to reduce outstanding indebtedness under its 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 credit facilities to extend the maturity date thereunder from March 9, 2015 to December 31, 2015.

Also, options were exercised by management resulting in the issue of 13,150,000 common shares. Proceeds of \$4,986 were used to reduce indebtedness under its senior credit agreement.

During July and early August, Access Holdings Management Company LLC ("Access") made repeated submissions to the TSX and OSC to consider a temporary cease trade order in respect of the Private Placement. On August 11, 2014 the Company announced that it had reached an agreement with Access and First Series of Halcyon Trading Fund LLC (collectively, the "Consortium") whereby Access agreed to withdraw all proceedings. As part of the agreement, the Consortium agreed to certain restrictions on participating in dissident proxy solicitation or take-over bids until May 31, 2016 and to limit its acquisitions of Tuckamore shares until September 30, 2015. Tuckamore agreed to reimburse certain legal and professional expenses incurred by the Consortium.

Tuckamore is in full compliance with all debt covenants. The improved financial ratios at the end of the second quarter resulted in a reduction of a half per cent on the senior facility for the third and fourth quarters.

Tuckamore's senior credit facility comes due in December 2015, and its secured debentures in March 2016. Through 2014 Tuckamore was able to repay \$23 million of its senior facility, and reduced its overall debt by a further \$26 million by converting to equity the unsecured debentures which matured in March 2014.

Management and its advisors are working diligently on refinancing options for its debt. Focus is on a solution that provides limited covenants and constraints in our credit facilities, and provides access to working capital to support the growth of the businesses in a much less restrictive manner.

Thank you for your continued support.



Dean T. MacDonald  
Chief Executive Officer

# Management's Discussion and Analysis

March 27, 2015

The following is management's discussion and analysis ("MD&A") of the consolidated results of operations, balance sheets and cash flows of Tuckamore Capital Management Inc. ("Tuckamore" or the "Company") for the years ended December 31, 2014, 2013 and 2012. This MD&A should be read in conjunction with Tuckamore's audited consolidated financial statements for the years ended December 31, 2014 and 2013.

All amounts in this MD&A are in Canadian dollars and expressed in thousands of dollars unless otherwise noted. The accompanying audited annual consolidated financial statements of Tuckamore have been prepared by and are the responsibility of management. The contents of this MD&A have been approved by the Board of Directors of Tuckamore on the recommendation of its Audit Committee. This MD&A is dated March 27, 2015 and is current to that date unless otherwise indicated.

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

This MD&A makes reference to certain measures that are not defined in IFRS and contains forward-looking information. These measures do not have any standard meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. See "Non-Standard Measures" on page 5.

Capitalized terms are defined terms, their meaning is explained in the "Definitions" section located on page 49, and references to "we", "us", "our" or similar terms, refer to Tuckamore, unless the context otherwise requires.

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### **Forward-looking information**

This MD&A contains certain forward-looking information. Certain information included in this MD&A may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results and may include statements or information regarding the future plans or prospects of Tuckamore or the Operating Partnerships and reflects management's expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of Tuckamore and the Operating Partnerships. Without limitation, information regarding the future operating results and economic performance of Tuckamore and the Operating Partnerships constitute forward-looking information. Such forward-looking information reflects management's current beliefs and is based on information currently available to management of Tuckamore and the Operating Partnerships. Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information including risks related to investments, conditions of capital markets, economic conditions, commodity prices, dependence on key personnel, limited customer bases, interest rates, regulatory change, ability to meet working capital requirements and capital expenditures needs of the Operating Partners, factors relating to the weather and availability of labour. These factors should not be considered exhaustive. In addition, in evaluating this information, investors should specifically consider various factors, including the risks outlined under "Risk Factors," which may cause actual events or results to differ materially from any forward-looking statement. In formulating forward-looking information herein, management has assumed that business and economic conditions affecting Tuckamore and the Operating Partnerships will continue substantially in the ordinary course, including without limitation with respect to general levels of economic activity, regulations, taxes and interest rates. Although the forward-looking information is based on what management of Tuckamore and the Operating Partnerships consider to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events or results will be consistent with this forward-looking information, and management's assumptions may prove to be incorrect. This forward-looking information is made as of the date of this MD&A, and Tuckamore does not assume any obligation to update or revise it to reflect new events or circumstances except as required by law. Undue reliance should not be placed on forward-looking information. Tuckamore is providing the forward-looking financial information set out in this MD&A for the purpose of providing investors with some context for the "2015 Outlook" presented. Readers are cautioned that this information may not be appropriate for any other purpose.

### **Non-standard measures**

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

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

**Adjusted EBITDA** refers to EBITDA excluding the loss on de-recognition of debt, the write-down of goodwill and intangible assets, transaction costs, write-down of long-term investments, restructuring costs and the interest, taxes, depreciation and amortization of long-term investments. Tuckamore has used Adjusted EBITDA as the basis for the analysis of its past operating financial performance. Adjusted EBITDA is used by Tuckamore and management believes it is a useful supplemental measure from which to determine Tuckamore's ability to generate cash available for debt service, working capital, capital expenditures, and income taxes. Adjusted EBITDA is a measure that management believes facilitates the comparability of the results of historical periods and the analysis of its operating financial performance which may be useful to investors. Tuckamore has provided a reconciliation of income (loss) from continuing operations to Adjusted EBITDA in its MD&A.

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

## CORPORATE DEVELOPMENTS

On May 5, 2014 the Company announced that it had entered into an arrangement agreement (the "Arrangement Agreement") pursuant to which certain members of Tuckamore's senior management, along with the support of certain funds managed by Birch Hill Equity Partners, had agreed to indirectly acquire all of the issued and outstanding common shares of the Company (not already owned by senior management) for cash consideration of \$0.75 per share. On July 11, 2014 the Company announced that it had adjourned the special meeting of shareholders called to consider the Arrangement Agreement, to allow the Company additional time to consult with shareholders. On July 25, 2014, the Company announced that the Arrangement Agreement had been terminated and that the special meeting of shareholders had been cancelled.

The Company also announced on July 25, 2014 that it had entered into a subscription agreement with Orange Capital Master I, Ltd. ("Orange Capital"), to sell \$13,333 of common shares of the Company to Orange Capital for a price not lower than \$0.75 per share resulting in the issuance of no more than 16,666,667 shares (the "Private Placement").

The Private Placement was the result of a process implemented by the board of directors (the "Board") with a view to refinancing its capital structure. On July 10, 2014 the Board formed a special committee of independent directors tasked with considering and providing the Board with advice and recommendations relating to certain strategic matters, including any potential financing or refinancing or restructuring of the Company's outstanding debt. Following a review of the financing alternatives available and the Company's need to obtain an extension of the maturity date of its senior indebtedness, the Special Committee recommended that the Board proceed with the Private Placement with Orange Capital. In making this decision, the Special Committee carefully considered feedback received from the Company's shareholders that the Company: (a) remain independent, (b) raise equity capital to stabilize Tuckamore's capital structure while minimizing shareholder dilution, and (c) add a strategic capital partner that brings industry, financial and governance expertise. The Board concluded that the Private Placement was in the best interests of the Company and that raising \$12,500 of additional equity with pricing of not lower than \$0.75 per share strengthened Tuckamore's capital structure and enabled the Company to seek and receive an extension of the maturity of the senior secured credit facility from March 9, 2015 to December 31, 2015.

On August 1, 2014, following repeated submissions by Access Holdings Management Company LLC ("Access") opposing the Private Placement transaction, the Toronto Stock Exchange ("TSX") confirmed its conditional approval of the Private Placement. Access indicated its intention to appeal the decision of the TSX, and on August 1, 2014 commenced an application before the Ontario Securities Commission (the "OSC") to consider a temporary cease trade order in respect of the Private Placement. The OSC dismissed this application on the basis that Tuckamore's counsel undertook that the company would effect an unwind of the Private Placement in the circumstance where Access actually appealed the TSX decision and was successful on such appeal.

On August 1, 2014, and in accordance with the decision of the OSC, Tuckamore completed the Private Placement at a price of \$0.80 per share for total gross proceeds of \$13,333. The Company used the net proceeds from the Private Placement to reduce outstanding senior indebtedness under its senior credit facilities.

In conjunction with the completion of the Private Placement and the repayment of indebtedness with the net proceeds, Tuckamore obtained approval from the lenders under its senior secured credit facilities to extend the maturity date thereunder from March 9, 2015 to December 31, 2015.

During the nine months ended September 30, 2014 options were exercised by management resulting in the issue of 13,150,000 common shares. Proceeds of \$4,986 were used to reduce outstanding senior indebtedness under its senior credit facilities.

On August 11, 2014 the Company announced that it had reached an agreement with Access and First Series of Halcyon Trading Fund LLC (collectively, the "Consortium") whereby Access agreed to withdraw all proceedings before the Ontario Securities Commission and the Ontario Superior Court clearing the way for Tuckamore to proceed with its annual general meeting on September 16, 2014 (the "AGM"). As part of the agreement, the Consortium agreed to certain restrictions on participating in dissident proxy solicitation or take-over bids until May 31, 2016 and to limit its acquisitions of Tuckamore shares until September 30, 2015. Tuckamore agreed to reimburse certain legal and professional expenses incurred by the Consortium.

The Company also undertook a Board-initiated governance renewal process and retained the services of Tom Long Consulting Inc., to assist the Compensation and Corporate Governance Committee in identifying new independent director candidates who could bring complementary skills and experience to the Board. The Consortium expressed its support for Board renewal at Tuckamore and believed the addition of new independent board members would create an opportunity to realize the Company's underlying value for the benefit of all shareholders. The resolution between the Consortium and the Company has allowed the Company to refocus its energies on running its businesses and enhancing shareholder value.

The result of retaining the services of an independent consulting firm was the selection and nomination as directors of Ms. Peggy Mulligan and Mr. Sean McMaster. Orange Capital, as part of its rights under the Private Placement with Tuckamore also nominated Mr. Jason Cho as a director. Each of Ms. Mulligan, Mr. McMaster and Mr. Cho were elected as directors of Tuckamore's Board at the Company's AGM on September 16, 2014. At the AGM, incumbent directors Mr. Mark Kinney and Dr. Cal Bricker did not stand for re-election.

## INDUSTRY SEGMENTS

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

<b>Operating Partner by Industry Segment</b>	<b>Business Description</b>	<b>Ownership Interest</b>
<b>Marketing</b>		
Gemma	Integrated direct marketing company.	100%
IC Group	Provider of on-line promotional and loyalty programs and select insurance products.	80%
<b>Industrial Services</b>		
ClearStream	Provider of oil and gas maintenance, construction and wear technology services to both the conventional oil and gas industry and the oilsands.	100%
Quantum Murray	National provider of demolition, remediation and scrap metal services.	100%
<b>Other</b>		
Gusgo	Transportation and storage services provider.	80%
Rlogistics	Re-seller of close-out, discount and refurbished consumer electronics and household goods in Ontario.	36%
Titan	Manufacturer and distributor of rigging products and services, and ground engaging tools to the oil and gas, and construction sectors.	92%





## 2014 RESULTS COMMENTARY

Revenues for the year ended December 31, 2014 were \$703,102 compared to \$647,788 in 2013 and \$649,681 in 2012, an increase of 8.5% from 2013 and an increase of 8.2% from 2012. ClearStream experienced increased business volumes at most of its divisions, while Quantum Murray was also able to generate increased revenues in comparison to the prior year. Revenues were higher than 2012 because of ClearStream's significant growth over the last two years.

Gross profit for the year ended December 31, 2014 was \$147,705 compared to \$136,331 in 2013 and \$114,759 in 2012. Gross margins were 21.0% compared to 21.0% in 2013 and 17.7% in 2012. Margins at Remediation and Hazmat divisions of Quantum Murray improved in comparison to the same period in the prior year. Margins at ClearStream in 2014 were slightly below those in 2013, and reflect reduced volumes in the Oilsands maintenance division in the second quarter. In 2012, gross margins were negatively impacted by losses in the demolition division at Quantum Murray.

Tuckamore's continuing operations from its portfolio investments are reported in its three operating segments: Marketing, Industrial Services and Other. For the year ended December 31, 2014, these three operating segments, before corporate costs, produced \$57,401 of Adjusted EBITDA for Tuckamore compared to \$52,117 in 2013 and \$44,240 in 2012. Refer to the chart on the following page for Adjusted EBITDA by operating partner.

Corporate costs for the year ended December 31, 2014 were \$3,747 compared to \$6,866 in 2013 and \$6,882 in 2012. The decrease in 2014 from 2013 related to lower compensation costs from reduced headcount and lower legal and professional costs. Costs incurred in 2012 were in line with 2013.

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.

Non-cash items that impacted the results were depreciation and amortization, deferred income taxes and loss on de-recognition of debt. Depreciation and amortization was \$20,730 for the year ended December 31, 2014 compared to \$22,627 for 2013 and \$23,507 for 2012.

During the year ended December 31, 2014 \$5,000 of brand intangibles related to Quantum Murray was impaired due to continuing lower levels of business volumes. In addition \$2,000 of goodwill related to IC Group was impaired due to lower business volumes from key clients. During the year ended December 31, 2013 \$2,712 of goodwill and \$3,001 of brand intangibles related to Gemma were impaired as a result of business volume declines. In 2012, goodwill of \$4,201 was impaired as a result of the anticipated impact of declines in the volume of business from a significant customer related to Gemma. In 2012, \$5,067 of brand related to various subsidiaries of ClearStream was written down due to the implementation of a rebranding strategy, which was put into place to improve the market presence and brand strength of the organization.

On March 9, 2012 Tuckamore completed an assignment to the Bank of Montreal of the senior credit facility from its former lenders. The assignment and associated amendment and restatement of the senior credit facility was considered a de-recognition of debt. In 2012, a loss on de-recognition of \$1,534 was recorded representing transaction costs and the write-off of deferred financing costs related to the extinguished credit facility.

For the year ended December 31, 2014, interest costs, excluding accretion expense, were \$18,848 compared with \$20,727 in 2013 and with \$21,380 in 2012. Non-cash accretion expense was \$8,878 for 2014 compared to \$12,878 for 2013 and \$11,112 in 2012. Accretion expense relates to the secured and unsecured debentures, which were recorded at their fair values, and accrete up to their face value using the effective interest method over the term of the Debentures. The reduction in accretion expense in 2014 reflects the settlement of the unsecured debentures in March 2014.

During the year ended December 31, 2014, the operating segments had capital expenditures and capital lease payments of \$13,901 compared to \$13,912 in 2013 and \$10,011 in 2012. The majority of these expenditures were incurred in the Industrial Services segment.

The net loss from continuing operations was \$7,836 for the year ended December 31, 2014, compared to a net loss from continuing operations of \$14,696 and \$26,721 for 2013 and 2012 respectively.

<b>Adjusted EBITDA</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>\$000s</b>		Restated <sup>1</sup>	Restated <sup>1</sup>		
<b>Marketing</b>					
Gemma	(3,144)	(227)	1,661	(2,917)	(4,805)
IC Group	(117)	935	1,208	(1,052)	(1,325)
	\$ (3,261)	\$ 708	\$ 2,869	\$ (3,969)	\$ (6,130)
<b>Industrial Services</b>					
ClearStream	57,096	47,646	37,689	9,450	19,407
Quantum Murray	(318)	(992)	(2,291)	674	1,973
	\$ 56,778	\$ 46,654	\$ 35,398	\$ 10,124	\$ 21,380
<b>Other</b>					
Gusgo	2,952	2,276	2,866	676	86
Titan	252	2,479	3,107	(2,227)	(2,855)
Rlogistics	-	-	-	-	-
	\$ 3,204	\$ 4,755	\$ 5,973	\$ (1,551)	\$ (2,769)
Adjusted EBITDA from portfolio oper	\$ 56,721	\$ 52,117	\$ 44,240	\$ 4,604	\$ 12,481
Corporate	(3,747)	(6,866)	(6,882)	3,119	3,135
Adjusted EBITDA from operations	\$ 52,974	\$ 45,251	\$ 37,358	\$ 7,723	\$ 15,616

<sup>1</sup>Adjusted for discontinued operations.

## MARKETING

Gemma had a challenging year with decreases in revenues from several key clients. The business also transitioned to a new management team, and incurred significant restructuring costs. This new team has brought increased focus to generating new revenue and clients which should benefit future quarters.

IC Group' results were also down compared to the prior years. The results have been impacted by revenue reductions in several of the core accounts, where some clients have taken in-house some loyalty programs previously outsourced to IC Group. Margins however are improved and there has been good progress in cost containment within the corporate expense categories, although offset by certain one-time costs.

## INDUSTRIAL SERVICES

Within the Industrial Services division, ClearStream reported strong results. While some improvement at Quantum Murray has been made, the full benefits of progress are most likely to be seen in the future.

At ClearStream, most divisions reported increased revenues. Revenue gains at the Fabrication division and the Conventional oil and gas maintenance divisions were the most favorable. Revenues and gross margins at the Oilsands division were lower than the previous year due to production capacity issues at a major client in the second quarter. As a result, overall gross margin at ClearStream was slightly decreased from 2013.

ClearStream's EBITDA contribution in 2014 was significantly higher than the previous year largely because of a 7% revenue increase year over year, and careful cost management which resulted in a decrease in selling, general and administrative expenses.

At Quantum Murray, increased revenues came primarily from the Remediation and Emergency Response divisions, in the Pacific and Prairie regions respectively. A larger Remediation mandate contributed to the increase and will impact revenues favourably through 2015, albeit at lower gross margins. The Demolition division continues to perform well on smaller to medium projects resulting in improved gross margins than the previous year, but still needs higher business volumes to fully leverage its infrastructure. The lower base of Demolition volumes has contributed to a poor scrap metals division performance, and to the decision to dispose of this division. Results were also impacted by the recording of increased bad debt provision relating to a client in receivership.

## OTHER

Gusgo had a strong performance with revenues increased from the prior year. Increased business volumes and improved contract pricing from two major clients drove the improvement as Gusgo was able to maintain gross margin levels and selling and general expense levels.

Titan had a difficult year. Revenues were reduced from a year ago, with increased competition, challenging conditions for weather related products, and a new sales force all contributing factors. Although gross margins were improved due to product mix, overhead costs increased as the business invested in additional sales and marketing staff.

## ACQUISITIONS

### NORTECH

On August 1, 2014 ClearStream paid \$500 to acquire the remaining 20% of Nor-Tech Systems LP ("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. It was deemed that 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)
<u>Long-term liabilities</u>	<u>(463)</u>
Net assets acquired	501
Less: Advance settled	<u>(285)</u>
Consideration paid, in cash	216
<u>Bank indebtedness/ (cash acquired)</u>	<u>-</u>
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.

## SEGMENT OPERATING RESULTS

### MARKETING

The Marketing segment includes 100% of the results of Gemma and Tuckamore's proportionate share of the results of IC Group. Although the Company is required to report interests in joint ventures using the equity method of accounting under IFRS 11 *Joint Arrangements*, management views the business as if the assets, liabilities, revenues and expenses of joint ventures (IC Group in the Marketing Segment) were proportionately consolidated. Proportionately consolidated results are used by management to make major strategic and operating decisions. As such, segment results include joint ventures as if they were proportionately consolidated.

Gemma	- Outsourced contact centre operator providing outbound revenue generation and inbound customer care services
IC Group	- Provider of on-line promotional and loyalty programs and a provider of select insurance products

### SUMMARY FINANCIAL TABLE (\$000s)

	Year Ended December 31,	
	2014	2013
Revenues	\$ 24,533	\$ 30,461
Cost of revenues	(15,997)	(19,432)
Gross profit	8,536	11,029
Selling, general and administrative expenses	(11,797)	(10,321)
Amortization expense	-	(1,471)
Depreciation expense	(555)	(500)
Interest expense	(92)	(54)
Write-down of goodwill	(2,000)	(5,713)
Income tax expense - current	-	(18)
Income tax recovery - deferred	6	1,221
Loss for the year	\$ (5,902)	\$ (5,827)
Add:		
Amortization	-	1,471
Depreciation	555	500
Interest expense	92	54
Income tax expense - current	-	18
Income tax recovery - deferred	(6)	(1,221)
EBITDA	\$ (5,261)	\$ (5,005)
Write-down of goodwill	2,000	5,713
Adjusted EBITDA	\$ (3,261)	\$ 708

## **(I) REVENUES**

Revenues for the Marketing segment were \$24,533 during the year ended December 31, 2014, which represents a 19.5% decrease from \$30,461 reported for the prior year. Decreases at Gemma reflected reduced programs at key clients, as well as the consolidation of service providers by a client. The timing and frequency of outbound call programs at large clients can fluctuate. At IC Group, revenue reduction primarily relates to clients taking some programs in-house.

## **(II) GROSS PROFIT**

Gross profit for the Marketing segment was \$8,536, and gross margin percentage was 34.8% for the year ended December 31, 2014 compared to a gross profit of \$11,029 and gross margin of 36.2% in 2013. The decreased gross margin percentage was at Gemma and reflected high new business training costs in the fourth quarter, offset to some extent by margin gains at IC Group where cost management measures reduced the impact of lower revenues.

## **(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

Selling, general and administrative expenses for the year ended December 31, 2014 were \$11,797 compared to \$10,321 in the prior year. These expenses as a percentage of revenues were 48.1% in 2014 compared to 33.9% in 2013. The increase was primarily due to restructuring and other one-time costs of \$1,980 incurred at Gemma in 2014 and an allowance against a receivable balance recorded at IC Group.

## **(IV) WRITE-DOWN OF GOODWILL**

During the year ended December 31, 2014, \$2,000 of goodwill related to IC Group was impaired due to lower business volumes from key clients. During the year ended December 31, 2013, \$2,712 of goodwill and \$3,001 of brand intangibles related to Gemma were impaired as a result of business volume declines.

## INDUSTRIAL SERVICES

The Industrial Services segment includes 100% of the results of ClearStream and Quantum Murray. A decision was made in late 2014 to dispose of the Metals division of Quantum Murray. The results of this division have been categorized as Discontinued Operations for both the current and comparative year. Although the Company is required to report interests in joint venture's using the equity method of accounting under IFRS 11 *Joint Arrangements*, management views the business as if the assets, liabilities, revenues and expenses of joint ventures (joint ventures at ClearStream) were proportionately consolidated. Proportionately consolidated results are used by management to make major strategic and operating decisions. As such, segment results include joint ventures as if they were proportionately consolidated.

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

### SUMMARY FINANCIAL TABLE (\$000s)

	Year Ended December 31,	
	2014	2013 Restated <sup>1</sup>
Revenues	\$ 688,984	\$ 637,199
Cost of revenues	(545,603)	(505,372)
Gross profit	143,381	131,827
Selling, general and administrative expenses	(86,603)	(85,173)
Amortization expense	(6,776)	(6,800)
Depreciation expense	(13,009)	(12,724)
Interest expense	(10,733)	(11,794)
Write-down of goodwill and intangible assets	(5,308)	-
Income tax recovery - current	18	16
Income tax recovery - deferred	3,788	1,827
Income for the year	\$ 24,758	\$ 17,179
Add:		
Amortization expense	6,776	6,800
Depreciation expense	13,009	12,724
Interest expense	10,733	11,794
Income tax recovery - current	(18)	(16)
Income tax recovery - deferred	(3,788)	(1,827)
EBITDA	\$ 51,470	\$ 46,654
Write-down of goodwill and intangible assets	5,308	-
Adjusted EBITDA	\$ 56,778	\$ 46,654

<sup>1</sup>Adjusted for discontinued operations.



## INDUSTRIAL SERVICES

	Year Ended December 31,			
	ClearStream		Quantum Murray	
	2014	2013	2014	2013
				Restated <sup>1</sup>
Revenues	\$ 559,510	\$ 522,524	\$ 129,474	\$ 114,675
Cost of revenues	(444,885)	(413,510)	(100,718)	(91,862)
Gross profit	114,625	109,014	28,756	22,813
Selling, general and administrative expenses	(57,529)	(61,368)	(29,074)	(23,805)
Amortization expense	(5,692)	(5,849)	(1,084)	(951)
Depreciation expense	(9,350)	(9,170)	(3,659)	(3,554)
Interest expense	(10,126)	(11,523)	(607)	(271)
Write-down of goodwill and intangible assets	(308)	-	(5,000)	-
Income tax recovery - current	18	16	-	-
Income tax recovery (expense) - deferred	1,592	2,324	2,196	(497)
Income (loss) for the year	\$ 33,230	\$ 23,444	\$ (8,472)	\$ (6,265)
Add:				
Amortization expense	5,692	5,849	1,084	951
Depreciation expense	9,350	9,170	3,659	3,554
Interest expense	10,126	11,523	607	271
Income tax recovery - current	(18)	(16)	-	-
Income tax (recovery) expense - deferred	(1,592)	(2,324)	(2,196)	497
EBITDA	\$ 56,788	\$ 47,646	\$ (5,318)	\$ (992)
Write-down of goodwill and intangible assets	308	-	5,000	-
Adjusted EBITDA	\$ 57,096	\$ 47,646	\$ (318)	\$ (992)

<sup>1</sup>Adjusted for discontinued operations.

### (I) REVENUES

Revenues from the Industrial Services segment were \$688,984 for the year ended December 31, 2014 compared with \$637,199 in the prior year, which reflects an increase of 8.1%.

Revenues at ClearStream were \$559,510 for the year ended December 31, 2014 compared with \$522,524 in the prior year, which reflects an increase of 7.1%.

The improvement in revenues at ClearStream reflected increased business volumes at the conventional oil and gas maintenance services division, as well as the wear and fabrication divisions. Revenues were heavily weighted towards the first half of the year in the fabrication division, as demand for new project work decreased in the second half. Increases at the maintenance division have been driven by growing operational and maintenance services at a large NE British Columbia client, and the wear division continues to enjoy strong demand for its pipe coating product. Revenues at the oilsands division were reduced from a year ago but only because of unexpected reduced capacity at a major client in the first half of the year. Second half revenues at this division were significantly higher than a year ago.

Revenues at Quantum Murray were \$129,474 for the year ended December 31, 2014 compared with \$114,675 in the prior year, which reflects an increase of 12.9%.

At Quantum Murray, increased revenues came primarily from the remediation and emergency response divisions, in the pacific and prairie regions respectively. A larger remediation project mandate contributed to the increase and will continue through 2015 providing a solid revenue base to build upon. The demolition and hazmat division's revenues were slightly increased from a year ago, but for the moment remain limited to smaller to medium projects.

## **(II) GROSS PROFIT**

Gross profit was \$143,381 for the year ended December 31, 2014 compared with \$131,827 in 2013. Gross profit margin was 20.8% compared to 20.7% in 2013.

At ClearStream, gross profit was \$114,625 for the year ended December 31, 2014 compared with \$109,014 in 2013. Gross profit margin was slightly reduced at 20.5% compared to 20.9% in 2013. Margins were maintained or bettered in most of the divisions due to increased demand in some situations within the wear and fabrication divisions, but also due to more efficient communication, processes and systems, as well as better equipment utilization and purchasing practices. In the Oilsands division, there was some margin pressure as more competitive rates were agreed with clients to secure new work.

At Quantum Murray, gross profit was \$28,756 for the year ended December 31, 2014 compared with \$22,813 in 2013. Gross profit margin 22.2% compared to 19.9% in 2013.

The most significant reason for the margin improvement was the turnaround in the demolition division's gross margins compared to the prior year. In 2013, gross margins continued to be impacted by cost overruns on some older long term projects. Margin percentages within the remediation business were slightly improved, but emergency response margins, which tend to be very much project specific, while still healthy, were lower than the previous year.

## **(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

Selling, general and administrative expenses were \$86,603 for the year ended December 31, 2014 compared to \$85,173 in 2013.

ClearStream's selling, general and administrative expenses were \$57,529 for the year ended December 31, 2014 compared to \$61,368 in 2013. Selling, general and administrative expenses as a percentage of revenues were 10.3% for the year ended December 31, 2014 compared to 11.7% in 2013. Higher expenses in 2013 reflect site relocation costs and brand awareness marketing campaign, and the reductions in 2014 reflect a program of cost containment and expenditure control.

Quantum Murray's selling, general and administrative expenses were \$29,074 for the year ended December 31, 2014 compared to \$23,805 in 2013. Selling, general and administrative expenses on a percentage of revenue basis were 22.5% for the year ended December 31, 2014 compared to 20.8% in 2013. The percentage increase reflects new system implementation costs, restructuring and severance costs associated with business re-alignment, and an increase in bad debt provisions relating to a client in receivership.

#### **(IV) SEASONALITY**

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

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

#### **(V) WRITE-DOWN OF GOODWILL**

During the year ended December 31, 2014, \$308 of goodwill related to a subsidiary of ClearStream was impaired.

During the year ended December 31, 2014, \$5,000 of brand intangibles related to Quantum Murray was impaired and written down.

## OTHER

The Other segment includes Tuckamore's proportionate share of the results of Gusgo (80%) and Titan (92%). This segment also includes income from Tuckamore's equity investment in Rlogistics (36%). Although the Company is required to report interests in joint venture's using the equity method of accounting under IFRS 11 *Joint Arrangements*, management views the business as if the assets, liabilities, revenues and expenses of joint ventures (Gusgo and Titan in the Other segment) were proportionately consolidated. Proportionately consolidated results are used by management to make major strategic and operating decisions. As such, segment results include joint ventures as if they were proportionately consolidated.

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

## SUMMARY FINANCIAL TABLE (\$000s)

	Year Ended December 31,	
	2014	2013
Revenues	\$ 45,736	\$ 50,571
Cost of revenues	(29,971)	(34,612)
Gross profit	15,765	15,959
Selling, general and administrative expenses	(12,561)	(11,204)
Amortization expense	-	(475)
Depreciation expense	(521)	-
Interest expense	(711)	(715)
Income tax expense - deferred	(40)	(51)
Income for the year	\$ 1,932	\$ 3,514
Add:		
Amortization expense	-	475
Depreciation expense	521	-
Interest expense	711	715
Income tax expense - deferred	40	51
Adjusted EBITDA	\$ 3,204	\$ 4,755

## (I) REVENUES

Revenues for the Other segment were \$45,736 for the year ended December 31, 2014, compared to \$50,571 in the prior year, which reflects a decrease of 9.6%. Gusgo had a strong performance with revenues increased from the prior year. Increased business volumes, which are expected to continue, and improved contract pricing from two major clients contributed to the revenue growth. Titan's revenues decreased from 2013. Titan has experienced increased competition for its products, a restructuring of its sales force, and has seen challenging conditions for its weather related wear and ground engaging products.

**(II) GROSS PROFIT**

Gross profit was \$15,765 for the year ended December 31, 2014, compared with \$15,959 in the prior year. Gross profit margin was 34.5% for the year ended December 31, 2013 compared to 31.6% for the prior year. The increase in gross profit margins was at both Gusgo and Titan. At Gusgo, the increased business volumes were handled with limited incremental costs through operational efficiencies. Titan's gross margin percentage improved through a combination of competitively priced product sourcing, product mix and innovative pricing strategies.

**(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

Selling, general and administrative expenses were \$12,561 for the year ended December 31, 2014, compared with \$11,204 for the prior year. These expenses as a percentage of revenues were 27.5% for the year ended December 31, 2014, compared to 22.2% in the prior year. Gusgo's costs have remained consistent with the prior year and the increase at Titan relates to restructuring costs and investments in additional sales resources and marketing initiatives.

**(IV) INCOME FROM EQUITY INVESTMENTS**

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

## CORPORATE

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

### SUMMARY FINANCIAL TABLE (\$000s)

	Year Ended December 31,	
	2014	2013
Selling, general and administrative expenses	\$ (3,747)	\$ (6,866)
Amortization expense	(22)	(702)
Depreciation expense	(479)	(645)
Interest expense	(16,211)	(21,156)
Transaction costs	(9,057)	-
Income tax expense - current	(2,114)	(27)
Income tax recovery (expense) - deferred	3,006	(166)
Loss for the year	\$ (28,624)	\$ (29,562)
Add:		
Amortization expense	22	702
Depreciation expense	479	645
Interest expense	16,211	21,156
Income tax expense - current	2,114	27
Income tax (recovery) expense - deferred	(3,006)	166
EBITDA	\$ (12,804)	\$ (6,866)
Transaction costs	9,057	-
Adjusted EBITDA	\$ (3,747)	\$ (6,866)

#### (I) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were \$3,747 for the year ended December 31, 2013, compared to \$6,866 for the prior year. The break-down of selling, general and administrative expenses is as follows:

	Year Ended December 31,	
	2014	2013
Salaries and benefits	\$ 3,880	\$ 5,452
Stock-based compensation expense	-	170
Audit, accounting and tax	514	832
Other costs, net	(647)	412
Selling, general and administrative expenses	\$ 3,747	\$ 6,866

The decrease in salaries reflects reductions in head office headcount. 2013 salaries expense also includes executive severance costs. The reduction in audit, accounting and tax reflects improved efficiencies in the audit process, and the reduction in other costs reflects savings through use of internal legal counsel services.

#### (II) INTEREST EXPENSE

Total interest expense was \$16,211 for the year ended December 31, 2014 compared to \$21,156 in the prior year. For the year ended December 31, 2014, interest costs, excluding accretion expense, were \$7,333 compared with \$8,278 in 2013. Non-cash accretion expense was \$8,878 for 2014 compared to \$12,878 for 2013. Accretion expense relates to the secured and unsecured debentures, which were recorded at their fair values, and accrete up to their face value using the effective interest method over the term of the Debentures. The decrease in accretion expense relates to the settlement of the unsecured debentures in March 2014.

The decrease in interest expense excluding accretion expense reflects interest savings due to lower senior indebtedness balances from repayments in 2014 as well as pay downs of the revolving facility with cash on hand. At the corporate division, interest expense is net of interest income received from the other business segments.

### **(III) TRANSACTION COSTS**

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 reimbursement costs related to both the proposed, but unsuccessful, acquisition of all the shares of the Company, and to certain activities undertaken by a minority group of dissident shareholders.

## FOURTH QUARTER 2014 RESULTS

	Quarter Ended December 31,	
	2014	2013 Restated <sup>1</sup>
Revenues	\$ 176,800	\$ 160,279
Cost of revenues	(139,937)	(126,315)
Gross profit	36,863	33,964
Selling, general and administrative expenses	(27,390)	(28,784)
Amortization expense	(1,589)	(1,924)
Depreciation expense	(4,766)	(2,927)
Loss (income) from long-term investments	(2,277)	1,708
Interest expense	(6,352)	(8,368)
Write-down of goodwill and intangibles	(5,308)	-
Income tax (expense) recovery - current	(2,114)	89
Income tax recovery - deferred	3,402	130
<b>Loss from continuing operations</b>	<b>\$ (9,531)</b>	<b>\$ (6,112)</b>
Add:		
Amortization expense	1,589	1,924
Depreciation expense	4,766	2,927
Interest expense	6,352	8,368
Income tax expense (recovery) - current	2,114	(89)
Income tax recovery - deferred	(3,402)	(130)
EBITDA	\$ 1,888	\$ 6,888
of long term investments	183	215
Impairment of goodwill related to long-term investments	2,000	-
Write-down of goodwill and intangibles	5,308	-
<b>Adjusted EBITDA</b>	<b>\$ 9,379</b>	<b>\$ 7,103</b>

<sup>1</sup>Adjusted for discontinued operations.

## FOURTH QUARTER RESULTS COMMENTARY

Revenues for the three months ended December 31, 2014 were \$176,800 compared to \$160,279 in 2013, an increase of 10.0%. The increase was primarily related to ClearStream which had a very active fourth quarter in its oilsands maintenance division.

Gross profit for the three months ended December 31, 2014 was \$36,863 compared to \$33,964 in 2013, an increase of 8.5%. Gross margins were 20.9% for the three months ended December 31, 2014 compared to 21.2% in the 2013 period.

Tuckamore's continuing operations from its portfolio investments are reported in its three industry segments: Marketing, Industrial Services and Other. For the three months ended December 31, 2014, these three industry segments produced \$10,719 of Adjusted EBITDA for Tuckamore compared to \$8,917 in 2013. Refer to the chart below for Adjusted EBITDA by operating partner. During the final quarter, interest costs, excluding accretion expense, were \$ 4,536 compared with \$4,959 in 2013. Accretion of the secured and unsecured debentures was \$1,816 for the fourth quarter of 2014 compared to \$3,409 in prior year period. During the three months ended December 31, 2014, the capital expenditures and capital lease payments were \$2,070 and \$1,829, as compared to \$4,492 and \$1,522 in the same period in 2013. The majority of these expenditures were incurred in the Industrial Services segments.



Non-cash items that impacted the results were depreciation and amortization, and deferred income taxes. Depreciation and amortization was \$6,355 for the three months ended December 31, 2014, compared to \$4,851 for 2013.

Net loss for the three months ended December 31, 2014 from continuing operations was \$9,531 compared to \$6,112 in 2013.

<b>Adjusted EBITDA</b>	<b>Q4 2014</b>	<b>Q4 2013</b>	<b>2014 vs. 2013</b>
<b>\$000s</b>		Restated <sup>1</sup>	
<b>Marketing</b>			
Gemma	(1,008)	(617)	(391)
IC Group	(589)	222	(811)
	\$ (1,597)	\$ (395)	\$ (1,202)
<b>Industrial Services</b>			
ClearStream	14,860	10,534	4,326
Quantum Murray	(4,038)	(2,564)	(1,474)
	\$ 10,822	\$ 7,970	\$ 2,852
<b>Other</b>			
Gusgo	940	650	290
Titan	(126)	692	(818)
Rlogistics	-	-	-
	\$ 814	\$ 1,342	\$ (528)
Adjusted EBITDA from portfolio operations	\$ 10,039	\$ 8,917	\$ 1,122
Corporate	(660)	(1,814)	1,154
Adjusted EBITDA from operations	\$ 9,379	\$ 7,103	\$ 2,276

<sup>1</sup>Adjusted for discontinued operations.

## INDUSTRIAL SERVICES

ClearStream's fourth quarter results were stronger than last year with revenues increased by 7.1%. The increase in revenues was primarily in the oilsands maintenance division which completed maintenance programs previously deferred from the second quarter. Wear revenues were similar to a year ago but conventional maintenance service revenue and more particularly fabrication revenues were lower than last year. Margins were slightly lower than last year more as a result of revenue mix, but significant savings in overhead costs through cost containment measures resulted in a strong earnings performance.

At Quantum Murray, revenues in the demolition and emergency response divisions were increased from the prior year quarter. These divisions were also the main contributors to the increase in gross margins. There has been a steady improvement in demolition gross margins through the year, as older projects have been completed. The better margins however were offset this quarter by costs associated with restructuring and business alignment, and bad debt provisions.

## MARKETING

Gemma had lower revenues in comparison to the same quarter in the prior year. Reduction in hours from a major client significantly impacted results. Margins were also impacted by training costs for new programs commencing soon. Revenues were lower at IC Group compared to a year ago, and IC Group is working to maintain profitability by bringing costs in line with the reduced business volumes. Certain one-time costs were recorded in the quarter.

## OTHER

Titan's results for the quarter were impacted by lower sales of ground engaging products due to warmer weather, resulting in revenues lower than the same quarter in the prior year. Gusgo had higher revenues than a year ago, largely because of continued increased business volumes from two major clients. Margins were also improved as costs were carefully managed.

## 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 an inordinate 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 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.

<b>Thomson Metals - Quantum Murray - Industrial Services</b>	December 31, 2014	December 31, 2013
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
	<u>3,293</u>
<b>Liabilities</b>	
Accounts payable & accrued liabilities	2,290
Capital lease obligation	543
Other liabilities	460
	<u>3,293</u>
<b>Net assets directly associated with the disposal group</b>	-

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>	<u>(307)</u>	<u>381</u>

Immediately before the classification of Thomson Metals as discontinued operations, the recoverable amount was estimated for accounts receivable and property, plant and equipment and no impairment loss was identified. Following the classification, a write-down of \$8,976 was recognized to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell. This was recognized in discontinued operations in the consolidated statement of loss and comprehensive loss

## LIQUIDITY AND CAPITAL RESOURCES

### CASH FLOW

The following table summarizes the major consolidated cash flow components:

	2014	2013
Cash provided by operating activities	\$ 8,300	\$ 27,129
Cash used in investing activities	(1,940)	(2,386)
Cash used in financing activities	(12,703)	(6,403)
Consolidated cash as at December 31	22,714	28,883

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

### CASH PROVIDED BY OPERATING ACTIVITIES

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

	2014	2013
Cash provided by operations	\$ 22,138	\$ 18,734
Changes in non-cash balances		
Accounts receivable	(17,023)	14,928
Inventories	(10,228)	3,205
Prepaid expenses	2,154	(2,268)
Other current assets	624	210
Accounts payable, accrued liabilities and income taxes payable	8,198	(6,894)
Deferred revenue	2,315	343
Decrease in cash due to changes in non-cash balances	(13,960)	9,524
Cash and distributions provided by discontinued operations	122	(1,129)
Cash provided by operating activities	\$ 8,300	\$ 27,129

## CASH USED IN INVESTING ACTIVITIES

Cash (used in) provided by investing activities totaled (\$1,940) compared to (\$2,386) in the prior year period. See table below for further details.

	2014	2013
Distributions from long-term investments	\$ 5,186	\$ 4,614
Purchase of property, plant and equipment	(7,109)	(8,107)
Proceeds on disposition of property plant and equipment	699	1,423
Proceeds on disposition of businesses	-	-
Purchase of intangibles	(408)	(368)
Increase in other assets	-	52
Acquisition of businesses, net	(308)	-
Cash (used in) provided by investing activities	\$ (1,940)	\$ (2,386)

## CASH USED IN FINANCING ACTIVITIES

Cash used in financing activities was (\$12,703) for the year ended December 31, 2014 and cash used in financing activities was (\$6,403) in the prior year.

	2014	2013
Repayment of long-term debt	\$ (22,968)	\$ (118)
Increase in cash held in trust	-	(15)
Repayment of capital lease obligations	(6,792)	(5,805)
Proceeds from issuance of common shares	12,500	-
Proceeds from exercise of options for common shares	4,986	-
Cash used in discontinued operations	(429)	(465)
Cash used in financing activities	\$ (12,703)	\$ (6,403)

## FINANCING

### AMENDED SENIOR CREDIT FACILITY

On March 9, 2012 Tuckamore completed an assignment (the "Assignment") to Bank of Montreal ("BMO") of Newport Finance Corp.'s (now known as Tuckamore Finance Corp.) (the "Borrower") senior secured credit facility from Marret, on behalf of various funds under its management. In connection with the Assignment, the Borrower entered into the third amended and restated senior credit agreement by and among, among others, the Borrower, BMO and the other banks and financial institutions from time to time party thereto, as lenders (the "BMO Lenders") and BMO, in its capacity as administrative agent (the "Agent") for the BMO Lenders (the "Amended Senior Credit Facility"), which provided improved borrowing terms to the Tuckamore group of companies. The maturity date of the senior credit facility was March 9, 2015 and it had an interest rate of prime plus 1.5%.

The financial covenants of the Amended Senior Credit Facility were amended pursuant to a first amending agreement dated December 21, 2012 (with effect from November 13, 2012) by and among the Borrower, the BMO Lenders and the Agent (the "First Amending Agreement"). The amended covenants included 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. After the quarter ended June 30, 2013, the

covenants reverted back to the covenants in effect prior to the First Amending Agreement. As part of the First Amending 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.

The financial covenants of the Amended Senior Credit Facility were further amended pursuant to a second amending agreement dated September 25, 2013 by and among the Borrower, the BMO Lenders and the Agent (the "Second Amending Agreement"). The amended covenants included the interest coverage ratio, priority senior debt ratio and the minimum EBITDA amount, and were in effect from September 30, 2013 through to December 2014. As part of the Second Amending Agreement, the interest rate on the Amended Senior Credit Facility was adjusted to prime plus 1.75%. This rate may be reduced when certain leverage ratios are achieved. The total cost of the amendment was 0.225% or \$204.

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") and gross proceeds of \$13,333. Net proceeds of \$12,500 were used to reduce outstanding senior indebtedness under the Amended Senior Credit Facility. In conjunction with the Private Placement and repayment of debt from net proceeds, the Borrower obtained approval from the BMO Lenders pursuant to a third amending agreement dated August 1, 2014 by and among the Borrower, the BMO Lenders and the Agent, to extend the maturity date under the Amended Senior Credit Facility from March 9, 2015 to December 31, 2015. The total cost of the amendment was 0.175% or \$149.

Tuckamore is obligated to repay a portion of the Amended Senior Credit Facility prior to the maturity date of the 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. There are no repayments owing in respect of excess cash flow for 2014.

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. Because the Amended Senior Credit Facility matures on December 31, 2015 it has been classified as a current liability on the consolidated balance sheet of Tuckamore at December 31, 2014.

During 2014, options were exercised by management, resulting in the issuance of 13,150,000 common shares. Proceeds of \$4,986 were used to reduce outstanding senior indebtedness under the Amended Senior Credit Facility.

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

## DEBENTURES

### *Secured Debentures*

The Company issued secured debentures (the "Secured Debentures") in the aggregate principal amount of \$176,228 pursuant to a secured trust indenture dated as of March 23, 2011 (as amended by a first supplemental indenture dated March 31, 2011 and a second supplemental indenture dated June 29, 2011 between the Company, as issuer, and BNY Trust Company of Canada, as debenture trustee (as the same may be further amended, modified, supplemented, replaced or restated from time to time, the "Secured Trust Indenture"). The Secured Debentures were listed on the Toronto Stock Exchange ("TSX") on the date of closing of March 23, 2011.

The maturity date of the Secured Debentures is March 23, 2016 (the "Secured Debenture Maturity Date"). The interest rate is 8.0% 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 Amended 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 Amended Senior Credit Facility or certain debt incurred in the future by Tuckamore's subsidiaries.

#### *Unsecured Debentures*

The Company issued unsecured debentures (the "Unsecured Debentures") in the aggregate principal amount of \$26,552 pursuant to an unsecured trust indenture dated as of March 23, 2011. The Unsecured Debentures matured on March 23, 2014 (the "Unsecured Debenture Maturity Date"). 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 at the Unsecured Debenture Maturity Date.

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.

## SUMMARY OF CONTRACTUAL OBLIGATIONS

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>

<sup>1</sup> 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.



## SOURCES OF FUNDING

Tuckamore will continue to look to reduce its debt leverage. The financing arrangements are designed to ensure that debt balances are reduced as quickly as possible. Consequently, proceeds of all asset sales are required to retire debt, as well as 75% of excess cash flow. In March 2014 Tuckamore repaid \$5,481, representing 75% of excess cash flow for the fourth quarter of 2013. There will be no excess cash flow repayment in respect of 2014.

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

The services provided by both ClearStream and Quantum Murray are labour intensive. Employees are remunerated every two weeks and clients typically pay invoices in 60 to 90 days. This funding gap is filled by working capital advances from Tuckamore to these businesses. During peak business activity, for example the spring and fall shutdown maintenance programs at ClearStream, a higher number of employees are at customer sites, and this increases the need for working capital advances. Working Capital advances provided to ClearStream and Quantum Murray are typically short term in nature, have no fixed repayment terms and bear interest at the rate of prime plus 1%.

## WORKING CAPITAL

	December 31, 2014	December 31, 2013
Current assets	\$ 213,007	\$ 199,898
Current liabilities	153,257	105,196
Total working capital	\$ 59,750	\$ 94,702

## CAPITAL EXPENDITURES

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

Year ended December 31, 2014	Marketing	ClearStream	Quantum	Other	Corporate	Eliminations	Total
Capital expenditures	\$ 679	\$ 4,072	\$ 2,467	\$ 843	\$ 3	\$ (955)	\$ 7,109
Finance lease repayments	83	5,131	1,578	307	-	(307)	\$ 6,792
Total capital expenditures	\$ 762	\$ 9,203	\$ 4,045	\$ 1,150	\$ 3	\$ (1,262)	\$ 13,901
Year ended December 31, 2013	Marketing	ClearStream	Quantum	Other	Corporate	Eliminations	Total
Capital expenditures	\$ 252	\$ 7,007	\$ 968	\$ 99	\$ -	\$ (220)	\$ 8,107
Finance lease repayments	94	4,471	1,240	348	-	(348)	\$ 5,805
Total capital expenditures	\$ 346	\$ 11,478	\$ 2,208	\$ 447	\$ -	\$ (568)	\$ 13,912

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Tuckamore prepares its consolidated financial statements in accordance with IFRS. The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of the consolidated financial statements. Significant accounting policies and methods used in the preparation of the consolidated financial statements are described in note 1 in the December 31, 2014 consolidated financial statements. Tuckamore and the Operating Partnerships evaluate their estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Included in the consolidated financial statements are estimates used in determining allowance for doubtful accounts, inventory valuation, the useful lives of property, plant and equipment and intangible assets, revenue recognition and other matters. Actual results could differ from those estimates and assumptions.

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

### **GOODWILL AND INTANGIBLE ASSETS**

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. When Tuckamore enters into a business combination, the acquisition method of accounting is used. Goodwill is assigned as of the date of the business combination to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination. Goodwill is not amortized and is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the asset might be impaired. The book value of goodwill was \$61,128 at December 31, 2014 (December 31, 2013 - \$61,128).

Intangible assets acquired individually or as part of a group of other assets are recognized and measured at cost. Intangible assets acquired in a transaction, including those acquired in business combinations, are recorded at their fair value. Intangible assets with determinable useful lives, such as customer relationships and contracts, are amortized over their useful lives and are tested for impairment when there is an indicator of impairment. Intangible assets having an indefinite life, such as brands, are not amortized but instead are tested for impairment on an annual or more frequent basis. The net book value of intangible assets was \$38,506 at December 31, 2014 (December 31, 2013 - \$49,896).

## LONG-TERM INVESTMENTS

Investments in joint ventures and associates over which Tuckamore is able to exercise significant influence are accounted for using the equity method. Under the equity method, the original cost of the investment is adjusted for Tuckamore's share of post-acquisition earnings or losses, less distributions in the case of investments in partnerships and dividends in the case of investments in companies. Investments are written down when there is evidence that a decline in value has occurred. Tuckamore reviews all of its investments for possible impairment on an annual basis, or more frequently if there is an event which in the view of management would trigger an earlier review. Long term investments include Tuckamore's investments in Titan, IC Group, Gusgo, and Rlogistics.

## DEFERRED TAXES

Tuckamore has computed deferred income taxes based on temporary differences that are expected to reverse after December 31, 2014. In general, there are no material differences in the values for operating assets and liabilities such as accounts receivable, inventory and trade payables for the Operating Partnerships. There are, however, differences, for example between the carrying values of definite life intangibles (e.g. customer contracts) and indefinite life intangibles (e.g. brands) that arise as part of Tuckamore's accounting for its investments in the underlying Operating Partnerships. As one example, under IFRS, Tuckamore records intangible assets related to acquisitions and these assets typically have a lesser value for tax purposes depending on the manner in which the acquisition was structured. In this case, a deferred tax liability would be recorded for the difference. If Tuckamore was to divest one or more of its Operating Partnerships for an amount that is greater than the tax carrying value this would give rise to a taxable income because the proceeds would be greater than the tax value of the assets.

At December 31, 2014 Tuckamore has calculated a deferred tax liability related to differences that are expected to reverse in the future using the applicable estimated tax rate of approximately 26.0%.

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

## **ADDITIONAL INFORMATION**

### **NEW STANDARDS AND INTERPRETATIONS**

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

#### *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.

#### *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.

#### *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 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 unaudited consolidated interim financial statements of the Company

## **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 the 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:

### *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 unaudited consolidated interim financial statements

### *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 unaudited consolidated interim financial statements.

## SUMMARY OF QUARTERLY RESULTS – (\$000s EXCEPT UNIT AMOUNTS)

	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1
		Restated <sup>1</sup>	Restated <sup>1</sup>	Restated <sup>1</sup>	Restated <sup>1</sup>	Restated <sup>1</sup>	Restated <sup>1</sup>	Restated <sup>1</sup>
Revenue	\$176,800	\$190,508	\$166,503	\$169,291	\$160,279	\$179,444	\$171,363	\$136,702
Net Income (loss) from continuing operations	(9,531)	(2,478)	1,212	2,961	(6,112)	(1,857)	(1,308)	(5,419)
Net income (loss)	(17,247)	(2,583)	582	2,001	(6,857)	(2,572)	(2,050)	(5,902)
Income (loss) per share unit - continuing operations <sup>2</sup>	(0.09)	(0.03)	0.02	0.04	(0.09)	(0.03)	(0.02)	(0.08)
Income (loss) per share unit <sup>2</sup>	(0.16)	(0.03)	0.01	0.02	(0.10)	(0.04)	(0.03)	(0.08)
Gross Margin	36,863	37,443	38,269	35,130	33,965	40,919	35,107	26,340
Gross Margin %	20.9%	19.7%	23.0%	20.8%	21.2%	22.8%	20.5%	19.3%

<sup>1</sup>Please note that some of the figures above have been restated from those published in previous periods to reflect Thomson Metals as a discontinued operation.

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

Revenues at ClearStream and Quantum Murray are somewhat seasonal. At ClearStream, typically there are scheduled shutdown turnaround projects in the spring and fall which increases revenues over and above the standard maintenance and operational support services. Similarly at Quantum Murray, the winter quarters tend to have lower revenues if there are soil remediation projects ongoing. More specifically, Q2 2014 revenues were lower than typical at ClearStream because of production issues at a major client, and Q3 2014 saw the beginning of a large remediation project at Quantum Murray which will continue through most of 2015.

Gross margin percentage fluctuations by quarter are usually a function of revenue mix. Notwithstanding this, the first quarter of each year will usually show lower gross margin percentages as the employer portion of payroll benefit costs will not be maximized until later in the year. More specifically, gross margins percentages in Q3 2014 reflects lower margin on the large volume remediation project at Quantum Murray.

## CONTINGENCIES

Tuckamore and its Operating Partnerships are subject to claims and litigation proceedings arising in the normal course of operations. These contingencies are provided for when they are likely to occur and can be reasonably estimated. Management believes that these claims are without merit and as such they are being rigorously defended.

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

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.

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.

## **TRANSACTIONS WITH RELATED PARTIES**

### **OWNERSHIP**

As of December 31, 2014, directors, officers and employees, and operating partners related to Tuckamore beneficially hold an aggregate of 16,574,437 common shares or 15.06% on a fully diluted basis.

### **TRANSACTIONS**

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

Included in Other Assets are advances of \$1,418 (December 31, 2013 - \$1,467) made to the Operating Partnerships, based on the percentage not owned by the Company.

Income from long-term investments include \$836 of rent expense paid to related parties of Gusgo for the year ended December 31, 2014 (2013-\$620).

For most of 2014, Tuckamore shared space and services with a business which employs one of its directors of Tuckamore, and paid \$235 during the year ended December 31, 2014 (2013-\$151).

Interest charged to joint venture Operating Partners on advances was \$119 for the year ended December 31, 2014 (2013 - \$162).

Two operating leases for property, with annual rents of \$312 and \$400 (2013- \$312 and \$300) are with landlords in which certain executives of Tuckamore hold an indirect minority interest.

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.

Loans made to current and former employees of Tuckamore were outstanding in the amount of \$1,059 (December 31, 2013 - \$1,335). In accordance with the terms and conditions of the loans, the loans are interest bearing and used to fund the purchase of shares of Tuckamore or to refinance such purchases and are secured by a pledge of the shares.

### **SHARE CAPITAL**

The authorized share capital of the Company consists of: (i) an unlimited number of common shares, and (ii) preferred shares issuable in series to be limited in number to an amount equal to not more than one half of the issued and outstanding common shares at the time of issuance of such preferred shares. As of the date hereof, there were 109,941,241 common shares issued and outstanding and nil preferred shares issued and outstanding.



## **2015 OUTLOOK**

While lower oil prices are causing concern in the Alberta oil sector, there is confidence at ClearStream that its maintenance heavy platform has it positioned to be more resilient than many service providers in these times. It is anticipated that there will be low activity in the fabrication division due to delays and deferrals on new capital projects. In its core maintenance business, while there is client pressure for price concessions, ClearStream is being pro-active and has initiated a variety of cost savings measures, which management believes will help to mitigate the majority of the financial impact from any revenue reductions.

Quantum Murray has a healthy backlog of business in place, and has a considerable pipeline of opportunities. There will be further work on larger lower margin remediation projects, and increased focus on expanding business development activities for new and larger demolition opportunities. A leading emergency response business has been built which has good profitability and the ability to provide good leads for other services. Management continues to fine tune its organizational infrastructure to improve margins.

At Gemma, the new management team has been successful in some recent bids and remains active in bidding on new business. At IC Group, the core client base has reduced its project spending. Management is continuing its efforts to stabilize business volumes from its core client base while placing an increased focus on identifying and securing new clients.

In the Other segment, at Titan a new management team is in place which will look to leverage the new sales force to build sales and regain market share. Significant overhead reductions are required and are already being actioned. Process improvements are also being made to bring further efficiency and margin improvement. Gusgo is continuing to expect stable business volumes from its existing customer base and will continue to operate efficiently in order to maximize margins.

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

## **RISK FACTORS**

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

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

Please refer to the AIF dated March 27, 2015 for a discussion of Risk Factors particular to the Operating Partnerships and Tuckamore.

## **Risks Relating to the Secured Debentures**

### **PRIOR RANKING INDEBTEDNESS**

The Secured Debentures are subordinate to certain senior secured indebtedness of the Company (the “**Senior Indebtedness**”), including indebtedness under the Amended Senior Credit Facility. As described above under 2.3 – Credit Facilities and Debt Securities, the payment of principal and interest on the Secured Debentures will be subject to restrictions while Senior Indebtedness remains outstanding.

### **INABILITY TO REFINANCE SECURED DEBENTURES**

There are no assurances that a transaction or a series of transactions to refinance the Secured Debentures will be available to the Company at all, on acceptable terms or at an acceptable level. In addition, the Secured Debentures are subordinate to the Company’s obligations pursuant to the Amended Senior Credit Facility and the Company may be prohibited or limited thereunder from engaging in a transaction or a series of transactions to refinance the Secured Debentures. Further, any additional equity financing may cause shareholders to experience dilution, and any additional debt financing may result in increased interest expense or restrictions on the Company’s operations.

### **INABILITY TO FUND PURCHASE OF SECURED DEBENTURES**

The Company may be required to offer to purchase all outstanding Secured Debentures upon the occurrence of a Change of Control (as such term is defined in the trust indenture governing the Secured Debentures). However, it is possible that, following a Change of Control, the Company will not have sufficient funds at that time to make the required purchase of then outstanding Secured Debentures or that restrictions contained in other indebtedness, of the Company will restrict those purchases.

### **REDEMPTION PRIOR TO MATURITY**

The Secured Debentures may be redeemed in certain circumstances and, at the option of the Company, prior to their respective maturity dates, together with any accrued and unpaid interest. Holders of Secured Debentures should assume that this redemption option will be exercised if the Company is able to refinance at a lower interest rate or it is otherwise in the interest of the Company to redeem the Secured Debentures.

### **MARKET VALUE FLUCTUATION**

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

### **TRADING MARKET FOR THE SECURED DEBENTURES**

Although the Secured Debentures are listed on the TSX, the Company cannot be sure that an active trading market will continue for the Secured Debentures. In such case, holders of the Secured Debentures may not be able to resell their Secured Debentures at their fair market value or at all. Future trading prices of the Secured Debentures will depend on many factors, including, among other things, prevailing interest rates, the Company’s operating results and the market for similar securities.

## Other Risks

### LEVERAGE AND RESTRICTIVE COVENANTS

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

The Amended Senior Credit Facility contains restrictive covenants customary for credit facilities of this nature, including covenants that limit the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, the ability to incur additional indebtedness, to pay dividends or make certain other payments, and to make additional acquisitions. In addition, the Amended Senior Credit Facility contains a number of financial covenants that require Tuckamore to meet certain financial ratios and financial tests. A failure to comply with the obligations in the Amended Senior Credit Facility could result in an event of default that, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the Amended Senior Credit Facility were to be accelerated, there can be no assurance that the assets of Tuckamore would be sufficient to repay in full that indebtedness. At December 31, 2014, Tuckamore was in compliance with its debt covenants. There is a risk that the Company may not meet certain debt covenants in the future and without an amendment from its senior lenders, the Amended Senior Credit Facility and Secured Debentures would be due on demand and classified as current.

### FAILURE TO REALIZE ANTICIPATED BENEFITS OF INVESTMENTS MADE

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

### CONDITION OF CAPITAL MARKETS

The majority of cash flow, and all asset sale proceeds, will be used to fund internal working capital needs or to pay down debt. Tuckamore may in this process look to source a cheaper service of funding; there can be no assurance

that this financing will be available when required or available on terms that are favourable to Tuckamore. This has the potential to slow down the repayment of debt.

#### DEPENDENCE ON KEY PERSONNEL

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

#### GENERAL ECONOMIC FACTORS

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

#### VOLATILITY OF INDUSTRY CONDITIONS

Conditions in the energy industry are influenced by numerous factors over which ClearStream has no control, including: the level of oil and gas prices; expectations about future oil and gas prices; the cost of exploring for, producing and delivering oil and gas; the expected rates of declining production; the discovery rates of new oil and gas reserves; available pipeline and other oil and gas transportation capacity; weather conditions; global political, military, regulatory and economic conditions; and the ability of oil and gas companies to raise equity capital or debt financing.

The level of activity in the Canadian oil and gas exploration and production industry is volatile. No assurance can be given that expected trends in oil and gas production activities will continue or that demand for oilfield services will reflect the level of activity in the industry. Any prolonged substantial reduction in oil and natural gas prices would likely affect oil and gas production levels and therefore affect the demand for services to oil and gas customers. A material decline in oil or gas prices or Canadian industry activity could have a material adverse effect on ClearStream's business, financial condition, results of operations and cash flows.

## CUSTOMER CONCENTRATION

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

## ENVIRONMENTAL LEGISLATION

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

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

## DEPENDENCE ON THE OPERATING PARTNERSHIPS

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

## POTENTIAL SALES OF ADDITIONAL SHARES

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

## INCOME TAX MATTERS

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

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

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

### SHOT-GUN BUY-SELL RIGHTS

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

### UNPREDICTABILITY AND VOLATILITY OF SHARE PRICE

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

### RESTRICTIONS ON POTENTIAL GROWTH

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

### LABOUR

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

## REGULATION

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

## COMPETITION

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

## POTENTIAL UNKNOWN LIABILITIES

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

## POTENTIAL FUTURE DEVELOPMENTS

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

# **DISCLOSURE CONTROLS & PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING**

## **DISCLOSURE CONTROLS AND PROCEDURES**

National Instrument 51-109, "Certification of Disclosure in Issuers' Annual and Interim Filings" ("NI 51-109"), issued by the CSA requires CEOs and CFOs to certify that they are responsible for establishing and maintaining the disclosure controls and procedures for the issuer, that disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's disclosure controls and procedures, and that their conclusions about effectiveness of those disclosure controls and procedures at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

Tuckamore's management, including its CEO and CFO, have evaluated the effectiveness of Tuckamore's disclosure controls and procedures as at December 31, 2014 and have concluded that those disclosure controls and procedures were effective to ensure that information required to be disclosed by Tuckamore in its corporate filings is recorded, processed, summarized and reported within the required time period for the year then ended. The CEO and CFO have certified the appropriateness of the financial disclosures in Tuckamore's filings for the year ended December 31, 2014 with securities regulators, including this MD&A and the accompanying audited consolidated financial statements and that they are responsible for the design of the disclosure controls and procedures.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

There have been no changes in internal controls over financial reporting during the year ended December 31, 2014 that have materially affected or are reasonably likely to materially affect internal controls over financial reporting.

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



## ADDITIONAL INFORMATION

Additional information relating to Tuckamore including Tuckamore's AIF is on SEDAR at [www.sedar.com](http://www.sedar.com) or on our website [www.tuckamore.ca](http://www.tuckamore.ca)

## DEFINITIONS

"AIF" – means Annual Information Form;

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

"BMO" – means Bank of Montreal;

"CEO" – means Chief Executive Officer of Tuckamore;

"CFO" – means Chief Financial Officer of Tuckamore;

"CICA" – means Canadian Institute of Chartered Accountants;

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

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

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

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

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

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

"IFRS" – means International Financial Reporting Standards;

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

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

"Marret" – means Marret Asset Management;

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

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

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

"Secured Debentures" – means the Secured Debentures of Tuckamore, due March 23, 2016.

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

"TH"- means Tuckamore Holdings LP;

"TSX" – means Toronto Stock Exchange; and

"Tuckamore" – means Tuckamore Capital Management Inc.