

Consolidated Interim Financial Statements of

TUCKAMORE CAPITAL MANAGEMENT INC.

Three and Six Months Ended June 30, 2015 and 2014
(Unaudited)

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

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Interim Balance Sheets

(In thousands of Canadian dollars)

(unaudited)

	June 30, 2015	December 31, 2014
Assets		
Current Assets:		
Cash	\$ 11,489	\$ 22,714
Cash and short-term investments held in trust	2,950	2,950
Accounts receivable	137,732	155,281
Inventories	25,566	22,215
Prepaid expenses	4,907	4,445
Other current assets	2,128	2,109
Current assets of discontinued operations and assets held for sale (note 2)	-	3,293
Total current assets	\$ 184,772	\$ 213,007
Property, plant and equipment (note 3)	52,135	56,154
Long-term investments	21,520	21,773
Goodwill	61,128	61,128
Intangible assets	35,424	38,506
Other assets	633	633
Deferred tax asset	1,821	531
Total assets	\$ 357,433	\$ 391,732
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	54,175	68,841
Income tax payable	-	2,050
Deferred revenue	5,097	5,363
Current portion of obligations under finance leases	5,933	6,457
Senior credit facility (note 4)	63,129	67,253
Secured Debentures (note 4)	170,537	-
Current liabilities of discontinued operations and assets held for sale (note 2)	-	3,293
Total current liabilities	\$ 298,871	\$ 153,257
Obligations under finance leases	9,421	11,799
Secured debentures (note 4)	-	166,845
Shareholders' equity	49,141	59,831
Total liabilities & shareholders' equity	\$ 357,433	\$ 391,732

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

TUCKAMORE CAPITAL MANAGEMENT INC.

Consolidated Interim Statements of (Loss) Income and Comprehensive (Loss) Income

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

(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014 Restated ¹	2015	2014 Restated ¹
Revenues	\$ 154,760	\$ 166,503	\$ 286,346	\$ 335,795
Cost of revenues	(128,757)	(127,730)	(233,547)	(261,643)
Gross profit	26,003	38,773	52,799	74,152
Selling, general and administrative expenses (note 5)	(19,704)	(23,785)	(41,962)	(47,502)
Amortization of intangible assets	(1,571)	(1,732)	(3,142)	(3,451)
Depreciation	(3,625)	(3,000)	(6,237)	(5,976)
Income from long-term investments	910	877	639	2,362
Interest expense, net	(6,168)	(6,498)	(12,358)	(14,861)
Restructuring costs	(3,914)	-	(3,914)	-
Transaction costs	-	(2,706)	-	(2,706)
(Loss) income from continuing operations	\$ (8,069)	\$ 1,929	\$ (14,175)	\$ 2,018
Income tax (expense) recovery - current	(20)	-	(20)	-
Income tax recovery (expense) - deferred (note 6)	1,816	(643)	3,370	2,372
(Loss) income from continuing operations	\$ (6,273)	\$ 1,286	\$ (10,825)	\$ 4,390
(Loss) income from discontinued operations (net of income taxes)	\$ -	\$ (631)	\$ 135	\$ (1,591)
Net (loss) income and comprehensive (loss) income	\$ (6,273)	\$ 655	\$ (10,690)	\$ 2,799
(Loss) income per share (note 7)				
Basic:				
Net (loss) income	\$ (0.06)	\$ 0.01	\$ (0.10)	\$ 0.04
Diluted:				
Net (loss) income	\$ (0.06)	\$ 0.01	\$ (0.10)	\$ 0.03

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

¹Certain amounts shown here do not correspond to the interim consolidated financial statements previously published for the three and six months ended June 30, 2014. Please refer to note 11 for more details.

TUCKAMORE CAPITAL MANAGEMENT INC.
Consolidated Interim Statements of Shareholders' Equity
(In thousands of Canadian dollars, except per share amounts)
(unaudited)

	Number of shares	Shareholders' Capital	Deficit	Contributed Surplus	Total Shareholders' Equity
Balance - December 31, 2014	109,941,241	\$ 461,758	\$ (404,354)	\$ 2,427	\$ 59,831
Net loss for the period	-	-	(10,690)	-	(10,690)
Balance - June 30, 2015	109,941,241	\$ 461,758	\$ (415,044)	\$ 2,427	\$ 49,141

	Number of shares	Shareholders' Capital	Deficit	Contributed Surplus	Total Shareholders' Equity
Balance - December 31, 2013	71,631,431	\$ 414,884	\$ (387,107)	\$ 8,263	\$ 36,040
Net income for the period	-	-	2,799	-	2,799
Shares issued upon settlement of Unsecured Debentures, net of tax (note 4)	8,493,143	23,552	-	-	23,552
Options exercised	150,000	54	-	-	54
Balance - June 30, 2014	80,274,574	\$ 438,490	\$ (384,308)	\$ 8,263	\$ 62,445

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

TUCKAMORE CAPITAL MANAGEMENT INC.

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

	Six months ended June 30, 2015	Six months ended June 30, 2014 Restated ¹
Cash provided by (used in):		
Operating activities:		
Net income (loss) for the period	\$ (10,690)	\$ 2,799
(Income) loss from discontinued operations (net of income tax) (note 2)	(135)	1,591
Items not affecting cash:		
Amortization of intangible assets	3,142	3,451
Depreciation	6,237	5,976
Deferred income tax recovery (note 6)	(3,370)	(2,372)
Income from equity investments, net of cash received	253	(67)
Non- cash interest expense	3,692	5,267
Amortization of deferred financing costs (note 4)	208	327
Stock based compensation expense	-	-
Changes in non- cash working capital	(1,623)	(21,223)
Cash provided by (used in) discontinued operations (note 2)	173	15
Total cash (used in) provided by operating activities	\$ (2,113)	\$ (4,236)
Investing activities:		
Purchase of property, plant and equipment (note 3)	(2,701)	(3,426)
Net proceeds on disposal of property, plant and equipment	1,055	448
Purchase of software	-	(234)
Proceeds on the disposition of business (note 2)	300	-
Cash provided by (used in) discontinued operations (note 2)	-	41
Total cash used in investing activities	\$ (1,346)	\$ (3,171)
Financing activities:		
Repayment of long- term debt (note 4)	(4,184)	(5,481)
Repayment of finance lease obligations	(3,409)	(2,907)
Cash used in discontinued operations (note 2)	(40)	(125)
Total cash used in financing activities	\$ (7,633)	\$ (8,513)
(Decrease) increase in cash	(11,092)	(15,920)
Cash, beginning of the year - continuing operations	22,714	28,709
Cash, beginning of the year - discontinued operations	(133)	174
Cash, end of period	\$ 11,489	\$ 12,963
Cash, end of period - continuing operations	11,489	12,858
Cash, end of period - discontinued operations	-	105
Supplemental cash flow information:		
Interest paid	8,459	8,066
Supplemental disclosure of non- cash financing and investing activities:		
Acquisition of property, plant and equipment through finance leases	677	1,680

The accompanying notes are an integral part of these financial statements.
Certain amounts shown here do not correspond to the interim consolidated financial statements previously published for the quarter ended June 30, 2014. Please refer to note 11 for more details.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

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

The consolidated interim financial statements were authorized for issue in accordance with a resolution of the directors of Tuckamore on August 11, 2015.

1. Significant accounting policies

a) Basis of Presentation

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

These consolidated interim financial statements have been presented in Canadian dollars rounded to the nearest thousand unless otherwise indicated.

These consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2014.

b) 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, 2015 and have not been applied in preparing these interim financial statements. Tuckamore's intention is to adopt the standards when they become effective.

The following is a brief summary of the new standards:

(i) International Financial Reporting Standard 9, Financial Instruments

IFRS 9, Financial Instruments 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 interim consolidated financial statements.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

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

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 was originally required for annual periods beginning on or after January 1, 2017. On April 28, 2015, the IASB agreed to publish an exposure draft proposing a one-year deferral of the effective date of the revenue standard to January 1, 2018. Earlier adoption is permitted. The Company has not yet begun the process of evaluating the impact of this standard on its interim consolidated financial statements.

2. Discontinued Operations

During the fourth quarter of 2014, Tuckamore concluded on the long-term strategic direction of Quantum Murray. The Metals business was generating losses and required a significant amount of management time. The planned disposition of Metals was approved by Tuckamore's board of directors and management commenced an active program to locate a buyer. By December 31, 2014 Tuckamore was in advanced negotiations to sell the business to a prospective buyer. 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 accounted for as a discontinued operation. From this point onward, the Metals division was no longer presented in the Segment note under Industrial Services and Quantum Murray.

On March 31, 2015, Tuckamore sold a majority of the net assets of Thomson Metals and Disposal LP for cash proceeds of \$300. This resulted in an accounting loss of approximately \$373. The net assets of the Waste business were retained by Quantum Murray and as such the impairment loss originally recognized on these assets at December 31, 2014 was reversed. The amount of the write-up did not exceed the impairment loss previously recognized.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

The following table shows the revenue and net income (loss) from discontinued operations for the Metals business for the six month periods ended June 30, 2015 and 2014:

Thomson Metals - Quantum Murray - Industrial Services	June 30, 2015	June 30, 2014
Revenue	3,480	13,146
Expenses	(5,617)	(14,737)
Loss before taxes	(2,137)	(1,591)
Reversal of Impairment loss previously recognized on the remeasurement of the Waste business net assets to FVLCS	2,645	-
Loss on sale of discontinued operations	(373)	-
Income tax recovery - deferred	-	-
Net income (loss) from discontinued operations	\$ 135	\$ (1,591)
Net loss per share - basic	\$ (0.00)	\$ (0.02)
Net loss per share - diluted	\$ (0.00)	\$ (0.02)

The major classes of assets and liabilities of Thomson Metals classified as held for sale at December 31, 2014 were as follows:

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

The net cash flows incurred by Thomson Metals were as follows:

For the period ending,	June 30, 2015	June 30, 2015
Operating	173	15
Investing	-	41
Financing	(40)	(125)
Net cash (outflow) / inflow	133	(69)

On April 23, 2015 RGC Canada LP ("RGC"), an 80% joint venture of the Company, entered into an agreement to sell its 45% interest in RLogistics for \$1,900. The proceeds were first used to settle \$1,350 in advances owing to RGC, with the balance being used to purchase RGC's partnership interest in RLogistics of approximately (\$194). This resulted in an accounting gain of approximately \$744, or \$594 for the Company's 80% interest. Tuckamore's 80% joint venture interest in RGC is accounted for using the equity method of accounting and represented under the Other segment in the Segment note.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

3. Property, plant and equipment

During the six months ended June 30, 2015, the Company acquired assets with a cost of \$3,378, including equipment under finance leases of \$677 (June 30, 2014 - \$5,106, including equipment under finance leases of \$1,680).

a) Collateral:

As at June 30, 2015, property, plant and equipment of consolidated entities and joint ventures with a carrying amount of \$34,759 and \$1,475, respectively are subject to a general security agreement under the senior credit facility (December 31, 2014 - \$35,644 and \$2,107).

b) Capital Commitments:

As at June 30, 2015, Tuckamore had \$612 of capital commitments for the acquisition of new equipment (December 31, 2014 - \$322).

4. Senior credit facility and debentures

a) Senior credit facility

On March 9, 2012 Tuckamore completed an assignment (the "Assignment") to Bank of Montreal ("BMO") of its senior credit facility. The Senior Credit Facility has an interest rate of prime plus 1.5%, and contained customary covenants which included interest coverage ratio, priority senior debt ratio and minimum EBITDA amount.

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

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

During the second quarter of 2015, Tuckamore repaid \$4,184 of the Senior Credit Facility. On May 22, 2015 a payment of \$2,184 was made on account of 75% of the excess cash flow from the first quarter of 2015. The second payment of \$2,000 was made on June 26, 2015 and was a voluntary permanent repayment.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

On June 26, 2015 Tuckamore reached an agreement to amend the financial covenants (“the Fourth Amending Agreement”) related to the Senior Credit Facility. The amended covenants include the interest coverage ratio, priority senior debt ratio and the minimum EBITDA amount, and are in effect for all quarters, commencing with the quarter ended June 30, 2015 through to December 31, 2015. The total cost of the amendment was \$148.

At June 30, 2015 Tuckamore was in compliance with its financial covenants. There is a risk that the Company may not meet certain debt covenants in the future and without an amendment from its senior lenders, the senior credit facility and debentures would be due on demand.

Advances outstanding under the Amended Senior Credit Facility at June 30, 2015 total \$63,485 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 June 30, 2015.

Senior credit facility at January 1, 2014	\$	90,637
Repayments		(22,968)
Total senior credit facility at December 31, 2014	\$	67,669
Repayments		(4,184)
Total senior credit facility at June 30, 2015	\$	63,485
Deferred finance costs at January 1, 2014		(802)
Additional deferred financing costs incurred on the senior credit facility		(149)
Amortization of deferred financing costs		535
Deferred finance costs at December 31, 2014		(416)
Additional deferred financing costs incurred on the senior credit facility		(148)
Amortization of deferred financing costs		208
Deferred finance costs at June 30, 2015		(356)
Net Balance of senior credit facility at June 30, 2015	\$	63,129

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

b) Secured and unsecured debentures

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

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

The aggregate principal amount of the Secured Debentures is \$176,228 which satisfied the principal amount of the Debentures and principal amount and interest outstanding on the Subordinated Revolving Credit Facility on March 23, 2011. The maturity date of the Secured Debentures is March 23, 2016 (the "Secured Debenture Maturity Date"). The interest rate is 8% per annum, payable semi-annually in arrears on June 30 and December 31 in each year until the Secured Debenture Maturity Date. Tuckamore has the option to repurchase any or all of the Secured Debentures outstanding at any time and Tuckamore also has the right to redeem in cash any or all Secured Debentures outstanding at any time in its sole discretion without bonus or penalty, provided all accrued interest is paid at redemption, assuming Tuckamore has cash available and subject to any restrictions in the senior credit facility. Tuckamore is also obligated to redeem a portion of the Secured Debentures prior to the Secured Debenture Maturity Date in certain circumstances based on proceeds from specified dispositions, proceeds from the issuance of equity instruments or based on excess operating cash flow as defined. The Secured Debentures have a security interest in substantially all of Tuckamore's assets which is subordinated to similar security interests granted in connection with the Senior Credit Facility or certain debt incurred in the future by Tuckamore's subsidiaries. The Secured Debentures were listed on the Toronto Stock Exchange ("TSX") on the date of closing of March 23, 2011. For the period ended June 30, 2015 the secured debentures have been classified as a current liability on the balance sheet.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

	Secured Debentures
Issue date	March 23, 2011
Principal Amount	\$ 176,228
Interest Rate	8.0%
Carrying value at June 30, 2015	\$ 170,537
Accretion expense recorded in 2015	\$ 3,692
Accretion expense remaining to be recorded prior to maturity	\$ 5,691
Maturity Date	March 23, 2016

5. Selling, General & Administrative Expenses

	Three months ended June 30,		Six months ended June 30,	
	2015	2014 Restated (note 11)	2015	2014 Restated (note 11)
Salaries & Benefits	\$ 9,390	\$ 11,575	\$ 21,555	\$ 24,331
Occupancy Costs	4,533	3,395	8,155	6,766
Consulting	746	780	994	1,421
Travel	972	876	1,994	1,553
Repairs & Maintenance	1,181	1,560	2,541	2,667
Office Expenses	478	472	930	992
Audit & Accounting	554	542	920	926
Other	1,850	4,585	4,873	8,846
	\$ 19,704	\$ 23,785	\$ 41,962	\$ 47,502

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

6. Income taxes

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

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Total current income tax recovery (expense)	\$ -	\$ -	\$ -	\$ -
Deferred income tax recovery:				
Origination and reversal of temporary differences	1,816	(643)	3,370	(643)
Deferred tax due to changes in tax rates	-	-	-	15
Deferred tax due to settlement of Unsecured Debentures	-	-	-	3,000
Total deferred income tax (expense) recovery	\$ 1,816	\$ (643)	\$ 3,370	\$ 2,372

7. (Loss) income per share

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

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

Three months ended June 30,	2015	2014
Numerator:		
Net (loss) income	\$ (6,273)	\$ 655
Denominator:		
Weighted average number of shares outstanding (basic)	109,941	80,171
Effect of stock options vested ¹	-	13,150
Weighted average number of shares outstanding (diluted)	109,941	93,321

Six months ended June 30,	2015	2014
Numerator:		
Net (loss) income	\$ (10,690)	\$ 2,799
Denominator:		
Weighted average number of shares outstanding (basic)	109,941	76,279
Effect of stock options vested ¹	-	13,150
Weighted average number of shares outstanding (diluted)	109,941	89,429

¹The effect of vested stock options at June 30, 2015 was anti-dilutive.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

8. 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 equity of Brompton. Tuckamore Holdings LP sold its Class A shares in Brompton in September 2011.

On June 12, 2015, Brompton served Tuckamore and certain of its affiliates with a Statement of Claim claiming, among other things, indemnification in the amount of 40% of the CRA's notices of reassessment. On July 13, 2015, Tuckamore and its affiliates served their Statement of Defence denying Brompton's allegations and relying on, among other things, a corresponding warranty and indemnity provided by Brompton to Tuckamore. The Company has not provided for any amount with respect to this matter in its consolidated interim financial statements for the period ending June 30, 2015. In the meantime, the Company intends to follow and participate in the conduct of any negotiations, objections, appeals or other tax-related proceedings with the CRA relating to the periods during which it was, indirectly, a shareholder of Brompton.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

9. Related party disclosures

a) Advances to operating partnerships

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

As at	June 30, 2015	December 31, 2014
Net advances to joint venture operating partners	\$ 1,459	\$ 1,418

b) Employee loans

Employee loans were made to certain management and employees in 2006 and 2007. In accordance with the terms and conditions, the loans bear interest at prime, were used to purchase shares of Tuckamore and are collateralized by shares and in certain cases personal guarantees. The loan balance was \$981 as at June 30, 2015 and \$1,059 at December 31, 2014.

c) Other related party transactions

Income from long-term investments includes \$209 and \$418 of rent expense paid to a company owned by the minority shareholder of Gusgo for the three and six months ended June 30, 2015 (2014 - \$209 and \$418). Tuckamore shared space and services with a business which employs one of its former directors, and paid \$nil for the three and six months ended June 30, 2015 (June 30, 2014 - \$67 and \$135) for such services. Interest charged to joint venture Operating Partners on advances was \$64 and \$129 for the three and six month periods ended June 30, 2015 (June 30, 2014 - \$172 and \$345). Three operating leases for property, with quarterly rents of \$183 are with a landlord in which certain executives of Tuckamore hold an indirect minority interest (2014 - \$183). These transactions occurred in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to between the parties.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

10. Segmented information

Tuckamore has four reportable operating segments, each of which has separate operational management and management reporting information. A majority of Tuckamore's operations, assets and employees are located in Canada. The marketing segment represents an integrated direct marketing company and a provider of on-line promotional and loyalty programs and select insurance products. The industrial services segment includes two reportable operating segments and represents investments in a fully integrated provider of mid-stream production services to the energy industry and a provider of demolition contract services and site remediation services. The other segment includes a distributor and manufacturer of heavy equipment and a container transportation business. The corporate segment includes head office administrative and financing costs incurred by Tuckamore. The eliminations column represents adjustments required to reconcile Tuckamore's segmented reporting, to the reporting on the consolidated balance sheets and the consolidated statement of income (loss) and comprehensive income (loss). This column represents adjustments required to account for joint ventures under IFRS 11.

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

Three months ended June 30, 2015	Marketing	Industrial Services	Quantum ClearStream Murray	Other	Corporate	Eliminations	Total
Revenues	4,937	119,560	32,982	8,027	-	(10,746)	154,760
Cost of revenues	(3,353)	(96,985)	(30,139)	(5,258)	-	6,978	(128,757)
Gross profit	1,584	22,575	2,843	2,769	-	(3,768)	26,003
Selling, general and administrative	(1,952)	(10,613)	(6,795)	(2,745)	(842)	3,243	(19,704)
Amortization of intangible assets	-	(1,404)	(162)	-	(5)	-	(1,571)
Depreciation	(122)	(2,022)	(1,496)	(150)	(6)	171	(3,625)
Income from long-term investments	-	-	-	-	-	910	910
Interest expense	(56)	(2,077)	(320)	(172)	(3,543)	-	(6,168)
Restructuring costs	-	(2,607)	(1,307)	-	-	-	(3,914)
Gain on sale of investment	-	-	-	595	-	(595)	-
(Loss) Income before income taxes	(546)	3,852	(7,237)	297	(4,396)	(39)	(8,069)
Income tax (expense) recovery - current	-	(38)	-	-	(19)	37	(20)
Income tax (expense) recovery - deferred	(16)	66	13	(9)	1,760	2	1,816
Net (loss) income	(562)	3,880	(7,224)	288	(2,655)	-	(6,273)
Add back:							-
Interest expense	56	2,077	320	172	3,543	-	6,168
Amortization	-	1,404	162	-	5	-	1,571
Depreciation	122	2,022	1,496	150	6	(171)	3,625
Income tax (recovery) expense - current	-	38	-	-	19	(37)	20
Income tax expense (recovery) - deferred	16	(66)	(13)	9	(1,760)	(2)	(1,816)
EBITDA	(368)	9,355	(5,259)	619	(842)	(210)	3,295
Total assets as at: June 30, 2015	12,777	239,760	73,941	21,845	16,711	(7,601)	357,433
Total liabilities as at: June 30, 2015	12,079	84,496	50,763	22,106	146,449	(7,601)	308,292

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

Six months ended June 30, 2015	Marketing	Industrial Services	Quantum ClearStream Murray	Other	Corporate	Eliminations	Total
Revenues	9,944	212,140	69,168	18,043	-	(22,949)	286,346
Cost of revenues	(6,753)	(169,400)	(60,503)	(12,012)	-	15,121	(233,547)
Gross profit	3,191	42,740	8,665	6,031	-	(7,828)	52,799
Selling, general and administrative	(4,409)	(23,762)	(13,707)	(5,868)	(1,589)	7,373	(41,962)
Amortization of intangible assets	-	(2,809)	(324)	-	(9)	-	(3,142)
Depreciation	(41)	(4,010)	(2,221)	(291)	(11)	337	(6,237)
Income from long-term investments	-	-	-	-	-	639	639
Interest expense	(104)	(4,302)	(508)	(341)	(7,103)	-	(12,358)
Restructuring costs	-	(2,607)	(1,307)	-	-	-	(3,914)
Gain on sale of investment	-	-	-	595	-	(595)	-
(Loss) Income before income taxes	(1,363)	5,250	(9,402)	126	(8,712)	(74)	(14,175)
Income tax expense - current	-	(64)	-	-	(19)	63	(20)
Income tax (expense) recovery - deferred	(64)	516	(122)	(20)	3,049	11	3,370
Net (loss) income	(1,427)	5,702	(9,524)	106	(5,682)	-	(10,825)
Add back:							-
Interest expense	104	4,302	508	341	7,103	-	12,358
Amortization	-	2,809	324	-	9	-	3,142
Depreciation	41	4,010	2,221	291	11	(337)	6,237
Income tax expense - current	-	64	-	-	19	(63)	20
Income tax expense (recovery) - deferred	64	(516)	122	20	(3,049)	(11)	(3,370)
EBITDA	(1,218)	16,371	(6,349)	758	(1,589)	(411)	7,562
Total assets as at: June 30, 2015	12,777	239,760	73,941	21,845	16,711	(7,601)	357,433
Total liabilities as at: June 30, 2015	12,079	84,496	50,763	22,106	146,449	(7,601)	308,292

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

Three months ended June 30, 2014	Marketing	Industrial Services	Quantum ClearStream Murray	Other	Corporate	Eliminations	Total
Revenues	\$ 6,718	\$ 133,714	\$ 28,922	\$ 9,800	\$ -	\$ (12,651)	\$ 166,503
Cost of revenues	(4,249)	(103,975)	(21,254)	(6,212)	-	7,960	(127,730)
Gross profit	2,469	29,739	7,668	3,588	-	(4,691)	38,773
Selling, general and administrative	(3,262)	(14,064)	(6,294)	(2,839)	(972)	3,646	(23,785)
Amortization of intangible assets	-	(1,418)	(308)	-	(6)	-	(1,732)
Depreciation	(112)	(2,165)	(745)	(116)	(3)	141	(3,000)
Income from equity investment	-	-	-	-	-	877	877
Interest expense	(17)	(2,500)	(143)	(178)	(3,666)	6	(6,498)
Transaction costs	-	-	-	-	(2,706)	-	(2,706)
(Loss) income before income taxes	\$ (922)	\$ 9,592	\$ 178	\$ 455	\$ (7,353)	\$ (21)	\$ 1,929
Income tax expense - current	-	(21)	-	-	-	21	-
Income tax recovery (expense) - deferred	(7)	234	1,026	-	(1,896)	-	(643)
Net (loss) income	\$ (929)	\$ 9,805	\$ 1,204	\$ 455	\$ (9,249)	\$ -	\$ 1,286
Add back:							
Interest expense	17	2,500	143	178	3,666	(6)	6,498
Amortization	-	1,418	308	-	6	-	1,732
Depreciation	112	2,165	745	116	3	(141)	3,000
Income tax expense - current	-	21	-	-	-	(21)	-
Income tax (recovery) expense - deferred	7	(234)	(1,026)	-	1,896	-	643
EBITDA	\$ (793)	\$ 15,675	\$ 1,374	\$ 749	\$ (3,678)	\$ (168)	\$ 13,159
Total assets as at:							
December 31, 2014	11,164	257,879	80,998	25,973	28,049	(12,331)	391,732
Total liabilities as at:							
December 31, 2014	9,324	109,766	64,886	24,959	135,297	(12,331)	331,901

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

Six months ended June 30, 2014	Marketing	Industrial Services	Other	Corporate	Eliminations	Total	
		ClearStream	Quantum Murray				
Revenues	\$ 13,363	\$ 272,372	\$ 55,491	\$ 23,086	\$ -	\$ (28,517)	\$ 335,795
Cost of revenues	(8,370)	(215,465)	(40,987)	(15,067)	-	18,246	(261,643)
Gross profit	4,993	56,907	14,504	8,019	-	(10,271)	74,152
Selling, general and administrative	(6,122)	(29,051)	(12,075)	(5,883)	(1,953)	7,582	(47,502)
Amortization of intangible assets	-	(2,837)	(603)	-	(12)	1	(3,451)
Depreciation	(221)	(4,263)	(1,534)	(238)	(6)	286	(5,976)
Income from equity investment	-	-	-	-	-	2,362	2,362
Interest expense	(27)	(5,035)	(200)	(358)	(9,254)	13	(14,861)
Transaction costs	-	-	-	-	(2,706)	-	(2,706)
(Loss) income before income taxes	\$ (1,377)	\$ 15,721	\$ 92	\$ 1,540	\$ (13,931)	\$ (27)	\$ 2,018
Income tax expense - current	-	(27)	-	-	-	27	-
Income tax (expense) recovery - deferred	(7)	42	1,417	-	920	-	2,372
Net (loss) income	\$ (1,384)	\$ 15,736	\$ 1,509	\$ 1,540	\$ (13,011)	\$ -	\$ 4,390
Add back:							
Interest expense	27	5,035	200	358	9,254	(13)	14,861
Amortization	-	2,837	603	-	12	(1)	3,451
Depreciation	221	4,263	1,534	238	6	(286)	5,976
Income tax expense - current	-	27	-	-	-	(27)	-
Income tax expense (recovery) - deferred	7	(42)	(1,417)	-	(920)	-	(2,372)
EBITDA	\$ (1,129)	\$ 27,856	\$ 2,429	\$ 2,136	\$ (4,659)	\$ (327)	\$ 26,306
Total assets as at:							
December 31, 2014	11,164	257,879	80,998	25,973	28,049	(12,331)	391,732
Total liabilities as at:							
December 31, 2014	9,324	109,766	64,886	24,959	135,297	(12,331)	331,901

TUCKAMORE CAPITAL MANAGEMENT INC.

Notes to Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

Three months ended June 30, 2015 and 2014

(unaudited)

11. Comparative figures

As a result of discontinued operations, the comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation in the June 30, 2015 interim consolidated financial statements. The comparative consolidated income statement categorizes the revenues and expenses of the business classified as a discontinued operation and held for sale at December 31, 2014 and disposed during the six months ended June 30, 2015.

12. Subsequent Events

On July 30, 2015, the Company sold its 80% interest in IC Group LP for cash proceeds of \$2,500. Approximately \$2,450 of the proceeds have been used to repay the Senior Credit Facility.