Financial Report 2010

MOVING GLOBAL ENERGY FORWARD

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A"), concerning the operating and financial results for McCoy Corporation ("the Corporation" or "McCoy") for the three and twelve months ended December 31, 2010, should be read in conjunction with the Corporation's audited Consolidated Financial Statements and associated notes for the fiscal year ended December 31, 2010, which were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This MD&A is as of March 17, 2011 and provides information on the activities of the Corporation on a consolidated basis. All amounts are expressed in Canadian dollars unless otherwise stated.

Forward Looking Statements

The MD&A contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, the MD&A contains forward-looking statements and information concerning McCoy's acquisition strategy, future development and growth prospects, ability to meet current and future obligations, currency, exchange and interest rates and the Corporation's future financial performance. The forward-looking statements and information are based on certain key expectations and assumptions made by McCoy, including expectations and assumptions concerning fluctuations in the level of oil and gas industry capital expenditures, McCoy's ability to integrate acquired businesses and complete strategic acquisitions of additional business and other factors that affect demand for McCoy's products. Although McCoy believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because McCoy can give no assurance that they will prove to be correct. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause McCoy's actual results and experience to differ materially from the anticipated results or expectations expressed. These risks and uncertainties, include, but are not limited to, fluctuations in oil and gas prices, fluctuations in the level of oil and gas industry capital expenditures and other factors that affect demand for McCoy's products, industry competition, the need to effectively integrate acquired businesses, uncertainties as to McCoy's ability to implement its business strategy effectively in Canada and the United States, labour, equipment and material costs, access to capital markets, interest and currency exchange rates, technological developments, political and economic conditions and McCoy's ability to attract and retain key personnel. Additional information on these and other factors is available in the continuous disclosure materials filed by McCoy with Canadian securities regulators. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed in the MD&A or otherwise, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. McCoy undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

Vision, Strategy and Core Businesses

McCoy's Vision is to become a significant growth-oriented company by broadening our global reach of products, continued market leadership, ongoing technological innovation, and focusing on efficient operations.

McCoy's Mission is to provide innovative products and services to the global energy industry.

MCCOY
MOVING GLOBAL ENERGY FORWARD

MCCOY | ENERGY PRODUCTS & SERVICES
MOVING GLOBAL ENERGY FORWARD

MCCOY | DRILLING & COMPLETIONS
MOVING GLOBAL ENERGY FORWARD

FARR
PRECISION DIE TECHNOLOGIES
SUPERIOR MANUFACTURING & HYDRAULICS

MCCOY | COATINGS & HYDRAULICS
MOVING GLOBAL ENERGY FORWARD

INOTEC

MCCOY | MOBILE SOLUTIONS
MOVING GLOBAL ENERGY FORWARD

MCCOY | TRAILERS
MOVING GLOBAL ENERGY FORWARD

SCONA
PEERLESS

MCCOY | VAC & HYDROVAC
MOVING GLOBAL ENERGY FORWARD

REBEL

In 2010, McCoy unveiled its new brand and simplified its structure from three segments to two: Energy Products & Services and Mobile Solutions. Also, in December 2010, McCoy made a change to its business structure by moving its McCoy Vac and Hydrovac division from the Energy Products & Services ("EP&S") segment to the Mobile Solutions segment. This was done to ensure like services were aligned in each segment. Also in December, McCoy sold its Parts & Service business, which was formerly part of the Mobile Solutions segment.

Energy Products & Services Overview

Energy Products & Services is engaged in the manufacture of drilling and completions equipment, service and replacement parts for the global oil and gas industry, as well as a range of coatings and hydraulic manufacturing and repair services. It is comprised of two divisions: Drilling & Completions and Coatings & Hydraulics.

The Drilling & Completions division consists of Farr Canada ("Farr"), a division of McCoy located in Edmonton, Alberta; Superior Manufacturing & Hydraulics, Inc. ("Superior") and Precision Die Technologies, L.L.C. ("PDT") both located in Lafayette, Louisiana. McCoy Coatings & Hydraulics consists of Inotec Coatings and Hydraulics Inc. ("Inotec") located in Edmonton, Alberta.

The Corporation will continue to pursue growth of the EP&S segment through organic growth from existing operations and strategic acquisitions as demonstrated by the acquisitions of Superior and PDT during the third quarter of 2007 and RP Manufacturing & Calibration ("RP") during the first quarter of 2009.

The EP&S segment continues to implement lean manufacturing techniques to increase throughput by improving productivity resulting in reduced per unit costs. In addition to growth through acquisition, this segment generates organic growth in two ways:

a) through increasing the proportion of international sales and focusing on growth markets such as global offshore and land drilling, the Middle East, India, Asia, South America, Central America, Mexico, North Africa, the former Soviet Union, and the Alberta oil sands; and

b) development of new products that provide McCoy with a competitive advantage using innovative technologies.

Mobile Solutions Overview

Mobile Solutions is involved in the manufacture and sale of custom heavy-duty trailers largely used in the oil and gas industry for multi-stage fracturing, as well as the manufacture of vac and hydrovac equipment through two divisions: McCoy Trailers and McCoy Vac & Hydrovac. Until December 2010, this segment included the McCoy Parts & Service division, which was sold by McCoy to enhance McCoy's focus on products and services for the global energy industry.

McCoy Trailers is focused on serving oil and gas clients operating in the Western Canadian Sedimentary Basin (WCSB), the southern United States as well as through export to China, Australia and the Middle East, and also includes product offerings in wind energy and infrastructure transportation markets.

The Mobile Solutions segment consists of Peerless Limited ("Peerless"), located in Penticton, British Columbia where both the Peerless and Scona branded trailers are manufactured; and Rebel Metal Fabricators Ltd. ("Rebel") located in Red Deer, Alberta where vac and hydrovac systems are manufactured. Also included in this segment is the Corporation's 50% interest in Prairie Truck Ltd., an International Truck dealership in the business of truck sales, parts and service located in Grande Prairie, Alberta.

This segment is aggressively pursuing market expansion into the United States and through targeted export channels to overseas oil and gas markets. Engineering expertise is being utilized to develop innovative products for the wind energy and specialized transportation markets.

McCoy is the market leader in the design and manufacture of custom drilling and well servicing chassis trailers used in fracturing and workover operations, and particularly in shale oil and gas applications. The Peerless brand has a leading market position in North America and has recently made inroads into the UK, the Middle East and Australia.

Discontinued Operations

Effective December 31, 2010, the Truck and Trailer Parts & Services division of McCoy and the service and parts division of Peerless Limited ("McCoy Parts & Service") were sold. The assets and liabilities of McCoy Parts & Service at December 31, 2009, have been reclassified as discontinued operations on the consolidated balance sheets. Operating results related to McCoy Parts & Service have been included in net income from discontinued operations in the Consolidated Statement of Earnings and Comprehensive Earnings.

This was a strategic divestiture for McCoy allowing the Corporation to focus on global expansion in the energy industry and grow our most profitable businesses in the EP&S and Mobile Solutions segments. The net cash proceeds from the sale of the Corporation's Parts & Service division, after payment of transaction expenses and taxes, are estimated at 4.2x multiple of 2010 EBITDA. These proceeds, along with McCoy's existing net cash position, will be used to support and invest in McCoy's strategic growth plans in the global energy industry.

Financial Highlights

($000 except per share amounts)	2010	2009	2008
	$	$	$
Total revenue	**109,727**	81,771	143,496
Net earnings (loss) for the year from continuing operations	**4,417**	(12,623)	(6,587)
Net earnings (loss) for the year	**4,857**	(13,163)	(5,553)
Basic earnings (loss) per share from continuing operations	**0.17**	(0.48)	(0.24)
Basic earnings (loss) per share	**0.18**	(0.50)	(0.20)
Diluted earnings (loss) per share from continuing operations	**0.17**	(0.48)	(0.24)
Diluted earnings (loss) per share	**0.18**	(0.50)	(0.20)
Earnings (loss) from continuing operations before other and income taxes for the year	**7,816**	(3,113)	9,975
Basic earnings (loss) from continuing operations before other and income taxes per share	**0.30**	(0.12)	0.36
Diluted earnings (loss) from continuing operations before other and income taxes per share	**0.30**	(0.12)	0.36
EBITDAS(1)	**12,710**	2,538	16,151
EBITDAS(1) per share	**0.48**	0.10	0.58
Cash flow from continuing operating activities	**15,572**	9,773	10,468
Cash flow from continuing operating activities per share	**0.59**	0.37	0.38
Total Assets	**82,855**	73,333	100,587
Total Liabilities	**26,032**	20,951	32,436
Total Long-term Liabilities	**8,016**	7,681	10,742

McCoy's 2010 financial results reflect the continued market recovery for McCoy. Comparison of the previous years clearly show that we have yet to return to the activity levels when rig counts were much higher; however, the financial performance has continued to improve throughout 2010 which is evident in the quarterly analysis. Total revenue has increased by 34.2% for 2010 compared to the prior year which is in line with the worldwide rig count increase of 28.6% from December 31, 2009 to December 31, 2010[a]. McCoy's order backlog remains strong; however, McCoy is continuing to view the recovery cautiously to ensure the revitalization is sustained, especially considering the civil unrest and political uncertainty existing in the Middle East and in Northern Africa.

Earnings from continuing operations before other and income taxes for the year have increased to $7.8 million from a loss of $3.1 million in 2009. EBITDAS has also increased to 11.6% of revenues in 2010 from 3.1% in 2009. These increases are directly attributable to McCoy reducing its expenses to 33.6% of revenues from 44.3% in 2009. More specifically, in the Mobile Solutions segment, along with the efficiencies gained from the improved manufacturing processes, profitability has improved as a result of the sharp rebound in the rig moving and pressure pumping markets. Over the last two years, excess trailer inventory and surplus manufacturing capacity in the industry has been largely consumed and demand has finally surpassed supply, leading to a healthy backlog for the Mobile Solutions segment.

McCoy has continued to strengthen the balance sheet through continued positive cash flows from continuing operating activities. Cash flow from continuing operating activities has increased by 59.3% to $15.6 million during the year from $9.8 million in 2009 mainly due to the increase in net income.

A dividend was not declared during 2010 and during the fourth quarter of 2009 as the Board of Directors felt that it was prudent to preserve cash given the uncertainty in the current market conditions and to ensure availability of future growth capital. As McCoy has continued to grow cash flow and has maintained a strong balance sheet, the Board of Directors has reinstated

(a) Baker Hughes, Inc. Investor Relations, http://investor.shareholder.com/bhi/rig_counts/rc_index.cfm, accessed January 2011.

a quarterly dividend of $0.01 per common share beginning the first quarter of 2011. McCoy's Board of Directors declared a quarterly dividend of $0.01 per common share on September 30, 2009, which was paid on October 15, 2009, declared and paid a quarterly dividend of $0.01 per common share on June 30, 2009, March 31, 2009 and $0.03 per common share on December 31, 2008.

(1) Non-GAAP Measurements

EBITDAS is a non-GAAP measurement defined as "earnings from continuing operations before other non-recurring items, interest, taxes, depreciation, amortization and stock-based compensation". McCoy reports on EBITDAS because it is a key measure used by management to evaluate performance. EBITDAS is utilized in making decisions relating to distributions to shareholders. McCoy believes EBITDAS assist investors in assessing McCoy's performance on a consistent basis without regard to depreciation and amortization, which are non-cash in nature and can vary significantly depending on accounting methods or non-operating factors such as historical cost.

EBITDA is a non-GAAP measurement defined as "earnings from continuing operations before other non-recurring items, interest, taxes, depreciation and amortization" and is used in monitoring compliance with debt covenants.

EBITDAS and EBITDA are not considered an alternative to net earnings in measuring McCoy's performance. EBITDAS and EBITDA do not have a standardized meaning and are therefore not likely to be comparable to similar measures used by other issuers. However, McCoy calculates EBITDAS and EBITDA consistently from period to period. EBITDAS and EBITDA should not be used as exclusive measures of cash flow since they do not account for the impact of working capital changes, capital expenditures, debt changes and other sources and uses of cash, which are disclosed in the consolidated statement of cash flows.

EBITDA and EBITDAS have been calculated as follows:

($000)	2010	2009	2008
	$	$	$
Net earnings (loss) for the year from continuing operations	**4,417**	(12,623)	(6,587)
Income taxes (recovery)	**2,781**	(3,236)	2,103
Interest on debt	**329**	704	894
Amortization	**4,351**	4,651	4,258
Impairment of assets held for sale	**468**	–	–
Goodwill and intangibles impairment	**–**	12,691	14,900
EBITDA	**12,346**	2,187	15,568
Stock-based compensation	**364**	351	583
EBITDAS	**12,710**	2,538	16,151

Results of Operations

Sales by Operating Segment

($000 except percentages)	Energy Products & Services	Mobile Solutions	Inter-Segment Eliminations	Total
	$	$	$	$
2010 sales	**76,010**	**41,464**	**(7,747)**	**109,727**
2009 sales	65,958	22,482	(6,669)	81,771
Annual Percentage increase	15%	84%		34%

Revenue for the EP&S segment increased by 15%, or $10.0 million, to $76.0 million in 2010 from sales of $66.0 million in 2009, due to increased spending in the global drilling equipment and down-hole tool markets. Signs of recovery in the markets continue as the worldwide rig count has increased by 3.4% to 3,227 as at December 31, 2010 from 3,122 as at September 30, 2010[a]. International drilling activity has remained a bright light in 2010 as international sales remained strong in certain countries due to the recovering price of oil. As the number of rigs working internationally and in North America increase, McCoy expects that demand for capital equipment will improve which will be positive for both the EP&S and Mobile Solution segments. While rig counts have increased substantially over the last year they remain well below 2008 peak levels; however, McCoy is seeing both quoting and order activities increase, particularly for drilling and completions equipment and our custom trailer chassis. Capital goods orders for drilling & completions equipment typically lag the immediate increase in drilling rig activity and this cycle is no exception. EP&S has experienced a backlog build up and the revenue pipeline for drilling and completions equipment has recovered, but not to 2008 levels. The volatility in North American natural gas prices in 2010 is creating uncertainty as to North American gas drilling levels for 2011. If drilling activity levels drop, the improving demand for capital equipment could be derailed.

Inotec has also experienced a slow recovery from the significant market slowdown of 2009. Over half of Inotec's historic revenues were generated by providing turnkey products, finish coatings or refurbishment of down-hole tools. This market is heavily influenced by active conventional rig counts in North America. In 2009, rig count activity dropped significantly and the down-hole tool business for Inotec dried up. We are now seeing a slow but steady recovery as our customers begin to work through their inventories that were built up prior to the slowdown of 2009. However, the hydraulics portion of the business, which derives 80% of its revenue from customers operating equipment in the oil sands, has remained strong and Inotec is looking to increase market-share in this area.

The Mobile Solutions segment experienced a major increase in revenue of $19.0 million from $22.5 million in 2009 to $41.5 million in 2010. The increase was primarily due to the continued recovery in conventional oil and gas activity in the WCSB as well as the U.S. land market, from which the majority of revenue for the Mobile Solutions segment is derived. Capital equipment programs for pressure pumping companies have extended the backlog for trailers into Q3 2011.

McCoy Trailers has been successful in generating revenue above forecast and has more than doubled the revenues from 2009, primarily due to steady demand for horizontal drilling and more horsepower for multi-stage fracturing. This has driven the demand for additional custom drilling and well servicing chassis. McCoy is the market leader for these custom trailers in North America with an estimated 28% market share. Capital equipment spending is continuing by key pressure pumping companies. The Marcellus Shale play is drawing equipment into the region, both fracturing and rig moving. The backlog for standard rig moving trailers in the WCSB and the southern United States is steadily building.

The Penticton plant is operating at approximately 80% capacity. Plant efficiencies are now starting to improve based on improvements made within the supply chain. The segment continues to recruit and train new employees to increase capacity.

(a) Baker Hughes, Inc. Investor Relations, http://investor.shareholder.com/bhi/rig_counts/rc_index.cfm, accessed January 2011.

Following a strategic review of operations, McCoy successfully consolidated its two trailer manufacturing businesses on time and under budget in the third quarter of 2009. McCoy moved all trailer manufacturing to the Penticton, British Columbia facility, where McCoy now manufactures both the Scona and Peerless brands. In turn, McCoy sub-leased the Edmonton trailer manufacturing plant resulting in ongoing annual cost savings of approximately $0.35 million while maintaining output capacity.

Revenues from Rebel, our Red Deer based vacuum tank and hydro-vac business, continued to struggle throughout this quarter however we are experiencing an increase in quoting and sales. Rebel's traditional market has been the WCSB which has experienced a recovery in the conventional oil and gas sector. Management has made a strategic decision to move the pipe handling products (pick-up and lay-down equipment), that were manufactured at the Red Deer facility, to the Drilling & Completions business and specifically to our Louisiana operations.

Gross Profit by Operating Segment

($000 except percentages)	Energy Products & Services	Mobile Solutions	Total
	$	$	$
2010 Gross Profit	**34,873**	**9,860**	**44,733**
% of Sales	**46%**	**24%**	**41%**
2009 Gross Profit	29,021	4,105	33,126
% of Sales	44%	18%	41%
Annual Increase	5,852	5,755	11,607

Consolidated gross profit percentage is at 40.8% for 2010 which is consistent with the gross margin of 40.5% in 2009. The maintenance of gross margin is a result of McCoy's continued monitoring and reduction of overhead costs where possible to ensure protection of the gross profit in times of increased activity.

EP&S increased gross profit by 20.2% or $5.9 million, from $29.0 million in 2009 to $34.9 million in 2010. The increase is tied directly to the increase in sales for the year. Gross profit as a percentage of sales increased from 2009 due to the manufacturing efficiencies obtained throughout the year.

Mobile Solutions increased gross profit by $5.8 million or 140.2%, from $4.1 million in 2009 to $9.9 million in 2010. This increase relates to increased activity in Western Canada and the southern United States as well as the benefits of the cost structure that resulted following the consolidation of production facilities during the third quarter of 2009. The consolidation of operations will continue to provide long-term, efficiencies and baseline cost reductions going forward.

Salaries & Commissions

Salaries & commissions increased by $1.3 million or 7.3% in 2010 to $19.8 million, compared to $18.5 million in 2009. The efficiencies obtained by McCoy offset the increased commissions due to the increase in revenues as salaries and commissions are 18.1% of revenues for the year compared to 22.6% for 2009. Included in salaries & commissions for the year is severance of $0.44 million that is a non-recurring expense. Management expects salaries & commissions to continue to be approximately 19% for 2011.

Operations

Operations expenses in 2010 remained consistent with 2009 at $8.8 million.

McCoy's efforts to improve efficiencies are reflected in operations expenses declining to 8.0% of revenues for the year compared to 10.8% for 2009.

Excluding the impact of potential acquisitions, operations expense is expected to continue to decrease as a percentage of revenue in 2011 due to the consolidation of plants and other cost cutting initiatives.

Amortization

Amortization expense of $4.4 million in 2010 represents a $0.3 million or 6.5% decrease from amortization expense of $4.7 million in 2009. The decrease is attributable to the decreased base on which amortization is calculated as a result of management's decision to reduce capital spending for 2010 until markets begin to show a sustained recovery. There was increased spending in the fourth quarter as on September 30, 2010, the Board approved management's recommendation to implement a new ERP system. This complete project will cost approximately $1.5 million and will be implemented into operations over the next 3-4 years. $0.8 million will be spent by the end of 2011. The Board also approved an additional capital expenditure plan of approximately $1.0 million for organic growth related to a new product line which was incurred in the fourth quarter of 2010. Because of the increased fourth quarter expenditures, for 2010, there were capital additions of $2.6 million of equipment and intangible assets compared to $2.3 million for 2009. As a result of these additional capital expenditures and planned 2011 expenditures of approximately $5.3 million, management expects amortization expense to increase in 2011.

Interest on Debt

Interest on debt of $0.3 million in 2010 represents a $0.4 million or 53.3% decrease from interest expense of $0.7 million in 2009. This is due to the fact that during the first quarter of 2010 McCoy was able to refinance its debt with more favourable interest rates and an extended amortization period. This trend of reduced interest is expected to continue throughout 2011.

Selling

Selling expenses increased slightly to $1.5 million from $1.4 million in 2009. Management expects selling expense to increase as a percentage of sales in 2011 as continued efforts to expand McCoy's international sales in both segments occurs.

Corporate Services

Corporate services decreased by $0.2 million from $1.7 million in 2009 to $1.5 million in 2010, or 10.0%. McCoy's efforts to trim non-essential costs are reflected in corporate services expenses declining to 1.4% of revenues for the year compared to 2.1% for 2009. This trend is expected to continue in 2011.

Foreign Exchange

As a result of the strengthening of the Canadian dollar against the U.S. dollar during 2010, the Corporation incurred a foreign exchange loss in the amount of $0.2 million in both 2010 and 2009. The annual loss is the net effect of exchange rate fluctuations on the translation of foreign currency balances to Canadian dollar balances as at December 31, 2010, as well as the conversion of certain U.S. dollar balances to prevent draws on the line of credit. McCoy typically holds a net U.S. dollar working capital position, so foreign exchange gains or losses will continue as long as the Canadian to U.S. dollar exchange rate fluctuates. The Corporation will continue to monitor the currency fluctuations between the Canadian dollar and the U.S. dollar and, based on our projected requirements for converting U.S. cash to Canadian dollars, we may periodically enter into forward contracts to partially manage our exposure as necessary.

Stock Based Compensation

Stock based compensation remained consistent with 2009 at $0.4 million for 2010. McCoy employs the fair value method of accounting for stock-based compensation and the result is a charge to stock-based compensation expense over the vesting period of the option. This level of expense is expected to increase in the coming year as additional stock options have been granted.

Summary of Quarterly Results

				2010				2009
($000 except per share amounts)	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31
	$	$	$	$	$	$	$	$
Total revenue	**34,172**	28,774	25,705	21,076	17,683	18,814	18,810	26,464
Net earnings (loss) from continuing operations	**1,442**	1,728	998	249	(10,972)	(691)	(1,343)	383
Net earnings (loss)	**1,611**	1,953	1,115	178	(11,237)	(779)	(1,478)	331
Basic earnings (loss) per share from continuing operations	**0.05**	0.07	0.04	0.01	(0.41)	(0.03)	(0.05)	0.01
Basic earnings (loss) per share	**0.06**	0.07	0.04	0.01	(0.42)	(0.03)	(0.06)	0.01
Diluted earnings (loss) per share from continuing operations	**0.05**	0.07	0.04	0.01	(0.41)	(0.03)	(0.05)	0.01
Diluted earnings (loss) per share	**0.06**	0.07	0.04	0.01	(0.42)	(0.03)	(0.06)	0.01

Fourth Quarter Highlights

($000 except per share amounts)	Q4 2010	Q4 2009
	$	$
Total revenue	**34,172**	17,683
Net earnings (loss) for the period from continuing operations	**1,442**	(10,973)
Net earnings (loss) for the period	**1,611**	(11,237)
Basic earnings (loss) per share from continuing operations	**0.05**	(0.41)
Basic earnings (loss) per share	**0.06**	(0.42)
Diluted earnings (loss) per share from continuing operations	**0.05**	(0.41)
Diluted earnings (loss) per share	**0.06**	(0.42)
Earnings (loss) from continuing operations before other and income taxes for the period	**3,173**	(1,336)
Basic earnings (loss) from continuing operations before other and income taxes per share	**0.12**	(0.05)
Diluted earnings (loss) from continuing operations before other and income taxes per share	**0.12**	(0.05)
EBITDAS(1)	**4,338**	60
EBITDAS(1) per share	**0.16**	0.01
Cash flow from continuing operating activities	**6,359**	2,760
Cash flow from continuing operating activities per share	**0.24**	0.11

The fourth quarter of 2010 shows a continued recovery in revenues compared to 2009 due to improved activity in the WCSB, North America and internationally as order books have remained strong in both McCoy segments. McCoy experienced a significant increase in revenue from the fourth quarter of 2009 in the amount of $16.5 million. The fourth quarter of 2009 marked the bottom of the downturn for McCoy while the fourth quarter of 2010 represents the peak in McCoy's revenues since the downturn. McCoy anticipates continued growth in 2011 as worldwide rig counts have increased and is positioned well to benefit from the additional activity.

In the fourth quarter of 2010, McCoy made a strategic decision to exit our current Top Drive product line. Factors that went into making this decision are:

- We believe that we lacked the range of Top Drive size offerings to reach the volumes necessary to have a self-sustaining business;
- The investment of capital, time and people required to develop the size range offerings for Top Drive are better allocated to other growth opportunities; and
- This product line has not been financially successful since its inception.

McCoy has written-down the Top Drive assets and reclassified them as assets held for sale on our balance sheet. This impairment has resulted in a $0.468 million charge to our income statement, or $0.02 per share.

($000 except per share amounts)	Q4 2010	Q4 2009
	$	$
Loss (gain) on foreign exchange	**127**	(158)
Impairment of assets held for sale	**468**	–
Goodwill impairment	**–**	12,691
Non-operational costs	**595**	12,533
Non-operation costs per share	**0.02**	0.47

Consolidated gross margin has decreased to 37.4% for the fourth quarter, down from 43.2% in the third quarter of 2010. This decrease is attributable to the change in mix of revenues as the mix has changed to 55.6% EP&S and 44.4% Mobile Solutions for the fourth quarter of 2010 compared to 68.4% EP&S and 31.6% Mobile Solutions for the third quarter of 2010.

Earnings from continuing operations before other and income taxes for the quarter have increased to $3.2 million from a loss of $1.3 million for the same period in 2009. EBITDAS for the quarter has also increased by $4.3 million from the fourth quarter of 2009. These increases are directly attributable to McCoy reducing its expenses in the fourth quarter of 2010 to 28.1% of revenues from 45.5% during the same period in 2009.

Fourth quarter cash flow provided by continuing operating activities increased by $3.6 million from 2009 due mostly to increased cash flow from the increase in net income for the quarter.

EBITDAS has been calculated as follows:

($000)	Q4 2010	Q4 2009
	$	$
Net earnings (loss) for the period from continuing operations	**1,442**	(10,973)
Income taxes (recovery)	**1,186**	(3,075)
Interest on debt	**84**	133
Amortization	**1,116**	1,206
Impairment of assets held for sale	**468**	–
Goodwill and intangibles impairment	**–**	12,691
EBITDA	**4,296**	(18)
Stock-based compensation	**42**	78
EBITDAS	**4,338**	60

Liquidity and Capital Resources

12 Months Ended December 31

($000)	2010	2009	2008
	$	$	$
Cash provided by continuing operating activities	**15,572**	9,773	10,468
Cash used in continuing financing activities	**(593)**	(4,821)	(9,850)
Cash used in continuing investing activities	**(2,495)**	(4,660)	(5,127)
Foreign exchange (loss) gain on cash held in foreign currency	**(272)**	(457)	682
Discontinued operations	**(265)**	586	781
Increase (decrease) in cash	**11,947**	421	(3,046)

Cash flow provided by continuing operating activities 2010 increased by $5.8 million or 59.3%. Most of this increase related to the increase in earnings from continuing operations before impairment and income taxes. This was offset by the decrease in the change in non-cash working capital components of approximately $2.0 million from 2009.

Cash used in continuing financing activities decreased by $4.2 million, or 87.7%, for 2010 compared to 2009 as McCoy enjoyed reduced debt payments as a result of refinancing of its debt. McCoy has not declared or paid any dividends during 2010 compared to $0.8 million of dividends paid during 2009.

Cash used in continuing investing activities decreased by $2.2 million, or 46.5%, in 2010 compared to 2009. This decrease is due to the fact that there was no acquisition or earn-out paid in 2010 where in 2009, the acquisition of RP and the earn-out related to the Universal Grinding Inc. acquisition was $2.6 million. The decrease in the acquisition activity was slightly offset by the additional capital expenditures made in 2010 of $0.3 million. The nature and purpose of these expenditures is mostly equipment and software purchases. The source of funds was operating cash flows.

The Corporation also had cash on hand at December 31, 2010 of $16.8 million and $10.0 million is available under the Canadian credit facility. As at December 31, 2010, based on the levels of accounts receivable and inventories used to calculate the available credit, the Corporation has access to $4.6 million of the Canadian credit facility. The Corporation also has US$2.15 million available under two U.S. operating line of credit facilities.

Management believes that, with the projected level of operations for 2011 and the availability of funds under the established credit facility, the Corporation will have sufficient capital to fund its operations. Management is monitoring economic conditions and will manage capital spending accordingly.

Normal Course Issuer Bid

On October 1, 2009, the Toronto Stock Exchange ("TSX") accepted a notice filed by McCoy of its intention to conduct a Normal Course Issuer Bid through the facilities of the Toronto Stock Exchange.

McCoy could purchase, from time to time, as it considered advisable, up to 1,323,796 of the issued and outstanding common shares (being approximately 5% of the issued and outstanding common shares at September 24, 2009). The maximum number of common shares that could be purchased on a daily basis was 7,101, which was equal to 25% of the average daily trading volume for the six months ended September 30, 2009.

During the year ended December 31, 2010, no common shares were repurchased.

The Normal Course Issuer Bid expired on October 4, 2010 and was not renewed.

Debt to Equity Ratio

	2010	2009	2008
Gross debt to equity	0.46 to 1	0.40 to 1	0.48 to 1
Net debt[2] to equity	0.16 to 1	0.31 to 1	0.41 to 1

(2) Net debt is defined as total debt less cash.

The debt to equity ratio fluctuates as the Corporation completes acquisitions and alternate forms of financing are used. McCoy has taken a conservative approach in its use of debt to finance operations and will continue to do so in the coming year.

Financial Instruments

A financial instrument is any contract that creates a financial asset of one entity and a financial liability or equity instrument to the other entity. Financial instruments are measured at fair value and are classified as one of the following: held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities.

Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses being recognized in net earnings during the period they occur. Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses, net of tax, being recognized in other comprehensive income/loss until the asset is sold, or if an unrealized loss is considered other than temporary, the unrealized loss is recognized in net earnings during the period it occurs. Financial assets classified as held to-maturity, loans and receivables, and financial liabilities classified as other liabilities are measured at amortized cost using the effective interest rate method. Transaction costs directly attributable to the acquisition or issue of a financial asset or liability are expensed as incurred.

The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their short terms to maturity.

The fair values of the notes receivable, long-term debt and obligations under capital leases approximate their carrying values since their stated interest rates approximate market interest rates at December 31, 2010 and 2009.

Classification of Financial Instruments

McCoy has designated its financial instruments as follows:

Financial Instrument	Category	Measurement
Cash and cash equivalents	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Notes receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost
Obligations under capital lease	Other liabilities	Amortized cost

As at December 31, 2010 and 2009, McCoy did not have any financial assets classified as available-for-sale or held-to-maturity.

Financial Risk Management

McCoy's activities are exposed to a variety of financial risks including foreign currency risk, interest rate risk, credit risk and liquidity risk. McCoy's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on McCoy's financial performance. The risk management program is carried out by financial management in conjunction with overall corporate governance. The principal financial risks to which McCoy is exposed are described below:

Foreign Currency Risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. McCoy operates internationally and is exposed to changes in foreign currency rates. McCoy is primarily exposed to fluctuations in the U.S. dollar. McCoy attempts to match cash flows and reported amounts for revenues and expenses on a period-to-period basis. Further volatility in reported amounts arises from the translation (referred to as "translation risk") of McCoy's foreign operations using the current rate translation method.

Canadian GAAP requires disclosure of a sensitivity analysis that shows foreign currency risk exposure at the period end. More specifically, GAAP requires that the sensitivity analysis include only the effect on McCoy's financial instruments which excludes the consideration of translation risk, financial instruments that are non-monetary items, and financial instruments denominated in the functional currency in which they are transacted and measured. Based on those U.S. dollar denominated financial instruments at December 31, 2010, for each 1% change in the U.S. dollar, McCoy would incur an exchange loss or gain of approximately $0.06 million (2009 – $0.02 million).

This analysis of the effects of hypothetical foreign exchange changes is based on assumptions, including the maintenance of the existing level and composition of assets and liabilities, and should not be relied on as indicative of actual or future results.

Included in earnings for the year is $0.18 million of foreign exchange losses (2009 – $0.16 million).

Interest Rate Risk

McCoy's interest rate risk arises from its floating rate long-term debt and obligations under capital lease. McCoy does not currently hold any financial instruments that mitigate this risk and management believes that the impact of interest rate fluctuations will not be significant. For each 1% change in the rate of interest on loans subject to floating rates, McCoy would incur approximately $0.06 million (2009 – $0.06 million) in annual interest reduction or increase.

Credit Risk

McCoy is exposed to credit risk through its accounts receivable from customers. This risk is elevated due to the impact the current credit markets and general economy have had on customers. McCoy manages credit risk by following a program of credit evaluation, obtaining deposits on certain orders and by limiting the amount of customer credit following the credit evaluation. Allowances are provided for potential losses that have been incurred at the balance sheet date. The amounts disclosed in the balance sheet for accounts receivable are net of the allowance for doubtful accounts amounting to $0.21 million (2009 – $0.22 million). McCoy also has foreign sales which are normally paid prior to shipping. For the years ended December 31, 2010 and December 31, 2009, McCoy did not have any customers that represented greater than 10% of its revenue.

The following table sets forth details of aging of receivables:

($000 except percentages)	December 31, 2010		December 31, 2009	
	$	%	$	%
0 to 30 days (current)	6,467	49	5,089	65
31 to 60 days	3,657	27	1,467	19
61 to 120 days	2,022	15	1,007	13
Over 120 days	1,245	9	378	5
Sub-total accounts receivable	13,391	100	7,941	102
Less: Allowance for doubtful accounts	(213)	(1)	(222)	(3)
Trade receivables	13,178	99	7,719	99
Other receivables	171	1	85	1
Total accounts receivable	13,349	100	7,804	100

Liquidity Risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. McCoy manages liquidity risk by monitoring cash flows and other anticipated expenses so there are sufficient cash resources to meet forecasted operational expenses and financial obligations. Cash on hand at December 31, 2010 was $16.8 million and $10.0 million was available at December 31, 2010 under the Canadian credit facility. As at December 31, 2010, based on the levels of accounts receivable and inventories used to calculate the available credit, McCoy had access to CAD $4.6 million of the line. McCoy also has US$2.15 million available under two U.S. operating line of credit facilities.

The following table shows the anticipated timing of future cash outflows relating to trade and other payables and finance debt. Finance debt is comprised of the obligations under capital lease and the long-term debt balances.

	December 31 , 2010		December 31 , 2009	
($000)	Trade and other payables	Finance debt	Trade and other payables	Finance debt
	$	$	$	$
Within one year	15,765	814	10,160	1,250
1 to 5 years	–	5,585	–	5,767
	15,765	6,399	10,160	7,017

Capital Management

The Corporation's objectives when managing its capital are to safeguard the Corporation's assets and its ability to continue as a going concern while at the same time maximizing the growth of its business and the return to its shareholders. McCoy views its capital as the combination of long-term debt and shareholders' equity.

McCoy's capital is as follows:

($000)	December 31, 2010	December 31, 2009
	$	$
Long-term debt	**5,108**	4,917
Long-term portion of subordinated debt	**–**	(1,625)
Obligations under capital lease	**477**	850
Total long-term debt	**5,585**	4,142
Shareholders' equity	**56,823**	52,382
Long-term portion of subordinated debt	**–**	1,625
Total equity	**56,823**	54,007
Total capital	**62,408**	58,149

McCoy sets the amount of capital in proportion to risk and manages and makes adjustments to the capital structure in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Corporation may assume additional debt, issue new shares, or sell assets to reduce debt.

McCoy's key financial covenant with its lender changed from total debt/tangible net worth to Funded Debt to EBITDA, calculated on a rolling four quarter basis, as a result of a financing agreement executed on January 29, 2010.

The following table sets forth the calculation of Funded Debt to EBITDA:

($000 except ratios)	December 31, 2010	December 31, 2009
	$	$
Current portion of long-term debt	**452**	844
Current portion of obligations under capital lease	**362**	406
Long-term debt	**5,108**	4,917
Obligations under capital lease	**477**	850
Less: Canadian denominated cash on deposit	**(7,151)**	–
Total Funded Debt	**(752)**	7,017
Normalized rolling four quarter EBITDA	**12,346**	2,187
Funded Debt to EBITDA	**(0.06)**	3.21

The change in the Funded Debt to EBITDA ratio was mainly due to the fact that the Corporation has more Canadian denominated cash on deposit than funded debt. Capital management objectives, policies and procedures were unchanged since the last period.

The Corporation's lending requirements as per the financing agreement executed on January 29, 2010 are subject to:

- Maintenance of the ratio of current assets to current liabilities of no less than 1.25:1
- Funded Debt to EBITDA[1], calculated on a rolling four-quarter basis, of 2.50:1 or better;
- An EBITDA[1] to interest expense plus the current portion of long-term debt ratio of 1.20 to 1; and
- Starting 2011, a payment to a maximum of $0.25 million per year is required if EBITDAS[1] is less than $5.0 million per year.

Inventories

($000)	December 31, 2010	December 31, 2009
	$	$
Raw materials	**2,396**	3,238
Work-in-progress	**5,550**	4,028
Finished goods	**7,290**	8,843
Trucks	**843**	528
	16,079	16,637

During the year ended December 31, 2010, cost of sales included $57.1 million (2009 – $38.8 million) of costs associated with inventory and $0.05 million of inventory write-downs (2009 – $2.1 million).

Contractual Obligations and Off Balance Sheet Arrangements

In its continuing operations, the Corporation has from time to time entered into long-term contractual arrangements for its operational facilities and debt financing. The following table presents contractual obligations arising over the next five years from the arrangements currently in force:

($000)	Total	2011	2012	2013	2014	2015	Thereafter
	$	$	$	$	$	$	$
Operating lease obligations	25,530	2,664	2,070	1,785	1,781	1,766	15,464
Obligations under capital leases	916	408	274	194	34	6	–
Long-term debt	5,560	452	452	452	452	3,752	–
Total	32,006	3,524	2,796	2,431	2,267	5,524	15,464

Transactions with Related Parties

Sale-Leaseback

On April 30, 2003, the Corporation sold all of its then existing land and buildings for the amount of $5.8 million, measured at appraised fair market values. A vendor take-back second mortgage for $0.7 million was granted to the purchaser and repaid in August 2008. The sale resulted in a gain of $1.5 million which is being recognized over 15 years, which is the term of the leases described below. Amortization of $0.1 million is included in income during 2010 (2009 – $0.1 million). Interest revenue in the amount of $0.05 million has been recorded in the financial statements for 2010 (2009 – $0.05 million).

On April 30, 2003, the Corporation entered into lease agreements with the purchaser, whereby the buildings will be leased for a period of 15 years. Minimum annual lease payments are $0.7 million per annum for the first five years, $0.75 million per annum for the following five years and are to be renegotiated at market rates for the last five years of the lease. As of January 1, 2011, 100% of the minimum annual lease payments will be recovered through a sublease. These transactions were made in the normal course of business and are recorded at the exchange amount being the amount of consideration established and agreed to by the related parties.

The purchaser and lessor is a partnership owned by certain directors. These individuals are also directors of Foundation Equity Corporation, a 43% shareholder of the Corporation.

Property leases

A subsidiary of the Corporation entered into lease agreements with a company whose principal is an officer of the Corporation. Minimum annual lease payments are $0.4 million per year until 2017. The Corporation has the option to renew the lease for another five years at $0.5 million per year. These transactions were made in the normal course of business and are recorded at the exchange amount being the amount of consideration established and agreed to by the related parties.

Outstanding Share Data

As at March 17, 2011 the following class of shares and equity securities potentially convertible into common shares were outstanding:

Common shares	**26,475,912**
Convertible equity securities	
Stock options	1,465,000

Upon exercise, the stock options are convertible into an equal number of common shares.

For details relating to the stock options, please refer to Note 13 of the 2010 audited consolidated financial statements.

Interest in Joint Venture

The major components of McCoy's 50% proportionate interest in Prairie Truck Ltd. included in these interim consolidated financial statements are as follows:

($000)	December 31, 2010	December 31, 2009
	$	$
Current assets	**2,029**	2,162
Total assets	**2,121**	2,280
Current liabilities	**427**	187
Total liabilities	**427**	187

($000)	Year ended December 31, 2010	Year ended December 31, 2009
	$	$
Revenue	**4,041**	3,448
Cost of sales	**3,026**	2,403
Gross profit	**1,015**	1,045
Expenses	**899**	960
	116	85
Income taxes	**16**	7
Net earnings for the year	**100**	78

Critical Accounting Estimates

The preparation of the Corporation's financial statements, in conformity with Canadian GAAP, requires the management of the Corporation to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Management regularly evaluates these estimates and assumptions which are based on past experience and other factors that are deemed reasonable under the circumstances. This involves varying degrees of judgment and uncertainty and, therefore, amounts currently reported in the financial statements could differ in the future.

Amortization Policies and Useful Lives

The Corporation amortizes property, plant and equipment and intangible assets over the estimated useful lives of the assets. In determining the estimated useful life of these assets, significant judgment by management is required. In determining these estimates, the Corporation takes into account expectation of the in-service period of these assets. The Corporation assesses the estimated useful life of these assets on an annual basis to ensure they match the anticipated life of an asset from a revenue producing perspective. If the Corporation determines that the useful life of an asset is different from the original assessment, changes to amortization will be applied prospectively.

Purchase Price Allocation

The Corporation completed acquisitions of Rebel (2005), Inotec (2006), Superior (2007), PDT (2007) and RP (2009). The allocations of the purchase prices for these transactions involved determining the fair values assigned to the tangible and intangible assets acquired. The Corporation uses independent valuators to determine the fair value of intangible assets of the acquired companies. The fair value of the tangible assets is allocated based on a calculation by management.

Recently Adopted Accounting Pronouncements and Not Yet Adopted

Convergence with International Financial Reporting Standards ("IFRS")

Canada's Accounting Standards Board ("AcSB") ratified a strategic plan that resulted in GAAP, as used by Canadian public companies, being evolved and converged with IFRS over a transitional period to be completed by 2011. The official changeover date to IFRS is for interim and annual financial statements related to fiscal years on or after January 1, 2011. For McCoy this will be the period starting January 1, 2011. The conversion to IFRS has impacted McCoy's accounting policies, information technology and data systems, internal control over financial reporting, and financial statement presentation and disclosure. The transition has also impacted McCoy's business processes and operations, including such areas as contractual arrangements, debt covenants, and compensation arrangements.

Throughout 2010, McCoy has completed the detailed assessment and the solutions development phase of its conversion project. The detailed assessment phase consisted of an in depth look at each of the IFRS standards impacting the manufacturing industry and particularly McCoy, and assessing the alternatives available. The solutions development phase involved the IFRS project team and the Audit Committee discussing the options available under IFRS and determining recommendations on standards.

McCoy's focus has shifted to the implementation phase of the project in which it has already assessed the quantitative impact of IFRS as at January 1, 2010 and has prepared a Consolidated Opening Statement of Financial Position. McCoy is now in the process of finalizing IFRS compliant information for comparative purposes in 2011, which will be completed during the first quarter of 2011. Following the completion of comparative balances McCoy will be preparing its first set of financial statements under IFRS for the three month period ending March 31, 2011. We expect to file these financial statements within the required time frame.

We continue to provide key IFRS information and status updates to our key financial staff, Audit Committee, and the Board of Directors regarding the transition process.

Set out below are the key areas that are expected to impact our consolidated financial statements. The accounting policies below should not be regarded as a complete account of changes that will result from the transition to IFRS. It is intended to highlight those areas we believe to be the most significant. The differences described below are those existing between Canadian GAAP and IFRS today, we continue to monitor standard developments issued by the International Accounting Standards Board ("IASB") and regulatory developments issued by Canadian Securities Administrators that may affect the timing, nature, or disclosure of our adoption to IFRS. Consequently, the following is a preliminary analysis of the impacts of the conversion to IFRS on McCoy's consolidated opening statement of financial position. Circumstances may arise throughout 2011, such as changes to IFRS standards or in the interpretation of standards, which could alter this information.

Presentation of Financial Statements

Under International Accounting Standard (IAS) 1, a complete set of financial statements should include a statement of financial position, a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows, accounting policies, and explanatory notes. IAS 1 prescribes various formats and requirements for statement presentation and disclosure. We expect the adoption of IAS 1 to result in several changes to the format of our financial statements, in expanded note disclosure, and in different classification and presentation of line items in our consolidated statements of financial position and consolidated statements of income and comprehensive income.

For example, under IFRS we are required to present our statement of income and comprehensive income by either function or nature. McCoy currently classifies expenses by a mixture of both function and nature below the gross profit line. For example there are expenses by function such as selling and administrative and also expenses by nature like depreciation and salaries. Above the gross profit line there is revenue and cost of sales which is reflective of a classification by function.

The consistency of the financial statements will therefore be affected as there is no room under IFRS to incorporate expenses by both function and nature. To present the expenses based on function, expenses such as depreciation and salaries will need to be allocated to these different functions within the statements. Additionally, a number of balances previously captured in below the line accounts have now been reclassified, or partially allocated, to the cost of sales function and McCoy anticipates a significant reduction in gross margin percentages as a result of these reclassifications.

Furthermore, reclassifications will also be performed on the statement of financial position as certain line items will be moved into new categories such as provisions, and others will be moved from current to non-current classifications and vice versa, such as future income tax assets, as noted below.

Property, plant and equipment

Consistent with Canadian GAAP, under IFRS, separable components of property, plant and equipment ("PP&E") are recognized initially at cost. Under International Accounting Standards ("IAS") 16, Property, Plant and Equipment, an entity is required to choose, for each class of PP&E, to use either the cost model (consistent with Canadian GAAP) or the revaluation model. Under the revaluation model, an item of PP&E is carried at is revalued amount, which is its fair value at the date of the revaluation less any accumulated amortization and accumulated impairment losses. Increases in fair value are recorded in a revaluation surplus account in equity. Decreases in fair value will reduce the revaluation surplus account with any excess recognized in income.

The Board has approved a recommendation to adopt the cost model under IFRS and McCoy will review annual depreciation methods and useful lives.

McCoy assessed the impact of componentization on the opening statement of financial position and it was determined that the amount was not significant, and therefore no adjustment is necessary.

McCoy has adjusted internal controls and Corporate policies to incorporate the identification of significant components and account for them on a separate basis. Additionally, work instructions have been provided regarding the treatment of repairs and maintenance expense in different scenarios, to inform key financial staff of IFRS requirements surrounding routine inspections, major overhauls, and derecognition of components.

Impairments

For assets other than financial assets, Canadian GAAP states a write-down to estimated fair value is recognized if the estimated undiscounted future cash flows from an asset or group of assets are less than their carrying value. Under IAS 36, Impairment of Assets, a write-down is recognized if the recoverable amount is less than the carrying value. The recoverable amount is the higher of the estimated fair value less costs to sell or value in use. Impairment is calculated as the amount by which the asset's carrying value exceeds its recoverable amount.

It is possible that additional write-downs will be necessary under IFRS compared to Canadian GAAP if discounted cash flows are less than the carrying value but undiscounted cash flows are not.

McCoy tested for impairment at January 1, 2010 for each of the cash generating units that were established as part of the transition to IFRS. The test indicated that an impairment of $0.3 million, net of taxes, existed in the McCoy Drilling & Completions – Farr Top Drive cash generating unit.

Canadian GAAP does not permit the reversal of any previous impairment losses. IFRS requires the reversal of previous impairment losses where circumstances have changed such that the impairments have reduced. This could result in increased fluctuations in earnings, carrying values of PP&E, and the balances in shareholders' equity.

As at January 1, 2010 McCoy assessed previous impairments and noted that circumstances in Superior Manufacturing have changed in that the recoverable amount of the intangible assets was higher than the carrying amount. As a result, the $0.56 million impairment net of taxes recognized under Canadian GAAP was reversed as at January 1, 2010, which resulted in an increase to retained earnings.

Provisions, contingent liabilities and contingent assets

IAS 37, Provisions, Contingent Liabilities and Contingent Assets, requires a provision to be recognized when there is a present obligation (legal or constructive) as a result of a past transaction or event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the obligation. Probability is based on the threshold "more likely than not". Under Canadian GAAP, the threshold is "likely", which is interpreted as a higher threshold. It is possible there may be additional legal or contingent provisions that may require recognition in the financial statements because of this distinction.

McCoy assessed whether or not additional provisions should be recognized under IFRS and it was determined that there are no provisions to be recorded as a result of the changing recognition threshold; therefore no adjustment is necessary.

Interests in joint ventures

Under IAS 31, an entity may account for interests in joint ventures using either the equity method or proportionate consolidation method. Canadian GAAP requires the use of the proportionate consolidation method to account for joint ventures. McCoy has decided to use the equity method because it is expected that the IASB will be issuing a new joint venture standard that will prohibit the use of proportional consolidation. The adjustment resulted in a reduction of current assets of $2.2 million, a reduction of capital assets of $0.1 million, a reduction of current liabilities of $0.2 million, and the associated creation of an investment in joint ventures balance of $2.1 million as at January 1, 2010.

Other opening statement of financial position adjustments

In addition to adjustments relating to the above key areas affected by IFRS, there are some additional adjustments at transition date that have been quantified by McCoy.

One in particular relates to the deferred gain previously recorded as part of the sale-leaseback transaction. Under IFRS gains arising on sales-leaseback transactions resulting in operating leases are required to be recognized in income when the transaction occurs. Under Canadian GAAP this amount was being amortized over the lease term. Accordingly the deferred gain as at January 1, 2010 has been reversed through opening retained earnings, which was an amount of $0.6 million, net of taxes.

Income Taxes

IFRS and Canadian GAAP accounting for income taxes are similar. However, various changes in accounting policies under IFRS will impact the corresponding deferred tax asset or liability. In addition, under IAS 12, we will be required to reclassify deferred tax assets and liabilities from current to non-current. As a result, we expect to reclassify $1.5 million in deferred tax assets from current to long-term.

In addition, because of various changes in accounting policies under IFRS, the most significant of which are listed above, we estimate that our deferred tax assets will decrease by $0.1 million and our deferred tax liabilities will increase by $0.7 million.

First-time adoption of IFRS

Adoption of IFRS requires the application of IFRS 1, First-time Adoption of International Financial Reporting Standards. IFRS 1 lists specific exemptions McCoy may use when first adopting IFRS. If these exemptions are not taken, full retrospective application of IFRS is required. The most significant exemptions to McCoy are as follows:

Business combinations

For business combinations that occurred before the transition date, McCoy has the choice to either restate all of these business combinations under IFRS, restate all business combinations after an internally elected date, or not to restate any of the business combinations. Assets and liabilities acquired in a business combination that is not restated may still be de-recognized if they do not qualify for recognition under IFRS.

McCoy has participated in several business combinations and the Board has approved a recommendation to take this exemption so that any business combinations that occurred prior to January 1, 2010 will remain unchanged, subject to the requirements of Appendix C of IFRS 1. McCoy has calculated a $0.265 million adjustment on transition to record the contingent liability related to the acquisition of Universal Grinding Inc. The associated expense is recorded to opening retained earnings.

Fair-value or revaluation as deemed cost

IFRS requires PP&E to be measured at a cost in accordance with IFRS. An exemption exists, upon transition to IFRS, which permits an asset to be recorded at deemed cost which is the fair value at the date of transition, or an event-driven valuation. This exemption may be applied to individual items of PP&E. Any write-up of the asset to a fair value above cost will be recorded in retained earnings.

The Board has approved a recommendation to elect to use deemed cost on all items of PP&E, excluding land. The Board has approved the recommendation to revalue land to fair value.

McCoy has calculated the adjustment to revalue land as an increase of $2.3 million, net of taxes. The associated gain is recorded to retained earnings.

Cumulative translation adjustment

IAS 21, The Effects of Changes in Foreign Exchange Rates, requires a company to determine the translation differences in accordance with IFRS from the date on which a subsidiary was formed or acquired. IFRS allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition with reclassification of the previous amount made to retained earnings.

The Board has approved a recommendation to take this election and "reset" cumulative translation differences accumulated as at the date of transition to zero. As at December 31, 2009, there was an unrealized gain on translation of self-sustaining foreign operations of $0.021 million. In the first set of IFRS financial statements this balance will be reset to zero which will result in an increase of $0.021 million to opening retained earnings for the year ended December 31, 2010.

Overall effect on opening retained earnings

The adjustments quantified above all have an impact on the retained earnings balance as at January 1, 2010. The overall effect of these adjustments is an increase in retained earnings of $2.9 million.

Impact of IASB projects

The IASB has several projects slated for completion in 2011 that may significantly impact the transition to IFRS and the financial statements of McCoy. McCoy continues to monitor the IASB's progress on these projects and their impact on the McCoy's transition to IFRS.

Impact on information systems and technology

McCoy will make retrospective adjustments to Canadian GAAP figures as at December 31, 2010 in order to determine IFRS opening balances as at January 1, 2011 as well as implement the modifications required to existing reports and new reports created to facilitate preparation of the increased note disclosure required by IFRS. Adjustments to reports are anticipated as the year progresses and the reports are put to use.

Impact on internal controls

McCoy's transaction-level controls will not be affected by the transition to IFRS in any material way. The transition to IFRS for McCoy mainly affects the presentation and disclosure of its financial statements. This may lead to significant presentation and process changes to report more detailed information in the notes of the financial statements, but it is not currently expected to lead to many measurement or fundamental differences in the accounting processes used by McCoy.

Financial reporting controls will change due to the transition to IFRS, but the impact will be minimal. The majority of change surrounds new processes, or modified processes, due to the fact that IFRS requires more judgment with respect to various accounting treatments. Processes and controls will be put in place to ensure McCoy is making the appropriate judgments and following the IFRS accounting policies selected. Ongoing processes required to properly apply some of McCoy's IFRS accounting policies from the start of 2010 for comparative purposes have been put in place and will be applied by all divisions.

McCoy's finance group will continue to receive training on a regular basis to ensure they have the required understanding of new processes, policies and technical knowledge.

Controls and Procedures

In order to ensure that information with regard to reports filed or submitted under securities legislation presents fairly in all material respects the financial information of the Corporation, management including the President and Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures, as well as internal control over financial reporting.

Disclosure Controls and Procedures

Management maintains disclosure controls and procedures for the Corporation in order to provide reasonable assurance that material information relating to the Corporation, including its consolidated subsidiaries, is made known to it in a timely manner. National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings requires the Chief Executive Officer and Chief Financial officer to certify that they are responsible for establishing and maintaining disclosure controls and procedures, they have designed such disclosure controls and procedures (or have caused such disclosure controls and procedures to be designed under their supervision) to ensure that material information concerning the Corporation is made known to them and they have evaluated the effectiveness of the Corporation's disclosure controls and procedures as of the end of the period covered by this filing. The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Corporation's disclosure controls and procedures as of December 31, 2010 and have concluded that the Corporation's disclosure controls and procedures are operating effectively.

Internal Controls over Financial Reporting

National Instrument 52-109 also requires the Chief Executive Officer and the Chief Financial Officer to certify that they are responsible for the design of internal controls over financial reporting (or have caused them to be designed under their supervision). Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The control framework used to evaluate the Corporation's internal controls over financial reporting is the Internal Control Over Financial Reporting – Guidance for Smaller Public Companies published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Chief Executive Officer and Chief Financial Officer have limited the scope of the Corporation's disclosure controls and procedures and the design of internal controls over financial reporting as of December 31, 2010 to exclude the controls, policies and procedures of Prairie Truck Ltd., a proportionately consolidated entity in which the Corporation has an interest.

As at December 31, 2010, the Chief Executive Officer and the Chief Financial Officer of the Corporation have evaluated the effectiveness of the Corporation's internal controls over financial reporting and have concluded that the Corporation's internal control over financial reporting is effective.

During the year ended December 31, 2010 there have been no changes in the Corporation's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

Critical Risks and Uncertainties

As at December 31, 2010, there have been changes in the Corporation's risks or risk management activities since December 31, 2009. The change relates to the addition of political unrest as a critical risk, as many nations that McCoy conducts business with are subject to less stable political environments. The Corporation's results of operations, business prospects, financial condition, cash distributions to shareholders and the trading price of the Corporation's shares are subject to a number of risks. These risk factors include:

- oil and natural gas commodity price fluctuations;
- political unrest;
- foreign exchange rate fluctuations;
- technology risks;
- the economy of the energy sector;
- weather;
- ability to attract and retain key personnel;
- the competitive environment;
- McCoy's ability to successfully integrate and operate additional businesses; and
- interest rates.

A discussion of these risks and other risks associated with investment of the Corporation's shares is given elsewhere in this MD&A as well as in "Risk Factors" detailed in the Corporation's Annual Information Form that is available at www.sedar.com.

Risk Factors

In addition to risks described elsewhere in this MD&A, the Corporation is exposed to various business risks which include but are not limited to the following:

Commodity Price Risk

The recent downturn in oil and gas prices worldwide has had a direct impact on activities of the Corporation's customers. Low commodity prices for an extended period of time will result in continued reduced demand for many of McCoy's manufactured products. This in turn will result in lowered revenues and earnings. To mitigate some of this risk, management has focused on growing its less volatile recurring revenue businesses such as replacement parts and service related to mobile equipment and drilling equipment as well as new product development. In addition, the Corporation's strategy to increase revenue outside of North America provides less revenue volatility.

Political Unrest

The Corporation markets its products into certain countries which may experience political unrest from time to time. Political unrest could result in a disruption in revenues generated by those countries and result in reduced revenues potentially short and long term. To mitigate this risk, McCoy ensures it is operating in the global marketplace where reliance on revenues from one country or another will not result in major revenue shortfalls.

Technology Risk

McCoy's ability to meet customer demands in respect of performance and cost will depend upon continuous improvements in products, and there can be no assurance that McCoy will be successful in this regard or that McCoy will have resources available to meet this continuing demand. Failure to meet this demand could have a material adverse affect on McCoy's business, financial condition, results of operations and cash flows. No assurances can be given that McCoy's competitors will not achieve technological advantages.

In the future, McCoy may seek patents or other similar protections in respect of particular products and technology, however, McCoy may not be successful in such efforts. Competitors may also develop similar products and technology thereby adversely affecting McCoy's competitive advantage in one or more of McCoy's businesses. Additionally, there can be no assurance that certain products or technology McCoy develops, may not be the subject of future patent infringement claims or other similar matters which could result in litigation, the requirement to pay licensing fees or other results that could have a material adverse affect on McCoy's business, financial condition, results of operations and cash flows.

Economic Downturn

Economic downturns could have a negative impact on our business since our customers may curtail their capital spending or may experience difficulty in paying for products purchased. By situating the Corporation to adapt to changing market conditions, exposure to such risk may be lessened. This has and will continue to be achieved by cost management strategies and expansion into other sectors through new targeted marketing strategies.

Cyclicality

As a significant percentage of the Corporation's consolidated revenues are tied, directly or indirectly, to the oil and gas industry, both in Western Canada and globally, its overall financial performance is subject to any cyclicality in this industry sector.

Weather Conditions

An unseasonably warm winter can adversely affect McCoy's operations in two ways. In some areas, drilling activity is dependent upon prolonged periods of cold weather to freeze the ground and allow heavy equipment access to off-road locations. If the equipment is not in active use, it is unlikely to require repair. Also, an unseasonably warm winter in North America reduces the consumption of natural gas which negatively affects drilling activity.

Climate Change Risk

McCoy is unlikely to be affected directly by Climate Change effects. No direct physical risks (i.e. rise of sea level, harsher winter) resulting from Climate Change are foreseeable to affect the continuity of McCoy's business units in the long term.

None of the impending regulations on Greenhouse Gases ("GHGs") is anticipated to directly affect any of McCoy's business units, since all McCoy facilities emit less than the regulatory threshold of 100,000 tonnes of carbon dioxide ("CO2") per year. Although none of McCoy business units is a large emitter of CO2, the Corporation is taking steps towards assessing the carbon footprint of each one. The Corporation's initial approach consists on monitoring fossil fuel and electric power costs with intention of identifying areas of potential improvement. The Corporation's main customers in the Oil & Gas Industry most probably will face the need for capital investment to comply with impending regulations promoting CCS (Carbon Capture and Storage) for reductions in GHGs, besides current expenses (in Alberta, CO2 is currently regulated at $15/ton). Whether price adjustment, revenue adjustment or revamping will take place in any given facility of McCoy's customers is uncertain. However, the oil extraction activity is reasonably expected to be maintained to cover the growth in energy demand. In fact, such demand is expected to keep increasing due to harsher winters and higher summer temperatures resulting from the warming of the Earth.

In the short term, McCoy will be gradually formalizing current initiatives aimed towards increasing energy efficiency and reducing energy consumption.

Reliance on Key Persons and Labour Shortages

The potential loss of key personnel is another risk area the Corporation faces. While continued productivity improvements have reduced labour requirements and the recent economic downturn has relieved the labour market pressures in the short-term, the Corporation's future and growth is dependent on retaining qualified employees at all levels of the organization. In order to address this risk, the Corporation is proactive in its human resource management with the ultimate goal of providing an attractive work environment for all employees.

Domestic and Foreign Competition

Each segment of the Corporation has competitors. If the Corporation does not respond effectively to its competitors' new products, geographic expansion, pricing and marketing strategies, the Corporation may lose market share. Foreign competition presents a risk for the hydraulic power tong market as China, in particular, is expanding its distribution network in North America. The Corporation invests a significant amount of time and effort on new product development to ensure that this risk is mitigated. Most importantly, the Corporation is a customer focused business and long term, trusted relationships are key to maintaining a competitive edge. Customers are more reluctant to change suppliers if their expectations are met or exceeded.

Foreign Sales

The EP&S segment sells a significant amount of its product to foreign countries. International sales are subject to inherent risks such as changes in regulatory requirements, delays from customs brokers or government agencies, or other trade barriers. Although most foreign sales are paid prior to shipping, there is potential risk related to any situation, such as war and civil insurrection that could disrupt the payment of monies owed to the Corporation. Furthermore, a significant amount of products and services may be subject to the export control laws of the United States, Canada or other countries where its products are sold. Failure to comply with the laws and regulations governing exports could result in monetary fines for individuals as well as McCoy, loss of McCoy's export privileges, imprisonment, and other sanctions. The Corporation has established procedures that McCoy personnel must follow to ensure compliance with those laws and regulations.

Business Acquisitions

The Corporation purchased the shares of Peerless in 2004, Rebel in 2005, Inotec in 2006 and Superior and PDT in 2007 and RP in 2009. If integration of any new businesses does not occur as expected, or their performance is less than expected, the Corporation's revenues may be lower and operational costs higher than expected.

Growth Strategy Risk

The Corporation's Board had approved a robust growth strategy for the Corporation over the next 3 to 5 years. There is a risk that access to capital may be reduced in both the debt and equity markets resulting in delays to the implementation of growth strategy, both organically and by acquisitions. In addition, there is competition for acquiring good companies which can result in unsuccessful acquisition attempts. In order to mitigate this risk, the executive team has a structured and disciplined process for identifying and evaluating opportunities.

Hydrocarbon Demand Risk

Global demand for hydrocarbon related products such as gasoline and natural gas directly impacts the level of worldwide drilling activity. Reduction in drilling activity results in lower demand for many of McCoy's manufactured products. To help alleviate some of this risk, management is continuing to grow its service and replacement parts business for drilling equipment as well as mobile equipment such as trucks and trailers. Growing the Corporation's exposure to the recurring revenue maintenance cycles of existing capital equipment is a key part of the long term business strategy.

Environmental Risk

Inotec, a wholly owned subsidiary of McCoy, conducts certain portions of its industrial coatings business with hazardous substances that are harmful to the environment and personnel should there be a substantial spill or personnel exposure to some or all of these substances. Management has in place mitigating measures and controls which are believed to reduce significantly the opportunity for such an event to take place. The Corporation and Inotec are subject to stringent health, safety and environmental policies and standards and are internally audited on a regular basis. An Environmental Management System based on the Internal Standard ISO 14001:2004 has been implemented at Inotec.

Insurance

Although the Corporation believes its insurance coverage to be appropriate for the nature of the risks relative to the costs of coverage, such coverage may not be adequate.

Steel Supply and Pricing

Both of the Corporation's segments use steel as the major component of their products. Disruption in the supply of steel may affect the Corporation's ability to fill orders in a timely fashion and volatility of steel prices may affect gross margins. The Corporation has many steel suppliers which may assist in the mitigation of disruption of the supply of steel.

Anti-Corruption Risk

The Corporation does business in many countries and its operations are subject to many different laws, customs and cultures. Business is conducted by both McCoy Personnel and Third Party Representatives. The Corporation is required to comply with applicable anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act (the "CFPOA") and the U.S. Foreign Corrupt Practices Act (the "FCPA"), as well as local laws in all countries in which the corporation does business. The Corporation has established policies, procedures and a due diligence process that McCoy personnel and/or Third Party Representatives must follow to ensure compliance with those laws.

Outlook

As anticipated, 2010 was a bridge year for McCoy in terms of transitioning from a difficult market when the worldwide economy slowed down in 2009 back to a more normal economy. As a result of McCoy's cost cutting measures and continued focus on expanding our global reach, we have been able to strengthen our balance sheet and position ourselves to take advantage of the recovering markets.

McCoy's continued application of lean manufacturing processes has continued to be a major success in 2010 as these processes provided a competitive advantage. The Corporation is committed to continuously improving efficiencies and moving closer to McCoy's goal of having its operations become centres of excellence for manufacturing with the ability to be a low cost provider with high quality standards. McCoy believes its experience with lean implementations will be an advantage in any manufacturing businesses that McCoy may acquire. We expect to be able to realize continued benefits of these efficiencies in 2011. One-time expenses related to cost cutting were absorbed in the 2009 financial results and are for the most part behind us.

McCoy's EP&S order backlog reversed its decline and began to increase in late 2009 and for 2010. Capital goods orders for drilling & completions equipment typically lag the immediate increase in drilling rig activity and this cycle is no exception. We have experienced a backlog build up and anticipate the revenue pipeline for drilling & completions equipment to continue. Order backlog growth is dependent upon a sustained recovery in global drilling activity. McCoy is a global market leader in the hydraulic power tong business.

McCoy will continue to integrate its drilling and completions equipment operations of Farr, Superior and PDT in order to gain cost efficiencies, accelerate product development and take full advantage of McCoy's sales and marketing group. The manufacturing activities of RP Manufacturing & Calibration have been moved to the Lafayette plant in order to utilize manufacturing efficiencies in Louisiana. During the fourth quarter of 2010, McCoy has added a VP, Sales and Marketing for the Drillings & Completions division. Ron Roling plays a key role in McCoy's long-term strategy to become an international leader in supplying a full line of drilling and completions products. McCoy is also implementing a new ERP system and will have the entire Drilling & Completions division on the same system by the middle of 2012.

McCoy has expanded its footprint into the "hub" of the global oil and gas business, Houston, Texas, where we have purchased a facility during the first quarter of 2011. This location will be the anchor point for McCoy's international sales and marketing team, will house an additional engineering design group, and will provide calibration services for many of McCoy's Houston-based customers. In the future, this facility will be a distribution point for drilling equipment parts and consumables.

The recent civil unrest that has swept through the Middle East and Northern Africa will impact our business due to the uncertainty facing our customers operating in certain countries. However, our exposure is limited as the majority of our business is located outside of the Middle East and Northern Africa. At the time of filing this report, the degree and duration of the impact on McCoy's operations is not known. We estimate that up to 5% of the revenue in our Drilling & Completions division could be impacted.

McCoy's EP&S segment is focused on growing its replacement parts and service business for drilling equipment used worldwide. On September 30, 2010, the McCoy Board approved a capital expenditure request for organic growth, which will be developed within Superior Manufacturing & Hydraulics plant. This new product line will sell Superior and Farr spare parts along with replacement parts to McCoy's customers. As customers continue to use existing capital equipment, the recurring revenue from maintaining this equipment is a large, worldwide market that McCoy has the ability to penetrate.

In addition, McCoy will continue to pursue opportunities to fill-in certain product offerings that will make the Corporation an integrated supplier of drilling equipment. This is part of McCoy's long term strategy to become a significant supplier of this equipment globally. This will be done both through internal research and development as well as strategic acquisitions. McCoy has ramped up its investment in new product development and will continue to invest in bringing new and innovative ideas to the market.

McCoy is moving forward with a stronger commitment than ever to increase product development and innovation activities. There are many opportunities to help customers become safer, more efficient and more profitable with new tools and equipment. This commitment includes increasing McCoy's engineering resources in 2011 and beyond.

Acquiring some of the product technologies for our drilling & completions equipment markets is also on the radar. Although product development and geographic expansion is key to our future growth, there are, and will continue to be, strategic acquisition opportunities that could benefit McCoy.

Growth in the Mobile Solutions segment will be pursued through market expansion into the United States and overseas; and diversification of the product offering into less cyclical markets using McCoy's internal engineering expertise. The ongoing development of trailer models for the wind energy transportation and specialized oilfield rig moving markets is an example of this strategy.

The consolidation of McCoy's custom heavy-duty trailer production facilities into the Penticton plant provided efficiencies and reduced operating costs in the near and long-term. These efficiencies along with revenues generated above forecast have lead to a strong year for McCoy Trailers.

McCoy has experienced recovery in almost all of the Corporation's business units in 2010. Provided that commodity prices for oil and natural gas hold up or improve, McCoy would expect to see continued strengthening of financial results in 2011. McCoy entered 2010 with a strong balance sheet and cost reduced operations and finished the year in an even stronger position. We believe there are interesting and exciting opportunities to execute McCoy's growth strategy, both organically and as well as through potential strategic acquisitions, and the strength of our balance sheet gives us the flexibility to take advantage of our opportunities.

Other Information

Additional information relating to the Corporation, including the Corporation's Annual Information Form for the year end December 31, 2010 is available on SEDAR at www.sedar.com.

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Management Statement of Responsibility

Management is responsible for the preparation and presentation of the consolidated financial statements and all other information in the Financial Report. The financial statements have been prepared in accordance with generally accepted accounting principles in Canada. Financial and operating data presented elsewhere in the Financial Report are consistent with the information contained in the financial statements.

Management maintains a system of internal controls, which provides reasonable assurance that the assets of the Corporation and its subsidiaries are safeguarded and which facilitates the preparation of timely, relevant and reliable financial information that reflects, when necessary, Management's best estimates and judgments based on informed knowledge of the facts.

The Board of Directors, acting through the Audit Committee, is responsible for determining that Management fulfills its responsibilities in the preparation of financial statements and the financial control of operations.

The Audit Committee has reviewed the Consolidated Financial Statements and Management's Discussion and Analysis with Management and has recommended their approval to the Board of Directors. The independent auditors have unrestricted access to the Audit Committee.

The financial statements have been examined by PricewaterhouseCoopers, LLP, Chartered Accountants, and their report follows.

Jim Rakievich
President and Chief Executive Officer
March 16, 2011

Milica Stolic
Chief Financial Officer and Corporate Secretary
March 16, 2011

Independent Auditor's Report

To the Shareholders of McCoy Corporation

We have audited the accompanying consolidated financial statements of McCoy Corporation and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of earnings (loss) and comprehensive earnings (loss), changes in equity and cash flows for the years then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statement that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of McCoy Corporation and its subsidiaries as at December 31, 2010 and 2009 and the results of their operations and their cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) "PricewaterhouseCoopers LLP"

Chartered Accountants
Edmonton, Alberta, Canada

March 16, 2011

McCoy Corporation
Consolidated Balance Sheets
As at December 31

(in thousands of CAD)	2010	2009
	$	$
Assets		
Current assets		
Cash	**16,818**	4,871
Accounts receivable (note 16)	**13,349**	7,804
Income taxes recoverable	**–**	4,545
Inventories (note 4)	**16,079**	16,637
Current portion of notes receivable (note 5)	**163**	40
Prepaid expenses and other current assets (note 22)	**3,856**	632
Assets held for sale (note 23)	**750**	–
Current assets of discontinued operations (note 22)	**–**	4,028
Future income taxes (note 12)	**1,379**	1,543
	52,394	40,100
Notes receivable (note 5)	**737**	155
Property, plant and equipment (note 6)	**17,392**	19,312
Intangibles (note 7)	**12,332**	12,760
Assets of discontinued operations (note 22)	**–**	1,006
	82,855	73,333
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**15,765**	10,160
Income taxes payable	**1,333**	–
Current portion of long-term debt (note 10)	**452**	844
Current portion of obligations under capital lease (note 11)	**362**	406
Current portion of deferred gain (note 17)	**104**	104
Current liabilities of discontinued operations (note 22)	**–**	1,756
	18,016	13,270
Long-term debt (note 10)	**5,108**	4,917
Obligations under capital lease (note 11)	**477**	850
Deferred gain (note 17)	**622**	725
Future income taxes (note 12)	**1,809**	1,189
	26,032	20,951
Commitments and contingencies (note 15)		
Shareholders' Equity		
Share capital (note 13)	**56,014**	56,014
Contributed surplus	**3,224**	2,986
Accumulated other comprehensive (loss) earnings	**(633)**	21
Deficit	**(1,782)**	(6,639)
	56,823	52,382
	82,855	73,333

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

Approved by the Board of Directors

(Signed) "Jim Rakievich"
Director

(Signed) "Kerry Brown"
Director

McCoy Corporation
Consolidated Statements of Changes in Equity
For the years ended December 31, 2010 and 2009

(in thousands of CAD)	Common shares Issued	Common shares Capital	Contributed Surplus	Accumulated other comprehensive (loss)/income	Deficit	Total
	#	$	$	$	$	$
Balance December 31, 2008	26,475,912	56,014	2,654	2,165	7,318	68,151
Stock based compensation expense	–	–	400	–	–	400
Cancelled unvested stock options	–	–	(68)	–	–	(68)
Net loss for the year	–	–	–	–	(13,163)	(13,163)
Dividends	–	–	–	–	(794)	(794)
Unrealized loss on investment in self-sustaining operations	–	–	–	(2,144)	–	(2,144)
Balance December 31, 2009	26,475,912	56,014	2,986	21	(6,639)	52,382
Stock based compensation expense	**–**	**–**	**270**	**–**	**–**	**270**
Cancelled unvested stock options	**–**	**–**	**(32)**	**–**	**–**	**(32)**
Net earnings for the year	**–**	**–**	**–**	**–**	**4,857**	**4,857**
Unrealized loss on investment in self-sustaining operations	**–**	**–**	**–**	**(654)**	**–**	**(654)**
Balance December 31, 2010	**26,475,912**	**56,014**	**3,224**	**(633)**	**(1,782)**	**56,823**

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

McCoy Corporation
Consolidated Statements of Earnings (Loss) and Comprehensive Earnings (Loss)
For the years ended December 31

(in thousands of CAD, except per share amounts)	2010	2009
	$	$
Revenue	**109,727**	81,771
Cost of sales	**64,994**	48,645
	44,733	33,126
Expenses		
Salaries and commissions	**19,843**	18,490
Operations	**8,795**	8,798
Amortization	**4,351**	4,651
Selling	**1,544**	1,407
Corporate services	**1,513**	1,682
Stock-based compensation (note 13 (d))	**364**	351
Interest on debt	**329**	704
Loss gain on foreign exchange	**178**	156
	36,917	36,239
Earnings (loss) from continuing operations before other and income taxes	**7,816**	(3,113)
Other		
Loss on disposal of property, plant and equipment	**(150)**	(55)
Impairment of assets held for sale	**(468)**	–
Goodwill impairment (note 8)	**–**	(12,691)
	(618)	(12,746)
Earnings (loss) from continuing operations before income taxes	**7,198**	(15,859)
Income taxes (note 12)		
Current	**1,998**	(576)
Future	**783**	(2,660)
	2,781	(3,236)
Earnings (loss) from continuing operations	**4,417**	(12,623)
Earnings (loss) from discontinued operations (net of tax) (note 22)	**440**	(540)
Net earnings (loss) for the year	**4,857**	(13,163)
Unrealized loss on translation of self-sustaining foreign operations	**(654)**	(2,144)
Comprehensive earnings (loss)	**4,203**	(15,307)
Earnings (loss) per share (note 14)		
Basic from continuing operations	**0.17**	(0.48)
Basic from net earnings	**0.18**	(0.50)
Diluted from continuing operations	**0.17**	(0.48)
Diluted from net earnings	**0.18**	(0.50)

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

McCoy Corporation
Consolidated Statements of Cash Flows
For the years ended December 31

(in thousands of CAD)	2010	2009
	$	$
Cash provided by (used in)		
Operating activities		
Net earnings (loss) from continuing operations	**4,417**	(12,623)
Items not affecting cash		
Amortization	**4,351**	4,651
Amortization of deferred gain	**(104)**	(104)
Amortization of inventory fair value	**–**	268
Stock-based compensation	**364**	351
Loss on disposal of property, plant and equipment	**150**	55
Impairment of assets held for sale	**468**	–
Goodwill impairment	**–**	12,691
Future income taxes	**783**	(2,660)
Cash flow from continuing operations before the following:	**10,429**	2,629
Net change in non-cash working capital items (note 20)	**5,143**	7,144
	15,572	9,773
Financing activities		
Repayment of long-term debt	**(6,101)**	(2,802)
Proceeds from long-term debt	**5,900**	–
Repayment of obligations under capital lease	**(392)**	(1,225)
Dividends paid	**–**	(794)
	(593)	(4,821)
Investing activities		
Repayment of notes receivable	**40**	57
Purchase of property, plant and equipment	**(1,870)**	(2,235)
Proceeds from disposal of property, plant and equipment	**86**	160
Purchase of intangibles	**(751)**	(82)
Business acquisition (notes 3 and 8)	**–**	(2,560)
	(2,495)	(4,660)
Foreign exchange loss on cash held in foreign currency	**(272)**	(457)
Discontinued operations	**(265)**	586
Increase in cash	**11,947**	421
Cash – Beginning of year	**4,871**	4,450
Cash – End of year	**16,818**	4,871

Supplementary information (note 20)

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

McCoy Corporation
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

(in thousands of CAD, except for number of shares and per share amounts)

1 Nature of operations

McCoy Corporation ("McCoy" or the "Corporation") provides services and equipment focused primarily on the global oil and gas sector. McCoy has two operating segments: Energy Products & Services ("EP&S") and Mobile Solutions.

The EP&S segment is engaged in the manufacture of drilling and completions equipment, service and replacement parts for the global oil and gas industry, as well as a range of coatings and hydraulic manufacturing and repair services. The EP&S segment includes two divisions: Drilling & Completions and Coatings & Hydraulics.

Mobile Solutions is involved in the manufacture and sale of custom heavy-duty trailers, as well as the manufacture of vac and hydrovac systems through two divisions: McCoy Trailers and McCoy Vac & Hydrovac. Until December 2010, the segment included the McCoy Parts & Service division, which was divested by McCoy to enhance McCoy's focus on products and services for the global energy industry.

2 Significant accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future income taxes, allowance for accounts receivable, inventory obsolescence, amortization of intangibles and property, plant and equipment, the recoverability of indefinite-life intangibles and valuation of assets held for sale are the more significant items subject to estimate in these financial statements. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

a) Basis of consolidation

These consolidated financial statements include the accounts of McCoy Corporation, its wholly owned subsidiaries Peerless Limited, Rebel Metal Fabricators Ltd., Inotec Coatings and Hydraulics Inc., SUPCO/PDT Holding Company and its subsidiaries, and its proportionate share of the assets, liabilities, revenue and expenses of a 50% joint venture interest in Prairie Truck Ltd. (collectively the "Corporation"). All inter-company transactions and balances are eliminated on consolidation.

b) Revenue recognition

The Corporation recognizes truck and trailer and coating services revenue as services are performed. Product sales are recognized at the time of title transfer. Manufacturing revenue is recognized on shipment and title transfer.

c) Cash and cash equivalents

Cash consists of cash on deposit and short-term investments with an original maturity of three months or less at the date of purchase.

d) Inventories

Raw materials inventory is recorded at the lower of cost or replacement cost. Cost is determined on a first in, first out basis or weighted average basis. Truck inventory and inventories of finished goods and work-in-progress are recorded at the lower of cost which includes material usage, labour and overheads, as determined on a first in, first out basis, and net realizable value.

e) Property, plant and equipment

Property, plant and equipment is recorded at cost. Amortization is provided for using the straight-line method over the estimated useful life of the asset, as follows:

Buildings	10 – 40 years
Equipment	
Machinery	3 – 15 years
Office	3 – 12 ½ years
Automotive	3 – 12 ½ years
Computer equipment	1 – 5 years
Leasehold improvements	Term of related lease

f) Development costs

Development costs are expensed in the period incurred unless technical and market viability of a development project has been established. Deferred development costs are amortized on a straight-line basis over the expected use of the product. Amortization commences upon use of the product.

g) Intangibles

Intangibles are recorded at cost. Amortization is provided for using the straight-line method over the estimated useful life of the asset, as follows:

Customer relationships	10 years
Process technology	7 years
Intellectual property	15 years
Software	1 – 10 years
Trade name	Indefinite life
Certification	Indefinite life

h) Asset impairment

Impairment of long-lived assets is tested when there is an indication of impairment. The impairment of long-lived assets held for use is established through a two-step process, with the first step determining when an impairment is recognized and the second step measuring the amount of the impairment. An impairment loss is recognized when the carrying amount of a long-lived asset exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition and is measured as the amount by which the long-lived asset's carrying amount exceeds its fair value.

i) Goodwill

Goodwill represents the difference between the purchase price, including acquisition costs, of businesses acquired and the fair value of the identifiable net assets acquired. Goodwill is tested for impairment annually, or more frequently if events or circumstances indicate that the asset might be impaired. If the carrying value of a reporting unit, including the allocated goodwill, exceeds its fair value, goodwill impairment is measured as the excess of the carrying amount of the reporting unit's allocated goodwill over the implied fair value of the goodwill, based on the fair value of the assets and liabilities of the reporting unit. Goodwill is allocated as of the date of the business combination to the Corporation's reporting units that are expected to benefit from the business combination.

j) Warranty provision

The Corporation provides an accrual of estimated warranty expense based on information available with respect to historic results and new product offerings.

k) Translation of foreign currencies

For the Corporation's Canadian operations, transactions denominated in foreign currencies are translated at the rate in effect at the transaction date. Foreign currency denominated monetary assets and liabilities are translated at the rate in effect at the balance sheet date. Resulting foreign exchange gains or losses are included in income. For the Corporation's U.S. operations, which are self-sustaining, the operations are translated into Canadian dollars using the current rate method. Under this method, assets and liabilities are translated using period-end exchange rates, with revenues and expenses translated using monthly average rates. Gains and losses arising on translation of these operations are included in the cumulative translation adjustment component of Accumulated Other Comprehensive Income.

l) Earnings per share

Earnings per share is based on the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated using the treasury stock method. Under the treasury stock method, the deemed proceeds from the exercise of dilutive securities are considered to be used to acquire common shares at the average market price during the year.

m) Future income taxes

The Corporation follows the liability method of income tax allocation. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in rates is included in earnings in the period that includes the date of substantial enactment. A valuation allowance is provided to the extent that it is more likely than not that future income taxes will not be realized.

n) Stock-based compensation

Awards of stock options to employees are accounted for in accordance with the fair value method of accounting for stock-based compensation and result in compensation expense and contributed surplus. The fair value is measured at the date the options are granted. Any consideration paid on the exercise of stock options is credited to share capital. Compensation expense is also recognized for deferred share units when issued with changes in the quoted market price from the issue date to the reporting period date being charged to compensation expense until the units are exercised.

o) Financial instruments

A financial instrument is any contract that creates a financial asset of one entity and a financial liability or equity instrument to the other entity. Financial instruments are measured at fair value and are classified as one of the following: held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities.

Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses being recognized in net earnings during the period they occur. Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses, net of tax, being recognized in other comprehensive income/loss until the asset is sold, or if an unrealized loss is considered other than temporary, the unrealized loss is recognized in net earnings during the period it occurs. Financial assets classified as held to-maturity, loans and receivables, and financial liabilities classified as other liabilities are measured at amortized cost using the effective interest rate method. Transaction costs directly attributable to the acquisition or issue of a financial asset or liability are expensed as incurred.

The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their short terms to maturity.

The fair values of the notes receivable, long-term debt and obligations under capital leases approximate their carrying values since their stated interest rates approximate market interest rates at December 31, 2010 and 2009.

McCoy has designated its financial instruments as follows:

Financial Instrument	Category	Measurement
Cash and cash equivalents	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Notes receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost
Obligations under capital lease	Other liabilities	Amortized cost

As at December 31, 2010 and 2009, McCoy did not have any financial assets classified as available-for-sale or held-to-maturity.

3 Business acquisition

On February 28, 2009 McCoy acquired, through a U.S. subsidiary, 100% of Conroe, Texas based Texas Breakout II, L.P., which operates as RP Manufacturing & Calibration ("RP") for cash consideration. RP is a global supplier of make/break machines, also known as "breakout" or "torque" machines, which are used for assembling oil and gas well down-hole tool strings and testing pipe connections.

The acquisition was accounted for using the purchase method and the financial statements include operating results of RP from February 28, 2009, the date of acquisition.

The purchase price allocated to the assets acquired and liabilities assumed is as follows:

Total purchase price	$ 1,400
Fair value of net assets acquired:	
Current assets	1,214
Note receivable	278
Property, plant and equipment	207
Intellectual property	1,008
Current liabilities	(1,307)
Fair value of net assets acquired	1,400
Purchase consideration settled in cash	1,400
Cash and cash equivalents acquired	(472)
Cash outflow from acquisition	928

4 Inventories

	2010	2009
	$	$
Raw materials	**2,396**	3,238
Work-in-progress	**5,550**	4,028
Finished goods	**7,290**	8,843
Trucks	**843**	528
	16,079	16,637

During the year ended December 31, 2010, cost of sales included $57,130 (2009 – $38,767) of costs associated with inventory and $50 of inventory write-downs (2009 – $2,075).

5 Notes receivable

	2010	2009
	$	$
Note receivable in monthly instalments of US$3, non-interest bearing, until November 2014.	**150**	195
Note receivable in quarterly instalments of $63 commencing July 2011, plus interest at 10%, until January 2012; a general security agreement over all past and future property is secured as collateral on this note.	**750**	–
	900	195
Less: Current portion	**163**	40
	737	155

6 Property, plant and equipment

			2010
	Cost	Accumulated amortization	Net
	$	**$**	**$**
Land	**183**	**–**	**183**
Buildings	**4,189**	**1,144**	**3,045**
Machinery and office equipment	**27,896**	**15,278**	**12,618**
Automotive equipment	**1,034**	**691**	**343**
Computer equipment	**2,557**	**2,202**	**355**
Leasehold improvements	**1,670**	**822**	**848**
	37,529	**20,137**	**17,392**

			2009
	Cost	Accumulated amortization	Net
	$	$	$
Land	183	–	183
Buildings	4,189	1,008	3,181
Machinery and office equipment	29,910	15,643	14,267
Automotive equipment	972	680	292
Computer equipment	2,773	2,514	259
Leasehold improvements	1,677	547	1,130
	39,704	20,392	19,312

Property, plant and equipment under capital lease included above has a cost of $1,589 (2009 – $1,835) and accumulated amortization of $499 (2009 – $396). Included in property, plant and equipment is construction-in-progress of $329 (2009 – $319) which will not be amortized until substantially complete.

Amortization expense during the year was $3,143 (2009 – $3,504).

7 Intangibles

			2010
	Cost	Accumulated amortization	Net
	$	**$**	**$**
Finite life			
Customer relationships	**3,136**	**1,276**	**1,860**
Process technology	**923**	**582**	**341**
Order backlog	**142**	**142**	**–**
Intellectual property	**8,337**	**1,793**	**6,544**
Software	**2,048**	**1,209**	**839**
Indefinite life			
Trade name	**2,657**	**–**	**2,657**
Certification	**91**	**–**	**91**
	17,334	**5,002**	**12,332**

			2009
	Cost	Accumulated amortization	Net
	$	$	$
Finite life			
Customer relationships	3,136	963	2,173
Process technology	923	451	472
Order backlog	142	142	–
Intellectual property	8,337	1,237	7,100
Software	1,699	1,432	267
Indefinite life			
Trade name	2,657	–	2,657
Certification	91	–	91
	16,985	4,225	12,760

Amortization expense during the year was $1,208 (2009 – $1,147). Included in intangibles is software under development of $319 (2009 – $nil) which will not be amortized until substantially complete.

8 Goodwill

	2010	2009
	$	$
Balance as at January 1	**–**	11,104
Additions during the year	**–**	1,633
Impairment	**–**	(12,737)
Balance as at December 31	**–**	–

Certain vendors, at the time of acquisition, are entitled to receive contingent consideration if the acquired businesses achieve specified earnings levels in years following the dates of acquisition. Such contingent consideration is paid in cash at the expiration of the contingency period. The contingent consideration is recorded when the contingencies are resolved and the consideration is paid or becomes payable, at which time the Corporation records the fair value of the consideration paid or payable as additional costs of the acquired businesses. Such costs are recorded as additional goodwill. Total contingent consideration recognized for the year ended December 31, 2010 was $nil (2009 – $1,632).

As a result of performing the impairment test for goodwill in 2009, it was determined that goodwill associated with the amounts recognized initially on its business acquisitions was fully impaired. The conditions that precipitated the goodwill write-down were the unfolding global financial crisis and weakening future outlook for the oil services industry. These uncertainties culminated in a decreased market value of the Corporation which resulted in a non-cash impairment charge of $12,691 relating to continuing operations and $46 relating to discontinued operations.

9 Bank indebtedness

The Corporation has the following operating line of credit facilities of which it has drawn $nil as at December 31, 2010 (2009 – $nil):

A Canadian operating line of credit facility with a limit of $10,000 (2009 – $15,000), repayable on demand with interest payable monthly at prime plus 1% (2009 – prime plus 1%) and a standby fee of 0.50% (2009 – 0.25%) on the unutilized portion of the facility. At December 31, 2010, the prime rate is 3.0% (2009 – 2.25%). A general security agreement over all past and future property is pledged as collateral on this facility.

Two U.S. operating line of credit facilities with limits of US$1,800 (2009 – US$1,800) and US$350 (2009 – $nil), repayable on demand with interest payable monthly at Wall Street Journal Prime plus 1%. At December 31, 2010, the Wall Street Journal Prime rate is 3.25% (2009 – 3.25%).

10 Long-term debt

	2010	2009
	$	$
Term loan, payable in monthly instalments of $20 until January 2015, plus interest at the lender's floating base rate of 1.70% at December 31, 2010 plus 3.60%. Starting in 2011, a payment to a maximum of $250 per year is required if EBITDAS (note 18) is less than $5,000 per year.	**4,668**	–
Term loan, payable in monthly instalments of $18 until January 2015, plus interest at the lender's floating base rate of 1.70% at December 31, 2010 plus 3.60%.	**892**	–
Term debt, repaid in 2010	**–**	3,761
Subordinated debt, repaid in 2010	**–**	2,000
	5,560	5,761
Less: Current portion	**452**	844
	5,108	4,917

Interest expense during the year was $341 (2009 – $489).

The financing for both loans is collateralized by a first specific charge on the Peerless Limited land and buildings in Penticton; a first charge on all other fixed assets located in Canada (except equipment that is collateralized by existing leases); and a second floating charge on all other assets.

The principal payments required in each of the next five years and in total are as follows:

	$
2011	452
2012	452
2013	452
2014	452
2015	3,752

11 Obligations under capital lease

	2010	2009
	$	$
Minimum lease payments		
2010	**–**	478
2011	**408**	416
2012	**274**	274
2013	**194**	191
2014	**34**	34
2015	**6**	6
Thereafter	**–**	–
	916	1,399
Less: Amount representing interest (at rates ranging from 5.32% to 9.25%)	**(77)**	(143)
	839	1,256
Less: Current portion	**362**	406
	477	850

Specific property, plant and equipment have been pledged as collateral for the above leases (note 6).

Interest expense during the year was $83 (2009 – $119).

12 Income taxes

The income tax provision differs from the amounts computed by applying the combined federal and provincial income tax rate of 28.00% (2009 – 29.00%) to pre-tax income as a result of the following:

	2010	2009
	$	$
Earnings (loss) from continuing operations before income taxes	**7,198**	(15,859)
Computed "expected" income taxes	**2,015**	(4,599)
Differences resulting from		
Jurisdictional tax rate differences	**295**	(194)
Substantively enacted tax rates	**(92)**	(10)
Non-deductible expenses	**224**	128
Non-deductible portion of goodwill impairment	**–**	1,439
Foreign exchange adjustment	**350**	–
Other	**(11)**	–
Income taxes	**2,781**	(3,236)

The income tax effects of temporary differences that give rise to significant balances of the future tax assets and liabilities at the balance sheet date are summarized as follows:

	2010	2009
	$	$
Future tax assets (liabilities) resulting from		
Deferred gain	**181**	207
Property, plant and equipment	**(1,370)**	(1,120)
Warranty reserve	**110**	64
Inventories	**785**	252
Accrued costs	**537**	1,226
Intangibles	**(296)**	16
Investment in joint venture	**(163)**	(150)
Other	**(47)**	26
Valuation allowance	**(167)**	(167)
Net future income taxes	**(430)**	354
Less: Current portion	**1,379**	1,543
	(1,809)	(1,189)

13 Share capital

a) Authorized

Unlimited number of common, voting shares

Unlimited number of preferred, non-voting shares

b) Normal Course Issuer Bid

On October 1, 2009, the Toronto Stock Exchange ("TSX") accepted a notice filed by McCoy of its intention to conduct a Normal Course Issuer Bid through the facilities of the Toronto Stock Exchange.

McCoy could purchase, from time to time, as it considered advisable, up to 1,323,796 of the issued and outstanding common shares (being approximately 5% of the issued and outstanding common shares at September 24, 2009). The maximum number of common shares that could be purchased on a daily basis was 7,101, which was equal to 25% of the average daily trading volume for the six months ended September 30, 2009.

During the year ended December 31, 2010, no common shares were repurchased.

The Normal Course Issuer Bid expired on October 4, 2010 and was not renewed.

c) Options

The Corporation stock option plan for employees is administered by the Compensation Committee, which is a subcommittee of the Board of Directors. The Compensation Committee designates eligible participants to be included under the plan and designates the number of options and share price of the options, subject to applicable securities laws and stock exchange regulations.

Significant terms of the stock option plan include: the aggregate number of common shares issuable under the plan is no greater than 10% of the common shares issued and outstanding from time to time on a non-diluted basis; no more than 5% of outstanding shares may be reserved for options granted to any one person; no more than 10% of outstanding shares may be reserved for options granted to insiders; the options vest over a period specified by the plan administrator and the maximum term of options issued under the plan cannot exceed five years. The exercise price of options is determined by the Board of Directors, but cannot be lower than the market price of shares on the last trading day preceding the grant date.

The following reflects activity under the stock option plan from January 1, 2009 through December 31, 2010, and the weighted average exercise prices.

		2010		2009
	Number of common shares under option	**Weighted Average Exercise Price**	**Number of common shares under option**	**Weighted Average Exercise Price**
	#	$	#	$
Balance, January 1	**630,000**	**5.75**	880,000	5.49
Granted	**730,000**	**1.46**	–	–
Forfeited	**(245,000)**	**4.16**	(250,000)	4.80
	1,115,000	**3.29**	630,000	5.75

The following options are outstanding as at December 31, 2010:

Options outstanding	Weighted average remaining contractual life	Weighted average exercise price	Options exercisable
#	years	$	#
635,000	4.08	1.45	103,333
90,000	2.16	3.07	59,999
210,000	0.98	5.55	210,000
180,000	0.20	7.25	180,000
1,115,000	2.72	3.29	553,332

The Corporation uses the Black-Scholes option pricing model to estimate the fair value of the options granted to employees. The following weighted average assumptions were used for options granted in the year.

	2010	2009
Annualized volatility	**71 %**	–
Risk free interest rate	**2.3 %**	–
Expected life of options	**3.7 years**	–
Dividend	**0 %**	–

Application of the fair value method resulted in a charge to stock-based compensation expense of $270 (2009 – $400) with a corresponding credit to contributed surplus.

The weighted average fair value per share of options granted during the year was $0.77 per share. There were no options granted in 2009.

d) Stock-based compensation expense

Total stock-based compensation was as follows:

	2010	2009
	$	$
Stock options	**270**	400
Cancelled unvested stock options	**(32)**	(68)
Deferred share units	**152**	19
Cancelled unvested deferred share units	**(26)**	–
	364	351

e) Directors' deferred share unit plan

Effective January 1, 2008, the Corporation offered a Director's Deferred Share Unit Plan for directors of the Corporation who are designated as Participants by the Compensation Committee.

Upon retirement from the Board, the director's deferred share units ("DSU") are redeemed for cash based on the market price of the shares. During the year, the Corporation has issued a total of 15,518 DSU (2009 – 84,175 DSU) and the expense of $152 (2009 – $19) measured at the closing price of the shares on the balance sheet date was charged to earnings.

14 Earnings (loss) per share

	Earnings (numerator)	Shares (denominator)	2010 Per share amount	Loss (numerator)	Shares (denomin-ator)	2009 Per share amount
	$		**$**	$	#	$
Basic earnings (loss) per share						
Earnings (loss) from continuing operations available to common shareholders	**4,417**	**26,475,912**	**0.17**	(12,623)	26,475,912	(0.48)
Earnings (loss) from discontinued operations available to common shareholders	**440**	**26,475,912**	**0.01**	(540)	26,475,912	(0.02)
Earnings (loss) available to common shareholders	**4,857**	**26,475,912**	**0.18**	(13,163)	26,475,912	(0.50)
Diluted earnings (loss) per share						
Dilutive effect of options		**11,958**			–	
Earnings (loss) from continuing operations available to common shareholders	**4,417**	**26,487,870**	**0.17**	(12,623)	26,475,912	(0.48)
Earnings (loss) from discontinued operations available to common shareholders	**440**	**26,487,870**	**0.01**	(540)	26,475,912	(0.02)
Earnings (loss) available to common shareholders	**4,857**	**26,487,870**	**0.18**	(13,163)	26,475,912	(0.50)

15 Commitments and contingencies

a) Commitments

The Corporation is committed to payments under operating leases for premises and equipment as follows:

	$
2011	2,664
2012	2,070
2013	1,785
2014	1,781
2015	1,766
Thereafter	15,464
	25,530

The above include commitments with related parties as disclosed in note 17.

b) Contingencies

The Corporation is a co-defendant in a lawsuit alleging negligence in the installation of tire pressure control systems. The litigation relating to the Statement of Claim for $1,570 is in its preliminary stages and the outcome is not currently determinable. A loss, if any, would be partially covered by the Corporation's insurance in the period when determinable.

16 Financial risk management

McCoy's activities are exposed to a variety of financial risks including foreign currency risk, interest rate risk, credit risk and liquidity risk. McCoy's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on McCoy's financial performance. The risk management program is carried out by financial management in conjunction with overall corporate governance. The principal financial risks to which McCoy is exposed are described below:

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. McCoy operates internationally and is exposed to changes in foreign currency rates. McCoy is primarily exposed to fluctuations in the U.S. dollar. McCoy attempts to match cash flows and reported amounts for revenues and expenses on a period-to-period basis. Further volatility in reported amounts arises from the translation (referred to as "translation risk") of McCoy's foreign operations using the current rate translation method.

Canadian GAAP requires disclosure of a sensitivity analysis that shows foreign currency risk exposure at the period end. More specifically, GAAP requires that the sensitivity analysis include only the effect on McCoy's financial instruments which excludes the consideration of translation risk, financial instruments that are non-monetary items, and financial instruments denominated in the functional currency in which they are transacted and measured. Based on those U.S. dollar denominated financial instruments at December 31, 2010, for each 1% change in the U.S. dollar, McCoy would incur an exchange loss or gain of approximately $58 (2009 – $22).

This analysis of the effects of hypothetical foreign exchange changes is based on assumptions, including the maintenance of the existing level and composition of assets and liabilities, and should not be relied on as indicative of actual or future results.

Included in earnings for the year is $178 of foreign exchange losses (2009 – $156).

Interest rate risk

McCoy's interest rate risk arises from its floating rate long-term debt and obligations under capital lease. McCoy does not currently hold any financial instruments that mitigate this risk and management believes that the impact of interest rate fluctuations will not be significant. For each 1% change in the rate of interest on loans subject to floating rates, McCoy would incur approximately $64 (2009 – $58) in annual interest reduction or increase.

Credit risk

McCoy is exposed to credit risk through its accounts receivable from customers. This risk is elevated due to the impact the current credit markets and general economy have had on customers. McCoy manages credit risk by following a program of credit evaluation, obtaining deposits on certain orders and by limiting the amount of customer credit following the credit evaluation. Allowances are provided for potential losses that have been incurred at the balance sheet date. The amounts disclosed in the balance sheet for accounts receivable are net of the allowance for doubtful accounts amounting to $213 (2009 – $222). McCoy also has foreign sales which are normally paid prior to shipping. For the years ended December 31, 2010 and December 31, 2009, McCoy did not have any customers that represented greater than 10% of its revenue.

The following table sets forth details of aging of receivables:

	2010	2009
	$	$
0 to 30 days (current)	**6,467**	5,089
31 to 60 days	**3,657**	1,467
61 to 120 days	**2,022**	1,007
Over 120 days	**1,245**	378
Sub-total accounts receivable	**13,391**	7,941
Less: Allowance for doubtful accounts	**(213)**	(222)
Trade receivables	**13,178**	7,719
Other receivables	**171**	85
Total accounts receivable	**13,349**	7,804

Liquidity Risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. McCoy manages liquidity risk by monitoring cash flows and other anticipated expenses so there are sufficient cash resources to meet forecasted operational expenses and financial obligations. Cash on hand at December 31, 2010 was $16,818 and $10,000 was available at December 31, 2010 under the Canadian credit facility. As at December 31, 2010, based on the levels of accounts receivable and inventories used to calculate the available credit, McCoy had access to $4,600 of the line. McCoy also has US$2,150 available under two U.S. operating line of credit facilities.

The following table shows the anticipated timing of future cash outflows relating to trade and other payables and finance debt. Finance debt is comprised of the obligations under capital lease and the long-term debt balances.

		2010		2009
	Trade and other payables	Finance debt	Trade and other payables	Finance debt
	$	**$**	$	$
Within one year	**15,765**	**814**	10,160	1,250
1 to 5 years	**–**	**5,585**	–	5,767
	15,765	**6,399**	10,160	7,017

17 Related party transactions

i) Sale-leaseback

On April 30, 2003, the Corporation sold all of its then existing land and buildings for the amount of $5,793, measured at appraised fair market values. A vendor take-back second mortgage for $700 was granted to the purchaser and repaid in August 2008. The sale resulted in a gain of $1,531 which is being recognized over 15 years, which is the term of the leases described below. Amortization of $104 is included in income during 2010 (2009 – $104). Interest revenue in the amount of $52 has been recorded in the financial statements for 2010 (2009 – $52).

On April 30, 2003, the Corporation entered into lease agreements with the purchaser, whereby the buildings will be leased for a period of 15 years. Minimum annual lease payments are $681 per annum for the first five years, $751 per annum for the following five years and are to be renegotiated at market rates for the last five years of the lease. As of January 1, 2011, 100% of the annual lease payments will be recovered through a sublease. These transactions were made in the normal course of business and are recorded at the exchange amount being the amount of consideration established and agreed to by the related parties.

The purchaser and lessor is a partnership owned by certain directors. These individuals are also directors of Foundation Equity Corporation, a 43% shareholder of the Corporation.

ii) Property leases

A subsidiary of the Corporation entered into lease agreements with a company whose principal is an officer of the Corporation. Minimum annual lease payments are $435 per year until 2017. The Corporation has the option to renew the lease for another five years at $473 per year. These transactions were made in the normal course of business and are recorded at the exchange amount being the amount of consideration established and agreed to by the related parties.

18 Capital disclosures

The Corporation's objectives when managing its capital are to safeguard the Corporation's assets and its ability to continue as a going concern while at the same time maximizing the growth of its business and the return to its shareholders. McCoy views its capital as the combination of long-term debt and shareholders' equity.

McCoy's capital is as follows:

	2010	2009
	$	$
Long-term debt	**5,108**	4,917
Long-term portion of subordinated debt	**–**	(1,625)
Obligations under capital lease	**477**	850
Total long-term debt	**5,585**	4,142
Shareholders' equity	**56,823**	52,382
Long-term portion of subordinated debt	**–**	1,625
Total equity	**56,823**	54,007
Total capital	**62,408**	58,149

McCoy sets the amount of capital in proportion to risk and manages and makes adjustments to the capital structure in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Corporation may assume additional debt, issue new shares, or sell assets to reduce debt.

McCoy's key financial covenant with its lender changed from total debt/tangible net worth to Funded Debt to EBITDA, calculated on a rolling four quarter basis, as a result of a financing agreement executed on January 29, 2010.

The following table sets forth the calculation of Funded Debt to EBITDA:

	2010	2009
	$	$
Current portion of long-term debt	**452**	844
Current portion of obligations under capital lease	**362**	406
Long-term debt	**5,108**	4,917
Obligations under capital lease	**477**	850
Less: Canadian denominated cash on deposit	**(7,151)**	–
Total Funded Debt	**(752)**	7,017
Normalized rolling four quarter EBITDA	**12,346**	2,187
Funded Debt to EBITDA	**(0.06)**	3.21

The change in the Funded Debt to EBITDA ratio was mainly due to the fact that the Corporation has more Canadian denominated cash on deposit than funded debt. Capital management objectives, policies and procedures were unchanged since the last period.

The Corporation's lending requirements as per the financing agreement executed on January 29, 2010 are subject to:

- Maintenance of the ratio of current assets to current liabilities of no less than 1.25:1;
- Funded Debt to EBITDA, calculated on a rolling four-quarter basis, of 2.50:1 or better;
- An EBITDA to interest expense plus the current portion of long-term debt ratio of 1.20 to 1; and
- Starting 2011, a payment to a maximum of $250 per year is required if EBITDAS is less than $5,000 per year.

EBITDA is a non-GAAP measurement defined as "earnings from continuing operations before other non-recurring items, interest, taxes, depreciation and amortization".

EBITDAS is a non-GAAP measurement defined as "earnings from continuing operations before other non-recurring items, interest, taxes, depreciation, amortization and stock-based compensation".

19 Interest in joint venture

The major components of the Corporation's 50% proportionate interest in Prairie Truck Ltd., included in these consolidated financial statements are as follows:

	2010	2009
	$	$
Current assets	**2,029**	2,162
Total assets	**2,121**	2,280
Current liabilities	**427**	187
Total liabilities	**427**	187

	2010	2009
	$	$
Revenue	**4,041**	3,448
Cost of sales	**3,026**	2,403
	1,015	1,045
Expenses	**899**	960
Earnings before income taxes	**116**	85
Income taxes	**16**	7
Net earnings for the year	**100**	78
Cash provided by (used in):		
Operating activities	**(164)**	365
Financing activities	**134**	–
Investing activities	**15**	(8)

20 Supplemental cash flow information

Net change in non-cash working capital items:

	2010	2009
	$	$
Accounts receivable	**(5,487)**	7,841
Inventory	**(505)**	9,583
Prepaid expenses and other current assets	**(469)**	15
Accounts payable and accrued liabilities	**5,665**	(7,990)
Income taxes	**5,939**	(2,305)
	5,143	7,144

	2010	2009
	$	$
Income taxes received	**4,371**	1,851
Income taxes paid	**14**	3,772
Interest received	**125**	70
Interest paid	**572**	687

21 Segment disclosures

The Corporation operates its businesses through a number of subsidiaries and divisions operating in two segments. The most significant are as follows:

Energy Products & Services ("EP&S")

- Farr Canada, a division of McCoy Corporation – manufactures and distributes standard and custom model hydraulic power tongs located in Edmonton, Alberta.
- Superior Manufacturing and Hydraulics, Inc., a wholly owned subsidiary – manufactures and distributes standard and custom hydraulic power tongs, manufactures and distributes a complete line of hydraulic power equipment, and offers service, repair, honing, and testing of almost all hydraulic equipment. Superior is located in Broussard, Louisiana.
- Precision Die Technologies L.L.C., a wholly owned subsidiary – manufactures and distributes dies and inserts which are high-wear, consumable parts used in other handling tools, located in Broussard, Louisiana.
- Inotec Coatings and Hydraulics Inc., a wholly owned subsidiary – is involved in the application of materials for the prevention of wear, erosion and corrosion, and the manufacturing and servicing of hydraulic components, located in Edmonton, Alberta.

Mobile Solutions

- Peerless Limited, a wholly owned subsidiary – manufactures heavy duty trailers and custom chassis, located in Penticton, British Columbia. In 2009 the division formerly known as Scona Trailer Manufacturing was consolidated in the Peerless Limited Trailer division, therefore this division now manufactures both Peerless and Scona products.
- Rebel Metal Fabrications Ltd., a wholly owned subsidiary – manufactures and distributes truck and trailer mounted hydrovac and vacuum tanks, located in Red Deer, Alberta. In December 2010, McCoy made a change to its business structure by moving Rebel Metal Fabrications Ltd. from the Energy Products & Services ("EP&S") segment to the Mobile Solutions segment. The 2009 comparative balances have been restated for this change.
- Prairie Truck Ltd, a 50% interest in a joint venture – is an International Truck Dealership located in Grande Prairie, Alberta.
- McCoy Parts & Service, a wholly owned subsidiary – provides service and retail parts through branches in Edmonton, Grande Prairie and Red Deer, Alberta; as well as retail parts operations in Penticton, British Columbia. McCoy Parts & Service was sold as of December 31, 2010 and the 2009 comparative balances have been restated as a result of this discontinued operation.

The accounting policies of the segments are the same as those described in note 2. Inter-segment transactions are entered into under terms and conditions similar to those with unrelated parties and are eliminated on consolidation. All inter segment sales have been eliminated within the segment.

In the following schedules, earnings from continuing operations before income taxes have been calculated for each segment by deducting all directly attributable costs and administrative expenses from the revenues of the segment.

	Energy Products & Services	Mobile Solutions	Intersegment Eliminations	Total
2010				
	$	$	$	$
Sales by segment				
Total external sales	68,487	41,240		109,727
Total inter-segment sales	7,523	224	(7,747)	–
Total sales	76,010	41,464	(7,747)	109,727
Cost of Sales	41,137	31,604	(7,747)	64,994
Gross Profit	34,873	9,860	–	44,733
Amortization	3,609	604	138	4,351
Other expenses	20,287	7,386	–	27,673
	23,896	7,990	138	32,024
Earnings from continuing operations before interest, income taxes, corporate charges and other	10,977	1,870	(138)	12,709
Corporate charges	–	–	4,564	4,564
Earnings from continuing operations before interest, income taxes and other	10,977	1,870	(4,702)	8,145
Other				
(Loss) gain on disposal of property, plant and equipment	(160)	10	–	(150)
Impairment of assets held for sale	(468)	–	–	(468)
	(628)	10	–	(618)
Earnings from continuing operations before interest and income taxes	10,349	1,880	(4,702)	7,527
Interest on debt	525	(8)	(188)	329
Earnings from continuing operations before income taxes	9,824	1,888	(4,514)	7,198
Income taxes	3,796	729	(1,744)	2,781
Net earnings from continuing operations	6,028	1,159	(2,770)	4,417
Discontinued operations (net of tax)	–	440	–	440
Net earnings	6,028	1,599	(2,770)	4,857
Total identifiable assets	71,400	11,455	–	82,855
Additions to property, plant and equipment	1,789	81	–	1,870
Additions to intangibles	709	42	–	751

				2009
	Energy Products & Services	Mobile Solutions	Intersegment Eliminations	Total
	$	$	$	$
Sales by segment				
Total external sales	62,538	19,233		81,771
Total inter-segment sales	3,420	3,249	(6,669)	–
Total sales	65,958	22,482	(6,669)	81,771
Cost of Sales	36,937	18,377	(6,669)	48,645
Gross Profit	29,021	4,105	–	33,126
Amortization	3,802	742	107	4,651
Other expenses	19,461	6,686	–	26,147
	23,263	7,428	107	30,798
Earnings (loss) from continuing operations before interest, income taxes, corporate charges and other	5,758	(3,323)	(107)	2,328
Corporate charges	–	–	4,737	4,737
Earnings (loss) from continuing operations before interest, income taxes and other	5,758	(3,323)	(4,844)	(2,409)
Other				
Loss on disposal of property, plant and equipment	(30)	(25)	–	(55)
Goodwill and intangibles impairment	(10,217)	(2,474)	–	(12,691)
	(10,247)	(2,499)	–	(12,746)
Loss from continuing operations before interest and income taxes	(4,489)	(5,822)	(4,844)	(15,155)
Interest on debt	665	13	26	704
Loss from continuing operations before income taxes	(5,154)	(5,835)	(4,870)	(15,859)
Income tax recovery	(1,052)	(1,190)	(994)	(3,236)
Net loss from continuing operations	(4,102)	(4,645)	(3,876)	(12,623)
Discontinued operations (net of tax)	–	(540)	–	(540)
Net loss	(4,102)	(5,185)	(3,876)	(13,163)
Total identifiable assets	35,625	37,708	–	73,333
Additions to property, plant and equipment	2,067	168	–	2,235
Additions to intangibles	60	22	–	82
Additions to goodwill	1,187	446	–	1,633

Geographic information

	2010		2009	
	Revenue	Property, plant and equipment	Revenue	Property, plant and equipment
	$	$	$	$
Canada	**51,795**	**14,547**	22,042	16,443
U.S.	**28,022**	**2,845**	27,663	2,869
United Kingdom	**6,745**	**–**	3,517	–
Middle East	**6,205**	**–**	9,431	–
Europe	**4,500**	**–**	10,788	–
Asia	**4,466**	**–**	2,861	–
South America	**3,024**	**–**	210	–
Australasia	**2,666**	**–**	1,155	–
Africa	**1,571**	**–**	2,591	–
Mexico	**733**	**–**	1,513	–
	109,727	**17,392**	81,771	19,312

Revenue is allocated to geographic regions based on "ship" to locations.

22 Discontinued operations

On December 31, 2010, the Real McCoy Service Centres division of McCoy and the Service and Parts division of Peerless Limited ("McCoy Parts & Service") were sold. The proceeds on disposal are included in prepaid expenses and other current assets and include a note receivable in the amount of $750, payable over three years, with the remainder received on the closing date of January 31, 2011. The assets and liabilities of McCoy Parts & Service at December 31, 2009, have been reclassified as discontinued operations on the consolidated balance sheets. Operating results related to McCoy Parts & Service have been included in net income from discontinued operations in the Consolidated Statement of Earnings (Loss) and Comprehensive Earnings (Loss).

The results for the twelve months ended are as follows:

	2010	2009
	$	$
Revenue	**18,067**	15,771
Expenses	**(17,477)**	(16,519)
Gain on disposal	**67**	–
Net earnings (loss) from discontinued operations before income taxes	**657**	(748)
Income taxes	**217**	208
Net earnings (loss) from discontinued operations	**440**	(540)

The carrying values of the assets and liabilities disposed of are as follows:

	2010
	$
Assets	**5,475**
Liabilities	**(2,112)**
Net assets	**3,363**

23 Assets held for sale

These assets consist of machinery related to the Top Drive product line of Farr Canada that were included in the EP&S segment. As at December 31, 2010, management is actively marketing these assets for sale and they are available for immediate sale in their current condition. It is probable that the sale of these assets will be completed within the year.

24 Comparative information

Certain comparative figures for the year ended December 31, 2009 have been reclassified to conform with the presentation adopted for the year ended December 31, 2010.

CORPORATE INFORMATION

Auditors

PricewaterhouseCoopers LLP
Edmonton, Alberta

Bankers

The Bank of Nova Scotia
Edmonton, Alberta

Corporate Counsel

Davis LLP
Calgary, Alberta

Transfer Agent and Registrar

Valiant Trust Company
Edmonton, Alberta

Stock Exchange

The Toronto Stock Exchange
Trading Symbol – MCB

Share Information

Outstanding Shares as at December 31, 2010:
26,475,912

Contact

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Annual General Meeting

4:00 pm MT, May 19, 2011
The Sutton Place Hotel, Vintage Room,
10235 – 101 Street, Edmonton, Alberta

Board of Directors

Kerry Brown, CA – Chairperson
Frank Burdzy, MBA
Terry Chalupa
T.D. (Terry) Freeman, CA
John Howard, CA
Carmen Loberg
Jim Rakievich, ICD.D
Chris Seaver, MBA

Executive

Jim Rakievich
President & Chief Executive Officer

Milica Stolic
Chief Financial Officer & Corporate Secretary

Tom Watts
Vice President, Human Resources

Energy Products & Services

David Buck
Senior Vice President, Drilling & Completions

Ron Roling
Vice President Sales & Marketing, Drilling & Completions

Dan Bangert
Vice President Technology, Engineering & Quality,
Drilling & Completions

Armando Cruz
Vice President Advanced Manufacturing,
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Mobile Solutions

Andy McEachern
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