Management's Discussion and Analysis

For the three and nine months ended September 30, 2013

MCCOY
MOVING GLOBAL ENERGY FORWARD

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EXPLANATORY NOTES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated November 6, 2013, should be read in conjunction with the cautionary statement regarding forward-looking information and statements below, as well as the audited consolidated financial statements and notes thereto, for the years ended December 31, 2012 and 2011. The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in the following MD&A are in Canadian dollars unless otherwise stated. References to "McCoy," "the Corporation," "we," "us" or "our" mean McCoy Corporation and its subsidiaries, unless the context otherwise requires. Additional information relating to McCoy, including periodic quarterly and annual reports and Annual Information Forms, filed with Canadian securities regulatory authorities, is available on SEDAR at sedar.com and our website at mccoyglobal.com.

FORWARD LOOKING INFORMATION AND STATEMENTS

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "expect", "objective", "ongoing", "believe", "will", "may", "projected", "plan", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well positioned" or similar words suggesting future outcomes. In particular, this MD&A contains:

Forward-looking statements relating to:

- McCoy's acquisition strategy;
- the future development and growth prospects for the Corporation;
- the business strategy of the Corporation; and
- the competitive advantage of the Corporation.

Forward-looking statements respecting:

- the business opportunities for the Corporation based on the views of management of the Corporation and current and anticipated market conditions; and
- the perceived benefits of the growth strategy and operating strategy of the Corporation based upon the financial and operating attributes of the Corporation as at the date hereof, as well as the anticipated operating and financial results.

Other forward-looking statements regarding the Corporation are located in the documents incorporated by reference in this MD&A and are based on certain key expectations and assumptions of the Corporation concerning anticipated financial performance, business prospects, strategies, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services and the ability to obtain financing on acceptable terms, which are subject to change based on market conditions and potential timing delays. Although management of the Corporation consider these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward-looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in the forward-looking statements, including those set out below and those detailed elsewhere in this MD&A:

- inability to meet current and future obligations;
- inability to complete strategic acquisitions;
- inability to implement the Corporation's business strategy effectively;

- access to capital markets;
- fluctuations in oil and gas prices;
- fluctuations in our target market for capital expenditures;
- competition for, among other things, labour, capital, materials and customers;
- interest and currency exchange rates;
- technological developments;
- political and economic conditions;
- inability to attract and retain key personnel.

Readers are cautioned that the foregoing list is not exhaustive.

The reader is further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These judgements and estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

The information contained in this MD&A, including the documents incorporated by reference herein, identifies additional factors that could affect the operating results and performance of the Corporation. We urge you to carefully consider those factors.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A and the Corporation does not undertake and is not obligated to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

DESCRIPTION OF ADDITIONAL GAAP MEASURES

Throughout this MD&A, management uses measures which do not have a standardized meaning as prescribed by IFRS and therefore are considered to be additional GAAP measures presented under IFRS.

EBITDA is an additional GAAP measure presented under IFRS defined as "net earnings before impairment losses, finance charges (net), income tax expense, depreciation and amortization."

Adjusted EBITDA is an additional GAAP measure presented under IFRS defined as "net earnings before impairment losses, finance charges (net), income tax expense, depreciation, amortization and share-based compensation expense". For comparative purposes, in financial disclosures previous to the first quarter of 2013 'adjusted EBITDA' was referred to as "EBITDAS".

The Corporation reports on EBITDA and adjusted EBITDA because they are key measures used by management to evaluate performance. Adjusted EBITDA is used in making decisions relating to distributions to shareholders and is used in monitoring compliance with debt covenants. The Corporation believes adjusted EBITDA assists investors in assessing McCoy's performance on a consistent basis without regard to impairment losses, depreciation, amortization and share-based compensation expense, which are non-cash in nature and can vary significantly depending on accounting methods or non-operating factors.

Adjusted EBITDA is not considered an alternative to net earnings in measuring McCoy's performance. Adjusted EBITDA does not have a standardized meaning and is therefore not likely to be comparable to similar measures used by other issuers. However, McCoy calculates adjusted EBITDA consistently from period to period. Adjusted EBITDA should not be used as an exclusive measure of cash flow since it does 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.

OUTLOOK AND FORWARD LOOKING INFORMATION

Our EP&S segment continues to deliver strong financial performance with year to date revenues increasing by $10.2 million from last year. Off-shore and international markets are performing well and we anticipate strong results from these markets as we enter 2014. North American land markets continue to remain challenging as flat rig counts have resulted in softness in demand for drilling equipment. The timing of a turnaround in the North American land market is unclear, but as demand for premium connections increase in this market, we anticipate this to generate capital equipment demand for our products.

We have been making strategic investments to grow life-cycle revenues generated from service, consumables and replacement parts and in 2013 have realized an increase in life-cycle revenues from the prior year. Our commitment to growing this area of our business remains a priority and current strategic initiatives, including opening international sales and service centers, will be a key driver in significantly growing life-cycle revenue over the next several years.

During the quarter, we officially opened the first of four planned international sales and service centers in Aberdeen, Scotland. In the fourth quarter of 2013, we plan to commence operations at our second international sales and service center in Singapore, followed by the commencement of additional international sales and service centers in the Middle East and Latin America in 2014.

The development and commercialization of the "we" product line is progressing. Our weCATT™ wireless torque sub continues to generate positive feedback from our customers which has translated into strong order demand. We are also seeing growing customer interest surrounding other "we" products, including the weTORQ™ (an iron roughneck) and the weVERIFY™ (a remote calibration tool). The weBUCK (an electric bucking unit) is scheduled to begin field testing in the fourth quarter of 2013. Additional products under development include a casing running tool (weRUN350), a casing handling tool system with flush mount spider, conventional spider and elevator configurations (weHOLD) and a hydraulic catwalk (weMOVE35). Progress continues to be made on the development of these new products which are in various phases of design, prototyping, testing and field trials. Commercial launches of the above mentioned products are anticipated to occur in 2014, depending on successful prototyping, testing and field trials.

Recently we announced a reorganization of our EP&S management team by promoting Mr. Kenny Watt to Vice President, Global Sales and Service and Mr. Ron Roling to Vice President, Technical and Product Development. McCoy's strategic priorities are customer responsiveness and innovative product development. This reorganization will allow Mr. Watt to focus on providing customers with exceptional international technical sales and service support and Mr. Roling to lead our new product development initiatives.

The recovery in the custom chassis market within our Mobile Solutions segment continues to be delayed and any significant recovery is unlikely to occur until the latter half of 2014. We continue to control costs, target strategic customers and develop our dealer network to remain profitable in this segment during this challenging time.

STRATEGY AND CORE BUSINESS VISION

OUR VISION IS TO BE THE TRUSTED PROVIDER OF INNOVATIVE PRODUCTS AND SERVICES FOR THE GLOBAL ENERGY INDUSTRY

ENERGY PRODUCTS & SERVICES OVERVIEW

The Energy Products & Services ("EP&S") segment is comprised of two divisions: Drilling & Completions and Coatings & Hydraulics.

The Drilling & Completions division is an innovator of tubular handling, assembly and measurement equipment used for making up threaded connections in the global oil and gas industry.

The division is engaged in the:

- design, manufacture and distribution of innovative drilling and completions equipment and equipment life-cycle products such as consumable and replacement parts;
- repair, maintenance, and calibration of drilling and completions equipment; and
- rental of drilling and completions equipment.

The Coatings & Hydraulics division provides a range of coatings and hydraulic manufacturing and repair services.

EP&S customers include service companies, drilling rig manufacturers, drilling contractors (both land and offshore), and oil sands operators. Clients are typically global in nature and can operate in both land and offshore drilling environments. Operations are structured as follows:

Operating Name	Country of Incorporation	Division
Farr Canada Corp.	Canada	Drilling & Completions
Inotec Coating and Hydraulics Inc.	Canada	Coatings & Hydraulics
McCoy Global Singapore Pte. Ltd.	Singapore	Drilling & Completions
McCoy Global UK Ltd.	United Kingdom	Drilling & Completions
Precision Die Technologies, L.L.C.	United States	Drilling & Completions
Superior Manufacturing & Hydraulics, Inc.	United States	Drilling & Completions
McCoy Rig Parts, operating as a division of Superior Manufacturing & Hydraulics, Inc.	Not applicable	Drilling & Completions

The Corporation continues to pursue growth of the EP&S segment through organic growth from existing operations and strategic acquisitions.

Organic growth is being achieved by:

- investing in the development of innovative new products and services that provide a competitive advantage and/or safety enhancement for our customers, resulting in increased market share for McCoy;
- developing a global service team to provide service, technical sales support and training to our international and domestic customers, while pursuing new revenue generating opportunities;
- increasing international sales of capital equipment by growing our international sales team and penetrating new markets;
- increasing the sales of equipment life-cycle products, such as consumables and replacement parts, with the establishment of inventories at our new, strategically located international service centers; and
- investing in the establishment of a global equipment rental business.

The Corporation has maintained a strong balance sheet as well as committed credit facilities to provide the flexibility to invest in working capital and innovation required to support our organic growth plans and an ability to pursue prudent and valuable acquisitions to strengthen our product and service offerings.

EP&S HIGHLIGHTS – QUARTER ENDING SEPTEMBER 30, 2013

WE CONTINUE TO INVEST IN GROWING LIFE-CYCLE PRODUCT REVENUES

We officially opened the first of our four planned international sales and service centers in Aberdeen, Scotland. The location is an integral component of McCoy's growth strategy to increase both our international footprint and product life-cycle revenues. Aberdeen is a strategic location to support the international drilling and completions markets in the North Sea, continental Europe and Africa. The facility will enable us to more efficiently meet the service needs of our international customers with the potential to generate additional revenue and expand the McCoy global brand.

We continued to lay the ground work to commence operations in Singapore in the fourth quarter of 2013, as well as to establish additional international sales and service centers in the Middle East and Latin America.

The expansion of our dies and inserts manufacturing facility in Louisiana was completed. This increased manufacturing capacity will allow our dies and inserts facilities to keep up with the anticipated increase in demand for consumables from our international sales and service locations.

WE CONTINUE TO RECEIVE POSITIVE CUSTOMER FEEDBACK IN RESPONSE TO RECENT LAUNCHES IN OUR INNOVATIVE "WE" PRODUCT LINE

Sales of recent product launches in our innovative "we "product line are gaining momentum.

Our weCATT™ wireless torque sub, launched in the third quarter of 2012, has been very well received by our customers and has generated strong order demand throughout 2013.

We are also experiencing growing customer demand surrounding other products launched in 2013, including the weTORQ™, an iron roughneck, and the weVERIFY™, a remote calibration tool. We achieved our first commercial success with the shipment of two weTORQ™ units during the quarter and we have received excellent feedback from our customers on the products design and performance.

We performed extensive product testing on our innovative new electric bucking unit (weBUCK), and the prototype is anticipated to begin field testing shortly.

WE PROGRESSED THE DEVELOPMENT OF OUR ENTERPRISE RESOURCE PLANNING SYSTEM

We continued the Drilling & Completions division's transition onto McCoy's Enterprise Resource Planning (ERP) system, and plan to complete the implementation by the end of this year. We have dedicated significant resources to this strategic project which will provide us with a platform to achieve our growth initiatives and realize operational efficiencies.

MOBILE SOLUTIONS OVERVIEW

The Mobile Solutions segment consists of the McCoy Trailers division. McCoy Trailers is involved in the manufacture and sale of specialized custom heavy-duty trailers largely used in the oil and gas industry for pressure pumping, coil tubing, rig transportation and heavy haul. The segment is focused on serving oil and gas clients operating in the Western Canadian Sedimentary Basin and the United States. McCoy Trailers has exported products outside of North America on a limited basis.

McCoy Trailers consists of Peerless Limited ("Peerless") which is located in Penticton, British Columbia where both the Peerless and Scona branded trailers are manufactured. In addition to the wholly owned Penticton facility, McCoy Trailers also has subcontract relationships with manufacturing plants in Arkansas and Texas, which allow for the ramp up of production during periods of market peaks and contraction when markets decline.

McCoy designs and manufactures specialized custom drilling and well servicing chassis trailers used in pressure pumping and stimulation operations, particularly in shale oil and gas applications.

MOBILE SOLUTIONS HIGHLIGHTS – QUARTER ENDING SEPTEMBER 30, 2013

WE CONTINUE TO MAINTAIN PROFITABILITY IN A CHALLENGING MARKET

Adjusted EBITDA as a percentage of revenue increased by 4% from the comparative quarter as a result of cost cutting initiatives, increased efficiency and reductions to employee compensation expense.

WE CONTINUE TO MAKE STRIDES TOWARD INCREASING PRODUCTION EFFICIENCY

Though revenues have declined, we have made significant progress towards standardizing our oilfield trailer models. This initiative reduces lead times and provides pricing flexibility to our customers. This is intended to increase sales, in addition to reducing engineering costs with the aim of increasing margins.

WE ANNOUNCED A CHANGE TO THE MOBILE SOLUTIONS MANAGEMENT TEAM

Subsequent to September 30, Bruce Scott, Senior Vice President, Mobile Solutions, assumed the responsibilities of Andy McEachern, Vice President, Trailers.

FINANCIAL RESULTS

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

For the three months ended September 30 ($000 except per share amounts)	2013	2012
Total revenue	**40,790**	48,410
Net earnings	**4,031**	4,236
Per common share – basic	**0.15**	0.16
Per common share – diluted	**0.15**	0.16
Adjusted EBITDA	**7,720**	7,451
Per common share – basic	**0.29**	0.28
Per common share – diluted	**0.28**	0.28
Dividends declared per common share	**0.05**	0.05

As at and for the nine months ended September 30 ($000 except per share amounts)	2013	2012
Total revenue	**125,210**	135,051
Net earnings	**9,143**	8,517
Per common share – basic	**0.34**	0.32
Per common share – diluted	**0.33**	0.32
Adjusted EBITDA	**18,348**	16,594
Per common share – basic	**0.69**	0.63
Per common share – diluted	**0.67**	0.62
Dividends declared per common share	**0.15**	0.15
Total assets	**129,252**	113,531
Total liabilities	**44,468**	38,583
Total non-current liabilities	**10,690**	6,640

EBITDA and Adjusted EBITDA are calculated as follows:

	Three months ended September 30		Nine months ended September 30	
($000)	2013	2012	2013	2012
Net earnings	**4,031**	4,236	**9,143**	8,517
Income tax expense	**1,771**	1,664	**3,743**	3,734
Finance charges (net)	**172**	84	**564**	185
Depreciation	**1,122**	827	**3,249**	2,476
Amortization	**363**	446	**1,051**	1,108
EBITDA	**7,459**	**7,257**	**17,750**	**16,020**
Share-based compensation expense	**261**	194	**598**	574
Adjusted EBITDA	**7,720**	**7,451**	**18,348**	**16,594**

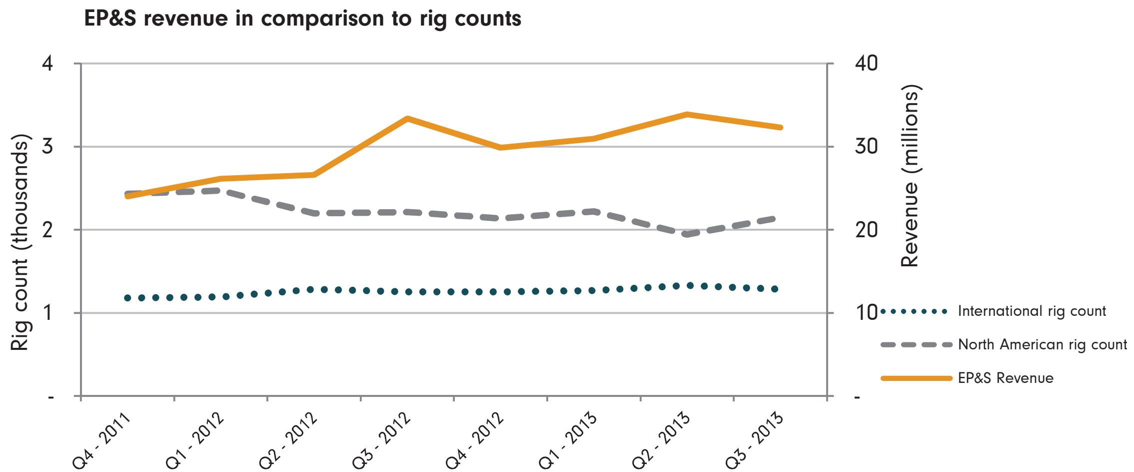
REVENUE

On a consolidated basis, revenue for the three months ended September 30, 2013 was $40.8 million, a decrease of $7.6 million, or 16%, from the comparative period. For the nine months ended September 30, 2013, revenues decreased by $9.8 million or 7%, from the comparative quarter to $125.2 million.

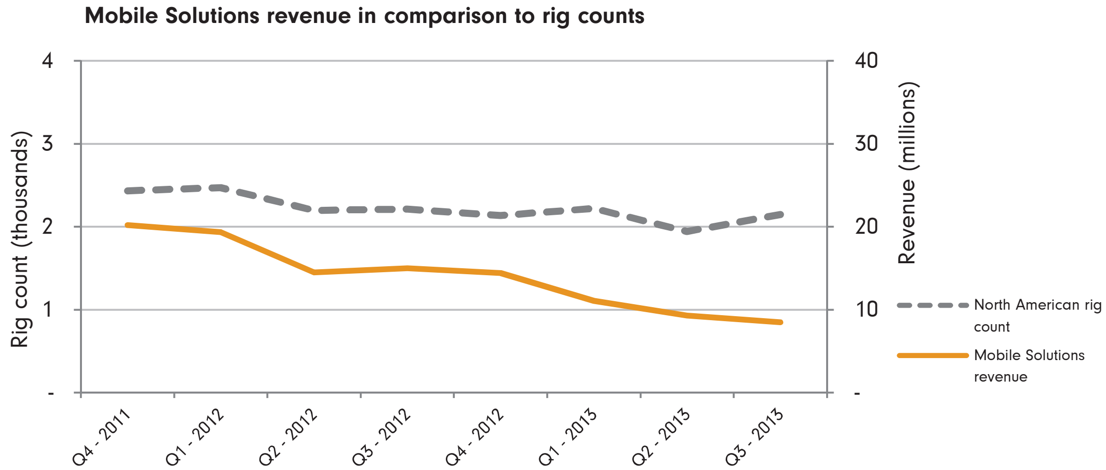
Active rig counts

As the number of working rigs fluctuates in response to market fundamentals, we expect the demand for capital equipment to fluctuate accordingly. McCoy's customers increase or decrease their spending on capital equipment in response to changes in drilling activity. Capital expenditures by our customers increase revenue for McCoy and the rig counts are a strong indicator of future capital requirements. For the EP&S segment, the timing between the increase or decrease in North American rig counts and the impact on revenue typically lags by approximately six months to one year; whereas for Mobile Solutions the timing typically has a shorter response to fluctuations in rig count.

A summary of the past eight quarters of information with respect to McCoy revenues and rig counts is as follows[1]:



[1]All references to rig counts can be accessed through Baker Hughes, Inc., http://phx.corporate-ir.net/phoenix.zhtml?c=79687&p=irol-rigcountsintl



Our focus on expanding international sales offers geographic diversification as well as some stability to a North American revenue stream that has historically been subject to the highs and lows of the price of energy. Many of our international customers have longer lead times and are less impacted by short term fluctuations in the price of oil, particularly those operating offshore.

Fluctuations in the correlation arise when changes to the underlying business are made. For example, the impact of new product lines, increasing manufacturing capacity or improving market share may cause revenue growth to increase during periods of otherwise stable drilling activity. From quarter to quarter there may also be fluctuations in our revenue depending on the timing of when product is shipped and revenue is recognized.

Although many factors exist that may cause variances in the correlation, historically there has been a trend between our revenues and rig counts. Management actively uses rig count activity as a tool to monitor and set expectations of the future performance of the Corporation.

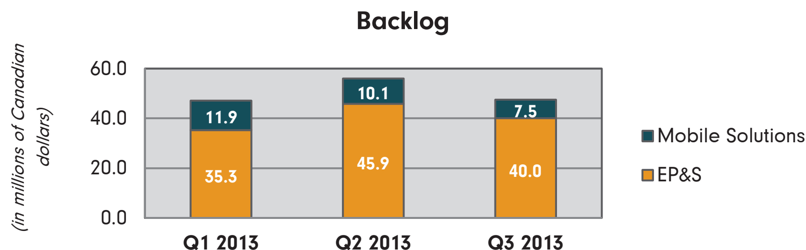
Backlog

Backlog is a measure of the amount of customer orders the Corporation has outstanding and is therefore an indicator of a base level of future revenue potential. Backlog is not a GAAP measure and as a result, the definition and determination of backlog will vary among other issuers reporting a backlog figure.

The Corporation defines backlog as work that has a high certainty of being performed and is measured on the basis of a firm customer commitment, such as the receipt of a purchase order. Customers may default on or cancel such commitments, but most are secured by a deposit and/or require reimbursement by the customer upon default or cancellation. Backlog reflects likely future revenues; however, cancellations or reductions may occur and there can be no assurance that backlog amounts will ultimately be realized as revenue, or that the Corporation will earn a profit on backlog work. Expected delivery dates for orders recorded in backlog usually span from one to six months, and thus may not translate into revenue in the consecutive quarter. McCoy's backlog as at September 30, 2013 totaled $47.5 million, a decrease of $8.5 million or 15% from June 30, 2013. McCoy began reporting backlog in the first quarter of 2013.

For the quarter, the EP&S segment received net sales orders of $27.0 million (Q2 2013 - $42.2 million) and recorded revenue of $32.3 million (Q2 2013 - $33.1 million) with reported backlog of $40.0 million as at September 30, 2013 (June 30, 2013 - $45.9 million). The decline in backlog from June 30, 2013 is partially a result of a cancellation of one large customer order. The likelihood remains that this order will be deferred until the latter half of 2014. In addition, a large international order was secured in the second quarter of 2013 which resulted in a substantial increase in backlog reported for that quarter. While backlog has declined; we continue to experience strong demand from international and offshore markets particularly in Latin America, Africa and the North Sea.

The Mobile Solutions segment received net sales orders of $5.8 million (Q2 2013 - $7.5 million) and recognized revenue of $8.5 million for the quarter (Q2 2013 - $9.3 million). Backlog declined in this segment throughout 2012, with a further decline in 2013 bringing the total backlog to $7.5 million as at September 30, 2013 (June 30, 2013 - $10.1 million). In the third quarter of 2013, one of Mobile Solutions' larger customers declared bankruptcy; as a result orders received from this customer were removed from the backlog balance, accounting for a significant portion of the decrease. Overall, the North American market for heavy haul and standard oilfield trailers has become increasingly competitive, with the custom chassis market remaining relatively slow and expected to remain soft through the balance of the year.



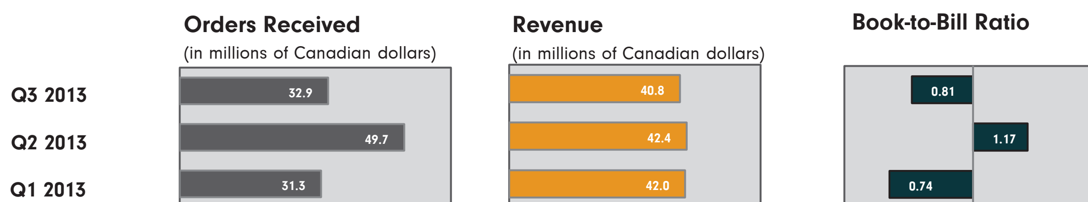
Book-to-Bill Ratio

The book-to-bill ratio is a measure of the amount of net sales orders received to revenues recognized and billed in a set period of time. The ratio is an indicator of customer demand and sales order processing times. A ratio of above "1.0" indicates more net sales orders were received than orders shipped and billed. The book-to-bill ratio is not a GAAP measure and therefore the definition and calculation of the ratio will vary among other issuers reporting the book-to-bill ratio. McCoy calculates the book-to-bill ratio as net sales orders taken in the reporting period divided by the revenues reported for the same reporting period.

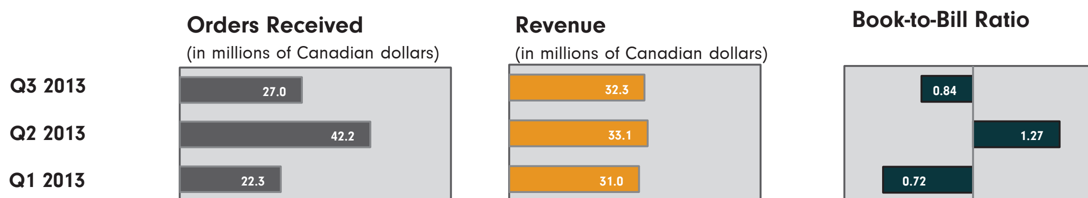
The book-to-bill ratio for the Corporation during the three months ended September 30, 2013 was 0.81 (June 30, 2013 – 1.17); with the EP&S segment reporting a book-to-bill ratio of 0.84 (June 30, 2013 – 1.27) and the Mobile Solutions segment reporting a book-to-bill ratio of 0.69 (June 30, 2013 - 0.81). The Corporation began reporting the book-to–bill ratio in the first quarter of 2013.

Set out below are orders taken, revenues and the book-to-bill ratio by segment:

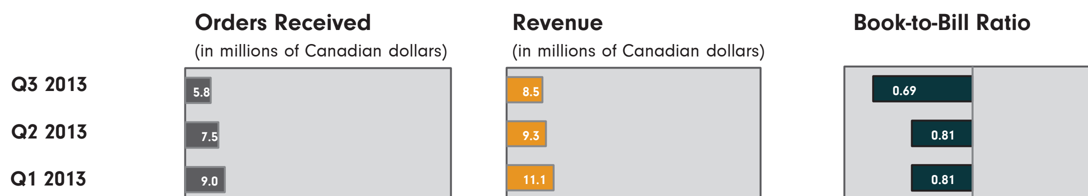
McCoy Corporation



EP&S



Mobile Solutions



Geographic sales

The Corporation attributes revenue to a geographic location based on the location of the customer being invoiced. However, the geographic location where our equipment is ultimately placed into service may significantly differ from the customer invoice location. Many of our customers are large multi-national companies which may place an order in the United States, or another country, and redistribute our equipment. Further, we invoice equipment to United States distributors who re-sell our equipment both domestically and internationally; we attribute this revenue to the United States total in the table below.

Geographic revenues are calculated on a consistent basis from period to period; however users are cautioned that this information may not reflect the actual geographic location our equipment is placed into service.

Energy Products & Services

International land and offshore drilling activity remains strong in most geographic regions. As EP&S grows its global footprint through international sales of capital equipment and sales of life-cycle products and technical service, additional revenue generation opportunities continue to develop. For the nine months ended September 30, 2013 revenue attributed to the United States increased significantly from the comparative period; however, we filled several orders for which our customers subsequently redistributed the equipment sold to international markets. For the three months ended September 30, 2013, we have seen revenue growth in Latin America and Europe, while recent political turmoil in the Middle East has decreased revenues in this region.

	For the 3 months ended September 30				For the 9 months ended September 30			
($000)	2013	% of total	2012	% of total	2013	% of total	2012	% of total
United States	18,615	58%	19,021	57%	53,934	56%	43,151	50%
Canada	4,768	15%	3,282	10%	13,390	14%	12,033	14%
Europe	3,203	10%	1,279	4%	13,271	14%	10,497	12%
Middle East & North Africa	1,922	6%	6,963	21%	7,813	8%	11,758	14%
South East Asia	2,132	6%	2,029	6%	5,571	6%	6,374	7%
Latin America	1,664	5%	821	2%	2,386	2%	2,338	3%
Total	32,304	100%	33,395	100%	96,365	100%	86,151	100%

Revenue is attributed to a geographical region based on the location of the customer invoiced, which may not necessarily reflect the product's final destination.

Mobile Solutions:

The Mobile Solutions segment's customer base is primarily North American. Revenues for the nine months ended September 30, 2013 have declined in both Canada and the United States from the comparative period.

	For the 3 months ended September 30				For the 9 months ended September 30			
($000)	**2013**	**% of total**	2012	% of total	**2013**	**% of total**	2012	% of total
Canada	**7,277**	**86%**	10,011	67%	**22,576**	**78%**	31,811	65%
United States	**1,209**	**14%**	5,004	33%	**6,269**	**22%**	17,089	35%
Total	**8,486**	**100%**	15,015	100%	**28,845**	**100%**	48,900	100%

Revenue is attributed to a geographical region based on the location of the customer invoiced, which may not necessarily reflect the product's final destination.

PROFITABILITY

The following tables summarize gross profit by reportable segment:

($000 except percentages)	Gross Profit		Change in Gross Profit	
For the three months ended September 30	**2013**	2012	$	%
Energy Products & Services	**12,692**	12,723	(31)	-
Mobile Solutions	**881**	1,461	(580)	(40%)
Total	**13,573**	14,184	(611)	(4%)

($000 except percentages)	Gross Profit		Change in Gross Profit	
For the nine months ended September 30	**2013**	2012	$	%
Energy Products & Services	**35,201**	30,617	4,584	15%
Mobile Solutions	**4,069**	5,567	(1,498)	(27%)
Total	**39,270**	36,184	3,086	9%

For the three months ended September 30, 2013 gross profit was $13.6 million. This represents a decrease of $0.6 million, or 4%, from the comparative quarter. The slight decline in gross profit from the comparative quarter can be attributed to the decline in revenue in Mobile Solutions, partially offset by increases to gross profit percentage in the EP&S segment.

In comparison to the nine months ended September 30, 2012, gross profit increased by $3.1 million or 9%, to $39.3 million for the nine months ended September 30, 2013. Increased gross profit is a result of increased revenue and gross profit percentage in the EP&S segment. This was partially offset by a decline in revenue in the Mobile Solutions segment.

The following tables summarize adjusted EBITDA by reportable segment:

($000 except percentages)	Adjusted EBITDA		Change in Adjusted EBITDA	
For the three months ended September 30	**2013**	2012	$	%
Energy Products & Services	**8,469**	8,609	(140)	(2%)
Mobile Solutions	**312**	49	263	537%
Corporate	**(1,061)**	(1,207)	146	12%
Total	**7,720**	7,451	269	4%

($000 except percentages)	Adjusted EBITDA		Change in Adjusted EBITDA	
For the nine months ended September 30	**2013**	2012	$	%
Energy Products & Services	**20,792**	18,977	1,815	10%
Mobile Solutions	**1,276**	1,019	257	25%
Corporate	**(3,720)**	(3,402)	(318)	(9%)
Total	**18,348**	16,594	1,754	11%

For the three months ended September 30, 2013 adjusted EBITDA was $7.7 million, which was an increase of $0.3 million, or 4%, from the comparative period.

The increase in adjusted EBITDA is attributable to a reduction in overhead costs for the Mobile Solutions segment and Corporate, offset by a slight decrease in adjusted EBITDA for the EP&S segment.

Compared to the nine months ended September 30, 2012, adjusted EBITDA increased by $1.8 million, or 11%, to $18.3 million for the nine months ended September, 2013.

The increase in adjusted EBITDA in both the EP&S segment and Mobile Solutions segment was primarily offset by an increase in Corporate costs in relation to the comparative period.

RESULTS OF OPERATIONS

EXTERNAL REVENUE BY OPERATING SEGMENT

The following tables summarize external revenue by reportable segment:

($000 except percentages)	External Revenue		Change in External Revenue	
For the three months ended September 30	**2013**	2012	$	%
Energy Products & Services	**32,304**	33,395	(1,091)	(3%)
Mobile Solutions	**8,486**	15,015	(6,529)	(43%)
Total	**40,790**	48,410	(7,620)	(16%)

($000 except percentages)	External Revenue		Change in External Revenue	
For the nine months ended September 30	**2013**	2012	$	%
Energy Products & Services	**96,365**	86,151	10,214	12%
Mobile Solutions	**28,845**	48,900	(20,055)	(41%)
Total	**125,210**	135,051	(9,841)	(7%)

Energy Products & Services

For the three months ended September 30, 2013 revenue was $32.3 million, a decrease of $1.1 million, or 3%, from the comparative quarter.

For the three months ended September 30, 2013, strong demand from offshore and international markets was offset by lower demand from the North American land market. In addition, several large dollar value orders did not ship prior to September 30, 2013, and as a result were carried over to the fourth quarter of 2013.

Overall, EP&S revenue for the nine months ended September 30, 2013 continues to outpace 2012 results, with an increase of $10.2 million or 12%. Increases in revenue generated from service, replacement parts, consumables and "we" products are the primary factors for the overall increase in EP&S revenue.

Mobile Solutions

For the three months ended September 30, 2013 revenue decreased by $6.5 million, or 43%, from the comparative quarter to $8.5 million.

Mobile Solutions reported revenues of $28.8 million for the nine months ended September 30, 2013, which was a decrease of $20.1 million or 41% from the comparative period.

The higher margin custom chassis market remains challenged as a result of an oversupply of pressure pumping equipment in 2011. This has resulted in a decline in revenue in this segment from the comparative quarter. Though demand for heavy haul trailers and standard oilfield trailers remains stable, substantial competition in the market place has also placed downward pressure on revenue. As a result, the segment has experienced a decline in revenue in comparison to the third quarter of 2012.

GROSS PROFIT BY OPERATING SEGMENT

The following tables summarize gross profit and gross profit as a percentage of revenue by reportable segment:

($000 except percentages)	Gross Profit			Gross Profit %		
For the three months ended September 30	**2013**	2012	Change	**2013**	2012	Change
Energy Products & Services	**12,692**	12,723	(31)	**39%**	38%	1%
Mobile Solutions	**881**	1,461	(580)	**10%**	10%	-
Total	**13,573**	14,184	(611)	**33%**	29%	4%

($000 except percentages)	Gross Profit			Gross Profit %		
For the nine months ended September 30	**2013**	2012	Change	**2013**	2012	Change
Energy Products & Services	**35,201**	30,617	4,584	**37%**	36%	1%
Mobile Solutions	**4,069**	5,567	(1,498)	**14%**	11%	3%
Total	**39,270**	36,184	3,086	**31%**	27%	4%

Energy Products & Services

For the three months ended September 30, 2013 the EP&S gross profit percentage was 39%, a 1% increase from the comparative quarter. For the nine months ended September 30, 2013 gross profit percentage also increased by 1% in comparison to the nine months ended September 30, 2012.

An increase in revenues from higher margin life-cycle sales of service, replacement parts and consumables contributed to the overall increase in EP&S gross profit percentage for both the quarter and year to date. The weakening of the Canadian dollar has also had a positive impact on the gross profit of our Canadian manufacturing operations where input costs are primarily in Canadian currency, whereas revenues are in United States currency.

Mobile Solutions

For the three months ended September 30, 2013, Mobile Solutions gross profit percentage was consistent with the comparative period.

During the nine months ended September 30, 2013 gross profit percentage increased by 3% from the comparative period.

Cost-cutting and standardization measures taken in late 2012 and early 2013 continue to have an impact on profitability. However, gross profit percentage remained consistent with the previous quarter primarily as a result of a provision that was taken against certain highly customized work-in-progress inventory due to a customer declaring bankruptcy in the quarter. The gross profit percentage increase of 3% for the nine months ended September 30, 2013, is reflective of the segment’s progress towards standardizing its oilfield trailer models, as well as increased efficiency created by workforce reductions.

ADJUSTED EBITDA BY OPERATING SEGMENT

The following tables summarize adjusted EBITDA as a percentage of revenue by reportable segment:

($000 except percentages)	Adjusted EBITDA			Adjusted EBITDA as a % of External Revenue		
For the three months ended September 30	**2013**	2012	Change	**2013**	2012	Change
Energy Products & Services	**8,469**	8,609	(140)	**26%**	26%	-
Mobile Solutions	**312**	49	263	**4%**	-	4%
Corporate	**(1,061)**	(1,207)	146	**-**	-	-
Total	**7,720**	7,451	269	**19%**	15%	4%

($000 except percentages)	Adjusted EBITDA			Adjusted EBITDA as a % of External Revenue		
For the nine months ended September 30	**2013**	2012	Change	**2013**	2012	Change
Energy Products & Services	**20,792**	18,977	1,815	**22%**	22%	-
Mobile Solutions	**1,276**	1,019	257	**4%**	2%	2%
Corporate	**(3,720)**	(3,402)	(318)	**-**	-	-
Total	**18,348**	16,594	1,754	**15%**	12%	3%

Energy Products & Services

For the three and nine months ended September 30, 2013, as a percentage of revenue, adjusted EBITDA remained consistent with the comparative quarter.

Mobile Solutions

For the three months ended September 30, 2013, adjusted EBITDA as a percentage of revenue increased from a nominal amount in the comparative quarter to 4%. The increase can be attributed to reductions in employee compensation expense.

For the nine months ended September 30, 2013, adjusted EBITDA as a percentage of revenue increased by 2% from the comparative period. This is a result of increases in both gross profit percentage and decreases in general and administrative expenses as a result of efforts made to reduce overhead costs and employee headcount throughout the latter portion of 2012 and into 2013.

Corporate

For the three months ended September 30, 2013, Corporate reported adjusted EBITDA of negative $1.1 million or a reduction to costs of $0.1 million from the comparative quarter.

For the nine months ended September 30, 2013, Corporate adjusted EBITDA was negative $3.7 million, compared to adjusted EBITDA of negative $3.4 million from the comparative period.

The $0.3 million increase in costs can be primarily attributed to higher compensation expense related to an increase in employee headcount from the comparative period. Additional employees were hired to support our growing operations in the mid to latter portion of 2012 and the comparative period results are beginning to reflect the impact of these costs. Foreign currency fluctuations also impact period to period results as Corporate holds a significant proportion of the Corporation's cash and cash equivalents in United States funds. For the nine months ended September 30, 2013, Corporate reported a foreign exchange gain of $0.3 million, in comparison to a foreign exchange loss of $0.4 million that was reported in the prior period.

GENERAL AND ADMINISTRATION

General and administration expense for the three months ended September 30, 2013 was $5.2 million. This represents a decrease of $0.4 million, or 7%, from the comparative period. As a percentage of revenue, general and administrative expense was 13% for the three months ended September 30, 2013, which is an increase of 1% from the comparative period.

For the nine months ended September 30, 2013, general and administrative expenses totaled $18.8 million, a $2.5 million or 15% increase in comparison to the nine months ended September 30, 2012. As a percentage of revenue, general and administrative expense was 15% for the nine months ended September 30, 2013, or an increase of 3% from the comparative period.

The 2013 increase in general and administration expense is primarily attributable to higher salary expenses associated with new hires made in the mid to latter portion of 2012 and other expenses associated with our Drilling & Completions head office in Houston. We made a significant portion of the investments driving higher general and administration expense in the mid to latter portion of 2012, and as such, only a portion of the impact of these investments is included in the comparative period results.

As we make continued progress towards establishing our international sales and service locations, we will continue to make strategic investments in people and infrastructure to support our long-term growth. The pace at which we have been making additional investments that are resulting in higher general and administrative expense is slowing. Once our growth strategy initiatives are achieved, we anticipate that our general and administration expense will stabilize and, as a percentage of revenue, decline to more historic levels.

SALES AND MARKETING

Sales and marketing expense for the three months ended September 30, 2013 was $1.9 million, consistent with the comparative period. As a percentage of revenue, sales and marketing expense was 5% for the three months ended September 30, 2013, an increase of 1% from the comparative quarter.

For the nine months ended September 30, 2013 sales and marketing expense decreased by $0.4 million or 7% from the comparative period to $5.8 million. As a percentage of revenue, sales and marketing expense was 5% for the nine months ended September 30, 2013, consistent with the comparative period.

The slight decrease in sales and marketing expense from the comparative period is primarily a result of lower commissions paid in the Mobile Solutions segment as a result of lower revenues.

RESEARCH AND DEVELOPMENT

Research and development expense for the three months ended September 30, 2013 was $0.3 million, consistent with the comparative period. For the nine months ended September 30, 2013, research and development increased by $0.6 million from the comparative period to $1.4 million. The increase is a result of adding new product lines to our development pipeline and increasing the team and infrastructure to support this new product development.

FINANCE CHARGES (NET)

Finance charges (net) were $0.2 million for the three months ended September 30, 2013 and have increased from $0.1 million in the comparative period. For the nine months ended September 30, 2013, finance charges (net) were $0.6 million, as compared to $0.2 million for the comparative period. The increase in finance charges is attributable to our $50 million credit facility which was executed in the fourth quarter of 2012.

OTHER GAINS AND LOSSES (NET)

Other gains and losses (net) consist primarily of foreign exchange gains on the Corporation's United States denominated financial instruments held by Canadian entities.

Included in other gains and losses (net) was a foreign exchange loss of $0.1 million for the three months ended September 30, 2013 compared to a loss of $0.5 million in the comparative period.

Included in other gains and losses (net) for the nine months ended September 30, 2013 was a foreign exchange gain of $0.3 million compared to a loss of $0.4 million in the comparative period.

SUMMARY OF QUARTERLY RESULTS

	2013			2012				2011
	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
EP&S revenue	**32,304**	33,092	30,969	29,900	33,395	26,594	26,162	24,042
Mobile Solutions revenue	**8,486**	9,298	11,061	14,421	15,015	14,514	19,371	20,209
Total revenue	**40,790**	42,390	42,030	44,321	48,410	41,108	45,533	44,251
Net earnings from continuing operations	**4,031**	3,051	2,061	3,255	4,236	2,127	2,154	3,659
Net earnings	**4,031**	3,051	2,061	3,255	4,236	2,127	2,154	3,809
Basic earnings per share from continuing operations	**0.15**	0.11	0.08	0.12	0.16	0.08	0.08	0.14
Basic earnings per share	**0.15**	0.11	0.08	0.12	0.16	0.08	0.08	0.14
Diluted earnings per share from continuing operations	**0.15**	0.11	0.08	0.12	0.16	0.08	0.08	0.14
Diluted earnings per share	**0.15**	0.11	0.08	0.12	0.16	0.08	0.08	0.14

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW

At September 30, 2013, the Corporation has $26.7 million in cash and cash equivalents and access to $41.0 million in available funds under its $50.0 million senior secured revolving credit facility. As of September 30, 2013, $9.0 million had been drawn and was outstanding under this facility.

Selected cash flow and capitalization information is as follows:

($000) **For the nine months ended September 30**	**2013**	2012
Cash generated from (used in) operating activities	**12,361**	(1,583)
Cash used in investing activities	**(5,668)**	(6,160)
Cash used in financing activities	**(2,476)**	(4,498)
Debt to equity ratio	**0.52 to 1**	0.51 to 1

Cash generated from operating activities for the nine months ended September 30, 2013 was $12.4 million compared to $1.6 million of cash used in the same period in 2012. The increase in cash flow from 2012 is primarily a result of a $1.8 million increase in adjusted EBITDA, and decreases of $2.1 million for income tax payments and $10.4 million in working capital investment. In the comparative period, we made significant investments in working capital to support the growth in our EP&S segment. Working capital levels have since stabilized for the EP&S segment, while the decline in revenues experienced by Mobile Solutions has led to a reduction in working capital levels required for that business. The fluctuation in income tax payments was primarily a result of a large payment in 2012 that was required to pay 2011 income taxes given the large increase in profitability that was realized in 2011.

Cash flows used in investing activities for the nine months ended September 30, 2013 were $5.7 million compared to $6.1 million in the comparative period. The improvement in cash flow is primarily attributable to lower capital purchases and the sale of our Houston technical service center building. The Houston technical service center was sold and a new larger facility leased. The reduction in cash outflows was partially offset by development expenditures related to our "we" product line as well as additional capital spending on our enterprise resource planning system. We anticipate that additional capital will be spent over the year to facilitate growth initiatives as well as to sustain existing capital.

Cash flows used in financing activities for the nine months ended September 30, 2013 were $2.5 million, compared to the use of $4.5 million of cash in the comparative period. In the comparative period, there was $0.9 of debt repayments, versus $0.4 million of debt repayments made against the Corporation's revolving credit facility in the current period. The Corporation paid $0.8 million less dividends in 2013 as compared to the same period in 2012. The Corporation paid its third quarter dividend prior to September 30 in 2012, while in 2013 the payment was not made until October 25. In addition, $0.8 million was generated in the current period from the exercise of stock options, in comparison to $0.1 million in the comparative period.

Management believes that with the projected level of operations for 2013 and the availability of cash and cash equivalents along with funds under the established credit facility, McCoy will have sufficient capital to fund its operations and strategic growth. Historically, capital expansion has been financed by cash provided from operating activities, or by utilizing existing long-term credit facilities. Management may also consider raising funds through equity or debt offerings. Management consistently monitors economic conditions and will manage capital spending accordingly.

The debt to equity ratio may fluctuate as McCoy completes acquisitions and alternate forms of financing are used.

OTHER FINANCIAL INFORMATION

OUTSTANDING SHARE DATA

As at November 6, 2013 the following class of shares and equity securities potentially convertible into common shares were outstanding:

Common shares	**26,920,907**
Convertible equity securities: stock options	**1,173,337**

The stock options are exercisable into an equal number of common shares once vested in accordance with the Company's stock option program.

Dividends

A summary of historical dividend information is as follows:

Dividend declared	Dividend paid	Amount per common share
September 26, 2013	October 25, 2013	$0.05
May 16, 2013	June 14, 2013	$0.05
March 14, 2013	April 12, 2013	$0.05
December 12, 2012	December 31, 2012	$0.05
August 17, 2012	September 17, 2012	$0.05
May 17, 2012	June 15, 2012	$0.05
March 22, 2012	April 12, 2012	$0.03
December 13, 2011	December 30, 2011	$0.03
September 30, 2011	October 28, 2011	$0.01
May 19, 2011	June 30, 2011	$0.01
March 17, 2011	April 11, 2011	$0.04
March 10, 2011	March 31, 2011	$0.01

CONTROLS AND PROCEDURES

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has evaluated whether there were changes in our Internal Controls over Financial Reporting (ICFR) during the three month period ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, our ICFR. There has been no significant change in our risk factors from those described in our 2012 Annual Report. Please see page 32 of McCoy's 2012 Annual Report for a discussion of internal controls over financial reporting and disclosure controls.

There have been no significant changes in the following items from those described in our 2012 Annual Report. Please refer to the page numbers listed below from McCoy's 2012 Annual Report:

- Financial instruments and financial risk management – pages 24-26;
- Capital management – page 27;
- Contractual obligations and off balance sheet arrangements – page 28;
- Related party transactions – page 28-29;
- Critical accounting estimates and judgments – page 30; and
- Critical risks and uncertainties – pages 33-36.

ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management is responsible for establishing and maintaining adequate ICFR.

OTHER INFORMATION

Additional information relating to the Corporation, including the Corporation's Annual Information Form for the year end December 31, 2012 is available on SEDAR at www.sedar.com.