



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three and six months ended June 30, 2014

(unaudited)



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Stated in thousands of Canadian dollars)
(unaudited)

As at	June 30, 2014	December 31, 2013
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	23,598	13,332
Trade and other receivables	19,318	14,158
Inventories	41,262	34,607
Income tax recoverable	2,390	3,496
Other current assets	1,774	1,790
	88,342	67,383
Assets of disposal group held-for-sale	9,529	21,760
	97,871	89,143
Property, plant and equipment	14,245	15,569
Intangible assets	14,804	14,657
Deferred tax assets	1,375	1,098
Total assets	128,295	120,467
Liabilities		
Current liabilities		
Trade and other payables	17,965	15,293
Customer deposits	8,222	7,436
Derivative financial instruments	85	302
Provisions	1,570	1,587
Income tax payable	823	45
	28,665	24,663
Liabilities of disposal group held-for-sale	3,064	7,882
	31,729	32,545
Deferred tax liabilities	1,489	1,919
Total liabilities	33,218	34,464
Shareholders' equity		
Share capital	59,876	58,849
Contributed surplus	3,577	3,593
Accumulated other comprehensive income	1,256	1,212
Retained earnings	30,368	22,349
Total shareholders' equity	95,077	86,003
Total liabilities and shareholders' equity	128,295	120,467

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

(Stated in thousands of Canadian dollars, except per share amounts)
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
	\$	\$	\$	\$
		(restated, note 6)		(restated, note 6)
Revenue	27,915	29,019	55,135	56,303
Cost of sales	15,979	17,722	31,837	35,316
Gross profit	11,936	11,297	23,298	20,987
General and administration	6,923	6,038	13,897	11,708
Sales and marketing	1,492	1,720	2,864	2,838
Research and development	369	340	809	967
Finance charges (net)	114	204	215	392
Other losses (gains) (net)	22	(171)	829	(422)
	8,920	8,131	18,614	15,483
Earnings from continuing operations before income taxes	3,016	3,166	4,684	5,504
Income tax expense (recovery)				
Current	1,401	1,263	1,954	2,097
Deferred	(643)	(448)	(723)	(523)
	758	815	1,231	1,574
Earnings from continuing operations	2,258	2,351	3,453	3,930
Earnings from discontinued operations (net of tax)	6,004	700	7,330	1,182
Net earnings	8,262	3,051	10,783	5,112
Other comprehensive income				
Translation (loss) gain of foreign operations	(1,160)	1,346	44	1,944
Comprehensive income	7,102	4,397	10,827	7,056
Earnings per share				
Basic from continuing operations	0.08	0.09	0.13	0.15
Basic from discontinued operations	0.22	0.02	0.27	0.04
Basic from net earnings	0.30	0.11	0.40	0.19
Diluted from continuing operations	0.08	0.09	0.12	0.15
Diluted from discontinued operations	0.22	0.02	0.26	0.04
Diluted from net earnings	0.30	0.11	0.38	0.19

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Stated in thousands of Canadian dollars, except per share amounts)
(unaudited)

	Issued capital		Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
	Number of shares	Amount				
	#	\$	\$	\$	\$	\$
Balances at January 1, 2013	26,670,911	56,572	3,970	(942)	17,896	77,496
Net earnings	-	-	-	-	5,112	5,112
Translation gain on foreign operations	-	-	-	1,944	-	1,944
Employee share-based compensation expense	-	-	158	-	-	158
Dividends	-	-	-	-	(2,676)	(2,676)
Common shares issued on exercise of stock options	136,665	506	(135)	-	-	371
Balances at June 30, 2013	26,807,576	57,078	3,993	1,002	20,332	82,405
Net earnings	-	-	-	-	4,732	4,732
Translation gain on foreign operations	-	-	-	210	-	210
Employee share-based compensation expense	-	-	123	-	-	123
Dividends	-	-	-	-	(2,715)	(2,715)
Common shares issued on exercise of stock options	596,663	1,771	(523)	-	-	1,248
Balances at December 31, 2013	27,404,239	58,849	3,593	1,212	22,349	86,003
Net earnings	-	-	-	-	10,783	10,783
Translation gain on foreign operations	-	-	-	44	-	44
Employee share-based compensation expense	-	-	248	-	-	248
Dividends	-	-	-	-	(2,764)	(2,764)
Common shares issued on exercise of stock options	229,999	1,027	(264)	-	-	763
Balances at June 30, 2014	27,634,238	59,876	3,577	1,256	30,368	95,077

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(Stated in thousands of Canadian dollars, except per share amounts)
(unaudited)

For the six months ended June 30,	2014	2013
Cash generated from	\$	\$
		(restated, note 6)
Operating activities		
Earnings from continuing operations	3,453	3,930
Adjustments for:		
Depreciation of property, plant and equipment	1,792	1,428
Amortization of intangible assets	1,347	521
Current income tax expense	1,954	2,097
Deferred income tax recovery	(723)	(523)
Finance charges (net)	215	392
EBITDA¹	8,038	7,845
Share-based compensation expense	210	337
Unrealized gain on derivative financial instruments	(217)	-
Loss (gain) on disposal of property, plant and equipment	127	(20)
Changes in non-cash working capital balances	(7,400)	(9,860)
Interest paid	(92)	(348)
Income taxes paid	(34)	(2,436)
Net cash generated from (used in) continuing operating activities	632	(4,482)
Net cash generated from discontinued operating activities	1,157	5,308
Net cash generated from operating activities	1,789	826
Investing activities		
Purchases of property, plant and equipment	(606)	(1,508)
Proceeds from sale of property, plant and equipment	60	910
Proceeds from sale of subsidiary	12,637	-
Additions to intangible assets	(1,491)	(1,112)
Net cash generated from (used in) continuing investing activities	10,600	(1,710)
Net cash used in discontinued investing activities	(94)	(335)
Net cash generated from (used in) investing activities	10,506	(2,045)
Financing activities		
Repayment of finance lease obligations	-	(81)
Repayment of borrowings	-	(427)
Transaction costs related to the amendment of credit facility	(97)	-
Proceeds from issuance of share capital on exercise of options	763	371
Dividends paid	(2,764)	(2,676)
Net cash used in continuing financing activities	(2,098)	(2,813)
Effect of exchange rate changes on cash and cash equivalents	69	765
Increase (decrease) in cash and cash equivalents	10,266	(3,267)
Cash and cash equivalents – beginning of the period	13,332	22,122
Cash and cash equivalents – end of the period	23,598	18,855

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

¹ EBITDA is an additional GAAP measure presented under IFRS defined as "net earnings before finance charges (net), income tax expense, depreciation and amortization".

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended June 30, 2014

(in thousands of Canadian dollars, except share data or unless otherwise specified)

(unaudited)

1. NATURE OF OPERATIONS

McCoy Global Inc.² ("McCoy", "McCoy Global" or the "Corporation") is incorporated and domiciled in Canada and provides tubular handling, assembly and measurement equipment used for making up threaded connections in the global oil and gas industry. McCoy's continuing operations are engaged in the:

- Design, manufacture and distribution of capital equipment used in both off-shore and land drilling markets to handle, make-up and measure tubular products such as casing, and to support this capital equipment through the sale of life-cycle products such as technical service, consumables (dies and inserts) and replacement parts;
- Repair, maintenance and calibration of drilling and completions equipment; and
- Rental of drilling and completions equipment.

Set out below are McCoy's principal operations:

Operating Name	Country of Incorporation	Ownership Interest	Former Operating Segment	Former Division
Continuing Operations				
McCoy Global Canada Corp. ³	Canada	100%	EP&S	Drilling & Completions
McCoy Global S.à.r.l.	Luxembourg	100%	EP&S	Drilling & Completions
McCoy Global Singapore Pte. Ltd.	Singapore	100%	EP&S	Drilling & Completions
McCoy Global UK Ltd.	United Kingdom	100%	EP&S	Drilling & Completions
McCoy Global USA, Inc. ⁴	United States	100%	EP&S	Drilling & Completions
Discontinued Operations (note 6)				
Inotec Coating and Hydraulics Inc.	Canada	100%	EP&S	Coatings & Hydraulics
Peerless Limited ⁵	Canada	100%	Mobile	Trailers

McCoy and its subsidiary companies are collectively referred to herein as the "Corporation".

The address of the registered office of the Corporation is Suite 301, 9618-42 Avenue NW, Edmonton, Alberta. The Corporation is listed on the Toronto Stock Exchange under the symbol "MCB" and on the OTCQX International under the symbol "MCCRF".

² On July 7, 2014, McCoy Corporation changed its name to McCoy Global Inc.

³ On December 31, 2013, FARR Canada Corp. changed its name to McCoy Global Canada Corp.

⁴ On December 31, 2013, Precision Die Technologies, L.L.C. merged into Superior Manufacturing & Hydraulics, Inc. ("Superior") and Superior changed its name to McCoy Global USA, Inc.

⁵ On June 17, 2014 Peerless Limited was sold by the Corporation.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board and should be read in conjunction with the Corporation's annual financial statements for the year ended December 31, 2013, which have been prepared in accordance with International Financial Reporting Standards.

The accounting policies followed in these condensed consolidated interim financial statements are consistent with those of the previous financial year.

3. DIVIDENDS

Dividend declared	Dividend paid	Total dividend	Amount per common share
May 23, 2014	June 20, 2014	1,383	0.05
March 14, 2014	April 14, 2014	1,381	0.05
December 10, 2013	December 31, 2013	1,369	0.05
September 26, 2013	October 25, 2013	1,346	0.05
May 16, 2013	June 14, 2013	1,339	0.05
March 14, 2013	April 12, 2013	1,337	0.05

4. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

NON-DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation's non-derivative financial instruments consist of cash and cash equivalents, trade and other receivables and trade and other payables.

The fair value of cash and cash equivalents, trade and other receivables and trade and other payables approximate their carrying value due to their short-term nature.

DERIVATIVE FINANCIAL INSTRUMENTS

At June 30, 2014, the Corporation had forward foreign exchange contracts outstanding to purchase US\$21,000 (December 31, 2013 - US\$18,000) at rates varying from 1.0500 USD/CAD to 1.0825 USD/CAD with maturities ranging from one to eighteen months from the statement of financial position date. The Corporation's derivative financial instruments related to forward foreign exchange contracts are recorded at fair value in the statement of financial position. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The forward foreign exchange contracts are classified as Level 2 and the fair value is determined based on exchange or over-the-counter price quotations by reference to bid or asking price, as appropriate, in active markets. Fair value amounts reflect management's best estimates using external readily observable market data, such as future prices, foreign exchange rates and discount rates for time value. For the six months ended June 30, 2014, the unrealized gain of \$217 (six months ended June 30, 2013 - \$nil) on the forward foreign exchange contracts was recorded in other (gains) losses (net).

5. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is the person or group that allocates resources to and assesses the performance of the operating segments.

The Corporation previously reported two operating segments - Energy Products & Services (EP&S) and Mobile Solutions. In the fourth quarter of 2013, the assets and liabilities of Mobile Solutions and the Coatings & Hydraulics division of the EP&S segment were transferred to assets and liabilities of disposal groups held-for-sale and the results are presented in discontinued operations. Since the measure of segment assets and liabilities excludes assets and liabilities of disposal groups held-for-sale and the measure of segment performance excludes discontinued operations, there is only one reportable segment.

6. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD-FOR-SALE

Management committed to a formal process to sell the Mobile Solutions segment and the Coating & Hydraulics division in the fourth quarter of 2013 following a strategic decision to place greater focus on the Corporation's key competencies.

On June 17, 2014 the Mobile Solutions segment was sold by the Corporation. The operating results and gain on sale relating to Mobile Solutions have been included in earnings from discontinued operations in the consolidated statement of earnings and comprehensive income. The final net proceeds received and the gain recognized on the sale are subject to change, pending the finalization of net working capital balances as defined by the share purchase agreement.

The net assets disposed on June 17, 2014 related to the sale of Mobile Solutions is as follows:

	June 17, 2014
Cash	12,486
Other receivables	1,332
Bank indebtedness transferred	151
Total consideration, subject to change	13,969
Current assets	7,695
Property, plant and equipment	6,528
Intangibles	51
Current liabilities	(5,165)
Deferred tax liabilities	(824)
Net assets and liabilities	8,285
Gain on disposal	5,684

Efforts to sell the Coating & Hydraulics disposal group continue to progress and the sale of the disposal group is anticipated to take place in 2014. Accordingly, these operations are presented as a disposal group held-for-sale and the operating results have been included in earnings from discontinued operations in the consolidated statement of earnings and comprehensive income.