MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2014

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EXPLANATORY NOTES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated August 7, 2014, 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, 2013 and 2012. 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," "McCoy Global," "the Corporation," "we," "us" or "our" mean McCoy Global Inc. and its subsidiaries, unless the context otherwise requires. Additional information relating to McCoy Global, including periodic quarterly and annual reports and Annual Information Forms ("AIF"), 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 Global's acquisition strategy;
- McCoy Global's planned divestitures;
- the future development and growths 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 are 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 are 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 or divestitures;
- inability to implement the Corporation's business strategy effectively;
- access to capital markets;
- fluctuations in oil and gas prices;
- fluctuations in capital expenditures of our target market;
- 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 judgments 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 AND NON-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 from continuing operations, before finance charges (net), income tax expense, depreciation, and amortization."

Adjusted EBITDA is a non-GAAP measure defined as "net earnings from continuing operations before finance charges (net), income tax expense, depreciation, amortization, impairment losses, net changes in fair value related to derivative financial instruments and share-based compensation".

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 Global's performance on a consistent basis without regard to impairment losses, net changes in fair value related to derivative financial instruments, 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 Global'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 Global 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

McCoy Global is celebrating its 100th anniversary, which is not only a significant milestone in the Corporation's history but also a very important year in the evolution of McCoy as we continue to make investments that will deliver long-term value.

In 2013, we committed to a formal process to divest of the last of our non-strategic operations. During the quarter, McCoy completed the sale of its Mobile Solutions business, achieving another step in its goal of becoming solely focused on providing technology and product support solutions to the global oil and gas industry. Efforts to sell the Coatings & Hydraulics business continue to progress. Our balance sheet remains strong and the proceeds from these divestitures will provide capital for growth initiatives and will support potential strategic acquisitions.

We are progressing on each of the key drivers of McCoy's growth strategy, which include growing our regional presence through opening new international locations, developing new products through research and development and increasing revenues from existing product lines.

The establishment of our international sales and service locations continues to advance and we will open our next location in the Middle East. Local teams are being established and after-market revenues are being generated in both Aberdeen and Singapore. This initiative will provide many strategic advantages to McCoy as well as generating additional revenues in the geographic regions these locations support.

Our continued investment in new product development is critical to McCoy's long-term success. During the second quarter, we advanced the development of two products in our "we" product line, the weBUCK™ and the weHOLD™. These tools have many advantages over conventional technologies and we are confident that they will position us well to meet the safety, environmental and technological demands of our customers.

Capital equipment demand within the oil and gas sector remains robust in most international regions and the United States. As unconventional drilling continues to grow, the use of premium connections increases, which results in greater demand for more technologically advanced solutions. We continue to report solid backlog for capital equipment and sales quoting activity remains strong. As the technological complexity of equipment increases, we are seeing the timeframe between product sales quotes and order receipt increase as well.

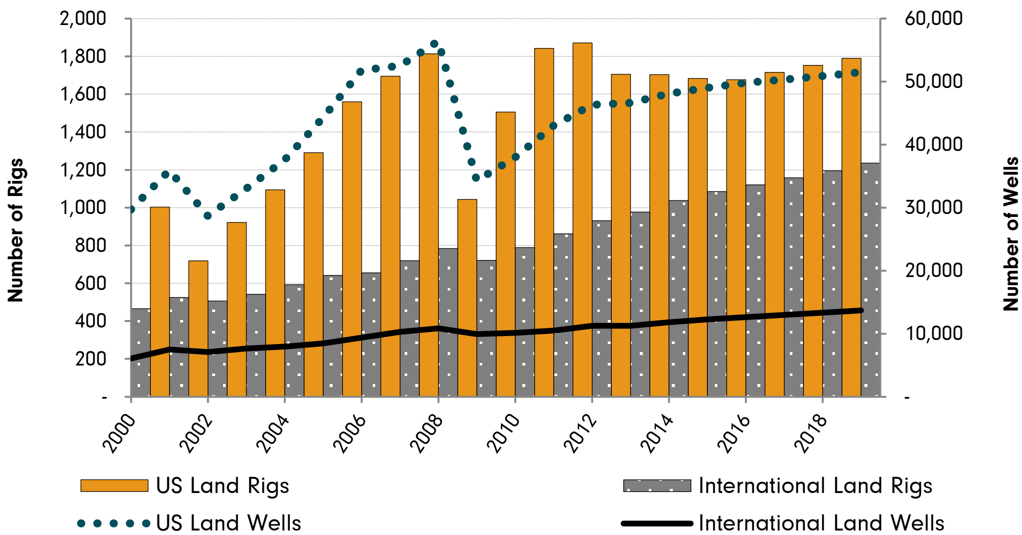
McCoy Global's continued investment in expanding our international footprint and new product development will position McCoy to meet the challenges and opportunities of 2014 and beyond. In order to support these growth initiatives, the establishment of a fully functioning global Enterprise Resource Planning (ERP) system is critical. These investments will result in long term value to our customers, employees and shareholders alike.

MARKET CONDITIONS

Rig and well counts

McCoy Global'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 Global; rig counts and well counts are two indicators of future capital requirements.

A summary of historical and forecasted rig and well counts is as follows[1]:



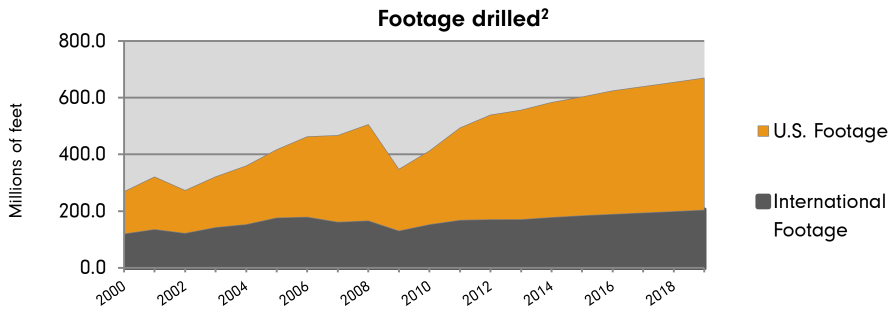
Our focus on growing internationally offers geographic diversification, increased revenue opportunities and stability to the North American land market activity swings which have historically been subject to cyclicality during the highs and lows of oil and gas prices. Many of our international offshore and deep-water Gulf of Mexico customers have longer planning timeframes and typically larger and more complex projects. This has resulted in demand for higher specification tubular solutions which are less impacted by short-term fluctuations in the price of oil and gas.

[1]Spears & Associates *Drilling and Production Outlook*, December 2013

Footage drilled

As unconventional drilling continues to grow, footage drilled and the use of premium connections is increasing. These factors have, and are expected to, positively impact the Corporation's revenue and earnings.

A summary of historical and forecasted footage drilled is set out below[2]:



McCoy Global is well positioned to meet technological challenges faced by unconventional markets due to our continued support of the new product development group. McCoy Global considers unconventional wellbore construction an opportunity.

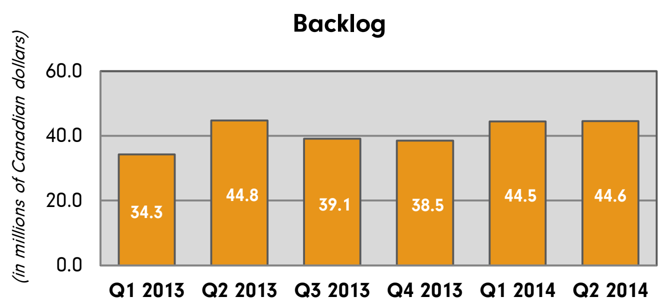
Backlog

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.

McCoy 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 many 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 Global's backlog as at June 30, 2014 totaled $44.6 million, an increase of $0.1 million or 0.3% from March 31, 2014.

[2] Spears & Associates *Drilling and Production Outlook*, December 2013

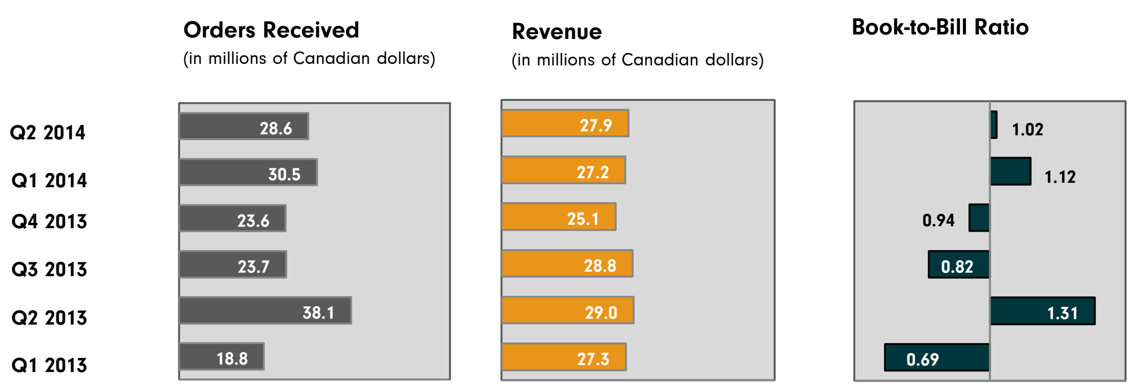
For the quarter, McCoy Global received net sales orders of $28.6 million (Q1 2014 - $30.5 million) and recorded revenue of $27.9 million (Q1 2014 - $27.2 million). As at June 30, 2014, backlog levels remain strong, with steady levels of quoting occurring in both our international and domestic locations. Life-cycle products and services tend to make up a smaller portion of our backlog balance due to the fact that they move through backlog relatively quickly.



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 Global 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's continuing operations during the three months ended June 30, 2014 was 1.02 (March 31, 2014 – 1.12). Set out below are orders received, revenue and the book-to-bill ratio:



STRATEGY AND CORE BUSINESS VISION

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

McCoy Global is a provider of tubular handling, assembly and measurement equipment used for making up threaded connections in the global oil and gas industry. Our mission is to become the leading global tubular make-up solutions provider. McCoy's continuing operations are engaged in the:

- Design, manufacture and distribution of innovative 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.

Historically, the Corporation was divided into two operating segments: Energy Products & Service ("EP&S") and Mobile Solutions.

The EP&S segment was comprised of two divisions: Drilling & Completions and Coatings & Hydraulics. The Drilling & Completions division forms the Corporation's continuing operations.

Following a strategic decision to place greater focus on the Corporation's long-term core business, management committed to a formal process to sell the Mobile Solutions segment and the Coatings & Hydraulics division in the fourth quarter of 2013. On June 17, 2014 the Mobile Solutions segment was sold by the Corporation.

Financial results related to these operations have been included in net earnings from discontinued operations in the consolidated financial statements.

Set out below are McCoy Global Inc.'s[3] principal operations:

Operating Name	Country of Incorporation	Ownership Interest	Former Operating Segment	Former Division
Continuing Operations				
McCoy Global Canada Corp.[4]	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.[5]	United States	100%	EP&S	Drilling & Completions
Discontinued Operations				
Inotec Coating and Hydraulics Inc.	Canada	100%	EP&S	Coatings & Hydraulics

[3] On July 7, 2014, McCoy Corporation changed its name to McCoy Global Inc.

[4] On December 31, 2013, FARR Canada Corp. changed its name to McCoy Global Canada Corp.

[5] 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.

Organic growth is being achieved in three ways:

- establishing four international sales and service centers to significantly increase international market share of life-cycle revenues, such as service, consumables and replacement parts and to generate incremental capital equipment sales in each region;
- commercializing innovative new products by investing in research and development as well as product improvement; and
- increasing market share of existing products.

The Corporation has maintained a strong balance sheet to allow for investment in working capital and investments required to support our growth plans and an ability to pursue prudent and valuable acquisitions.

OPERATIONAL HIGHLIGHTS

FOR THE THREE MONTHS ENDED JUNE 30, 2014

WE CONTINUED TO INVEST IN OUR INTERNATIONAL LOCATIONS

We have continued to progress in developing our operations in Aberdeen, Singapore and the Middle East.

Resources have been dedicated to operations, training service technicians and developing customer relationships at these regional locations. As a result, there have been steady increases in sales quoting activity and order receipts.

WE PROGRESSED IN THE DEVELOPMENT OF OUR INNOVATIVE "WE" PRODUCT LINE

During the second quarter of 2014, McCoy Global made progress towards the commercialization of two new innovative products, the weBUCK™ and weHOLD™.

The weBUCK™, the first electric bucking unit on the market, is nearing the completion of final product testing and is scheduled to become commercially available to our customers shortly thereafter.

The weHOLD™, McCoy's first handling tool, achieved a vital milestone in the product testing phase by successfully passing all load bearing requirements. The weHOLD™ is scheduled to begin customer field testing in the near term.

WE ANNOUNCED OUR OFFICIAL NAME CHANGE TO "MCCOY GLOBAL INC."

After receiving shareholder approval, we officially changed our name to "McCoy Global Inc." This change was an important element of our strategy and reflects our growing international presence in the global energy industry.

WE ANNOUNCED THE APPOINTMENT OF MR. SEAVER AS CHAIRMAN OF THE BOARD OF DIRECTORS

On June 13, 2014, we announced Mr. Chris Seaver was appointed as Chairman of McCoy's Board of Directors. McCoy will benefit from his experience and leadership as we continue to execute on our international expansion strategy and bring advanced tubular products to market. Mr. Seaver's appointment to role of Chairman is fitting as McCoy transitions to a pure play provider of innovative products and services for the global energy.

Mr. Seaver was the President and Chief Executive Officer of Hydril Company, an oil service company which specialized in premium connections for casing and tubing, blowout preventers and related equipment. He is also a director of Oil States International, Inc. and Exterran Holdings, Inc., both NYSE-listed companies based out of Houston, Texas. Mr. Seaver holds a Master of Business Administration and Juris Doctorate from Stanford University.

FINANCIAL RESULTS

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

For the three months ended June 30 ($000 except per share amounts)	2014	2013
Revenue	**27,915**	29,019
Earnings from continuing operations	**2,258**	2,351
Per common share – basic	**0.08**	0.09
Per common share – diluted	**0.08**	0.09
Earnings from discontinued operations (net of tax)[6]	**6,004**	700
Net earnings	**8,262**	3,051
Per common share – basic	**0.30**	0.11
Per common share – diluted	**0.30**	0.11
Adjusted EBITDA	**3,852**	4,576
Per common share – basic	**0.14**	0.17
Per common share – diluted	**0.14**	0.17

As at and for the six months ended June 30 ($000 except per share amounts)	2014	2013
Revenue	**55,135**	56,303
Earnings from continuing operations	**3,453**	3,930
Per common share – basic	**0.13**	0.15
Per common share – diluted	**0.12**	0.15
Earnings from discontinued operations (net of tax)[6]	**7,330**	1,812
Net earnings	**10,783**	5,112
Per common share – basic	**0.40**	0.19
Per common share – diluted	**0.38**	0.19
Adjusted EBITDA	**8,031**	8,182
Per common share – basic	**0.29**	0.31
Per common share – diluted	**0.29**	0.30
Dividends per common share	**0.10**	0.10
Total assets	**128,295**	119,365
Total liabilities	**33,218**	36,960
Total non-current liabilities	**1,489**	10,795

[6] Earnings from discontinued operations (net of tax) included a one-time gain on the sale of Mobile Solutions

EBITDA and adjusted EBITDA are calculated as follows:

($000)	Three months ended June 30 2014	Three months ended June 30 2013	Six months ended June 30 2014	Six months ended June 30 2013
Net earnings from continuing operations	**2,258**	2,351	**3,453**	3,930
Income tax expense	**758**	815	**1,231**	1,574
Finance charges (net)	**114**	204	**215**	392
Depreciation	**888**	726	**1,792**	1,428
Amortization	**680**	275	**1,347**	521
EBITDA	**4,698**	4,371	**8,038**	7,845
Net changes in fair value related to derivative financial instruments	**(1,090)**	-	**(217)**	-
Share-based compensation	**244**	205	**210**	337
Adjusted EBITDA	**3,852**	4,576	**8,031**	8,182

Revenue

($000 except percentages)	For the 3 months ended June 30 2014	2013	Change	% Change	For the 6 months ended June 30 2014	2013	Change	% Change
Revenue	**27,915**	29,019	(1,104)	(4)%	**55,135**	56,303	(1,168)	(2)%

Revenue for the three months ended June 30, 2014 was $27.9 million, which was a decrease of $1.1 million from June 30, 2013. For the six months ended June 30, 2014 revenue decreased by $1.2 million in comparison to the six months ended June 30, 2013.

Revenue in the quarter was significantly impacted by delays in shipping a portion of a large order destined for Latin America. The delay in shipment was a result of the customer requesting several variations to the design and engineering of the substantially completed product. Subsequent to quarter-end, the majority of the delayed portion of the order was shipped. The impact of the delayed order was partially offset by increased sales of proprietary software products and the foreign currency impact of the weakening of the Canadian dollar in relation to the comparative period.

Geographic revenues

While we are seeing strong international revenues and sales quote activity, we have experienced softening in Russian and Iraqi enquiries due to geopolitical tensions. Both areas are important markets for targeted growth. Further, continued instability in some North African countries has also hampered sales efforts. Management estimates that, based on product destination, approximately half of McCoy's revenues are generated from outside of North America.

Gross Profit

($000 except percentages)	For the 3 months ended June 30 2014	2013	Change	% Change	For the 6 months ended June 30 2014	2013	Change	% Change
Gross profit	**11,936**	11,297	639	6%	**23,298**	20,987	2,311	11%
Gross profit %	***43%***	*39%*	*4%*		***42%***	*37%*	*5%*	

Gross profit percentage for the three months ended June 30, 2014 was 43%, an increase of 4% from the 39% gross profit percentage realized in the comparative period. For the six months ended June 30, 2013 gross profit percentage increased by 5%.

Gross profit percentage was positively impacted by higher sales of technical products, including proprietary software products, as well as the weakening of the Canadian dollar. Increased wellbore depths and complexity have led to increased demand for premium connections in the market. This is anticipated to have a positive impact on customer demand for higher technical products in the future.

GENERAL AND ADMINISTRATION

	For the 3 months ended June 30				For the 6 months ended June 30			
($000 except percentages)	**2014**	2013	Change	% Change	**2014**	2013	Change	% Change
General and administration	**6,923**	6,038	885	15%	**13,897**	11,708	2,189	19%
General and administration as a % of revenue	***25%***	*21%*	*4%*		***25%***	*21%*	*4%*	

For the three months ended June 30, 2014, general and administrative expense totaled $6.9 million, a $0.9 million or 15% increase from the comparative period. As a percentage of revenue, general and administrative expense was 25% for the three months ended June 30, 2014, an increase of 4% from the comparative period.

For the six months ended June 30, 2014, general and administrative expenses totaled $13.9 million, a $2.2 million or 19% increase in comparison to the six months ended June 30, 2013. As a percentage of revenue, general and administrative expense was 25% for the six months ended June 30, 2014, or an increase of 4% from the comparative period.

Our growth initiatives will continue to require ongoing investment in many areas of the organization. Developing a global network of international locations requires us to develop a robust support network for these locations as well as to provide financial investment for approximately the first two years of operations at each location.

In order to support our growth initiatives the establishment of a fully functioning global ERP system is critical. Our ERP system is currently stable and functioning, but additional investments are needed in order to continue to improve the functionality and efficiency of the system. To facilitate this we will be keeping our ERP team in place throughout 2014 and into 2015 as well as adding team members where required to accelerate these efforts.

General and administration expenses are also impacted by foreign exchange as a significant portion of general and administration expenses are denominated in United States dollars. In the current quarter, the weakening Canadian dollar also negatively impacted general and administrative expense.

The nature of our operations requires a minimum level of overhead support regardless of the size of the organization. As we continue to grow, our overhead structure will be able to support a larger organization without proportionately increasing general and administrative expense and, as a percentage of revenue, decline to more historic levels.

SALES AND MARKETING

($000 except percentages)	For the 3 months ended June 30 2014	2013	Change	% Change	For the 6 months ended June 30 2014	2013	Change	% Change
Sales and marketing	**1,492**	1,720	(228)	(13)%	**2,864**	2,838	26	1%
Sales and marketing as a % of revenue	***5%***	*6%*	*(1)%*		***5%***	*5%*	*-%*	

Sales and marketing expense for the three months ended June 30, 2014 was $1.5 million, a decrease of $0.2 million from the comparative period. As a percentage of revenue, sales and marketing expense was 5% for the three months ended June 30, 2014, a decrease of 1% from the comparative period. For the six months ended June 30, 2014 sales and marketing expense was consistent with the comparative period.

For the three months ended June 30, 2014, the $0.2 million decline in sales and marketing expense can be attributable to efforts made to reposition aspects of our sales and marketing team over the last several quarters. Going forward sales and marketing expense is expected to modestly increase as we make some additional investments in our team to support new product lines and growth initiatives.

In 2014, these measures were partially offset by $0.2 million in amortization expense related to certain intangible assets. Prior to the fourth quarter of 2013, these intangible assets were considered to have indefinite useful lives. This assumption was re-assessed as a result of the Corporation's re-branding to McCoy Global.

A significant number of trade shows occur in the second quarter, including the Offshore Technology Conference in Houston, resulting in second quarter sales and marketing expense being traditionally higher than other quarters.

RESEARCH AND DEVELOPMENT

($000 except percentages)	For the three months ended June 30 2014	2013	Change	% Change	For the six months ended June 30 2014	2013	Change	% Change
Research and development expense	**369**	340	29	9%	**809**	967	(158)	(16)%
Capitalized development expenditures	**718**	281	437	156%	**1,411**	519	892	172%
Total research and development	**1,087**	621	466	75%	**2,220**	1,486	734	49%
Total research and development expenditures as a % of revenue	***4%***	*2%*	*2%*		***4%***	*3%*	*1%*	

Research and development costs for the three months ended June 30, 2014 was $1.1 million, an increase of 75% from the comparative period. Total research and development expenditures, as a percentage of revenue, increased by 2% in comparison to the second quarter of 2013.

Research and development costs for the six months ended June 30, 2014 was $2.2 million, an increase of 49% from the comparative period. Total research and development expenditures, as a percentage of revenue, increased by 1% in comparison to the second quarter of 2013.

The increase is a result of progress that was made during the quarter on several of our new products in the "we" product pipeline, including the weBUCK™ and weHOLD™. Total research and development expenditures, as a percentage of revenue, increased by 2% in comparison to the second quarter of 2013.

Research and development expenditures are producing some promising new products which require significant upfront investments. Although we continue to see customer interest in these new technologies, the timing of when significant future revenue streams from new products will materialize can be uncertain.

FINANCE CHARGES (NET)

	For the 3 months ended June 30				For the 6 months ended June 30			
($000 except percentages)	**2014**	2013	Change	% Change	**2014**	2013	Change	% Change
Finance charges (net)	**114**	204	(90)	(44)%	**215**	392	(177)	(45)%

For the three months ended June 30, 2014, finance charges (net) were $0.1 million which is a slight decrease from the comparative period of $0.2 million. For the six months ended June 30, 2014, finance charges (net) were $0.2 million, as compared to $0.4 million for the comparative period. The difference is a result of repayment of the Corporation's debt in the fourth quarter of 2013.

OTHER GAINS AND LOSSES (NET)

	For the 3 months ended June 30				For the 6 months ended June 30			
($000 except percentages)	**2014**	2013	Change	% Change	**2014**	2013	Change	% Change
Other (gains) and losses (net)	**22**	(171)	193	(113)%	**829**	(422)	1,251	(296)%

Other gains and losses (net) consist primarily of the impact of foreign exchange and gains or losses resulting on the sale of capital equipment.

Included in other gains and losses (net) for the three months ended June 30, 2014 was a $1.1 million unrealized gain on US dollar forward contracts offset by a foreign exchange loss of $0.8 million. In the comparative period, substantially all of the $0.2 million gain was related to a foreign exchange gain.

Included in other gains and losses (net) for the six months ended June 30, 2014 was a foreign exchange loss of $0.6 million and a loss on the disposal of capital equipment of $0.1 million which was offset by an unrealized gain of $0.2 million related to US dollar forward contracts. In the comparative period, substantially all of the $0.4 million gain was related to a foreign exchange gain.

ADJUSTED EBITDA

	For the 3 months ended June 30				For the 6 months ended June 30			
($000 except percentages)	**2014**	2013	Change	% Change	**2014**	2013	Change	% Change
Adjusted EBITDA	**3,852**	4,576	(724)	(16)%	**8,031**	8,182	(151)	(2)%
Adjusted EBITDA as a % of revenue	***14%***	*16%*	*(2)%*		***15%***	*15%*	*-%*	

For the three months ended June 30, 2014, adjusted EBITDA decreased by $0.7 million or 16% from the comparative period. As a percentage of revenue, adjusted EBITDA decreased by 2%, to 14%, in comparison to June 30, 2013. For the six months ended June 30, 2014, adjusted EBITDA decreased by $0.2 million from the comparative period and was consistent as a percentage of revenue.

For the three months ended June 30, 2014, adjusted EBITDA was impacted by the delay of a substantially completed shipment destined for Latin America. In addition, overhead expenses were impacted by continued investment in growth initiatives which was partially offset by the realization of higher gross profit percentages from increased sales of technical products as well as the weakening of the Canadian dollar.

EARNINGS FROM DISCONTINUED OPERATIONS (NET OF TAX)

	For the 3 months ended June 30				For the 6 months ended June 30			
($000 except percentages)	**2014**	2013	Change	% Change	**2014**	2013	Change	% Change
Earnings from discontinued operations (net of tax)	**6,004**	700	5,304	758%	**7,330**	1,182	6,148	520%

For the three and six months ended June 30, 2014 earnings from discontinued operations (net of tax) includes the estimated $5.7 million gain on disposal of the Mobile Solutions segment. As the close process for the divestiture has not produced final closing figures, the final net proceeds received and the gain recognized on the sale are subject to change. Efforts to sell the Coatings & Hydraulics division continue to progress.

SUMMARY OF QUARTERLY RESULTS

($000 except per share amounts)	2014		2013				2012	
	June 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Revenue	**27,915**	27,220	25,105	28,804	29,019	27,284	26,837	30,135
Earnings from continuing operations	**2,258**	1,195	372	3,458	2,351	1,579	2,298	4,187
Basic earnings per share from continuing operations	**0.08**	0.04	0.02	0.13	0.09	0.06	0.09	0.16
Diluted earnings per share from continuing operations	**0.08**	0.04	0.02	0.13	0.09	0.06	0.09	0.16
Earnings from discontinued operations (net of tax)	**6,004**	1,326	329	573	700	482	957	49
Net earnings	**8,262**	2,521	701	4,031	3,051	2,061	3,255	4,236
Basic earnings per share	**0.30**	0.09	0.03	0.15	0.11	0.08	0.12	0.16
Diluted earnings per share	**0.30**	0.09	0.03	0.15	0.11	0.08	0.12	0.16

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW

At June 30, 2014, the Corporation has $23.6 million in cash and cash equivalents and access to $50.0 million in available funds under its $50.0 million revolving credit facility. As of June 30, 2014 the Corporation has no debt. Selected cash flow and capitalization information is as follows:

For the six months ended June 30 ($000)	**2014**	2013
Cash generated from operating activities	**1,789**	826
Cash generated from (used in) investing activities	**10,506**	(2,045)
Cash used in financing activities	**(2,098)**	(2,813)
Debt to equity ratio	**0.35 to 1**	0.45 to 1

Cash generated from operating activities for the six months ended June 30, 2014 was $1.8 million compared to $0.8 million in the comparative period. Operating cash flow from continuing operations improved by $5.1 million while operating cash flow from discontinued operations was $4.2 million lower. In both the current and comparative period, continuing operations cash flows were impacted by investments in working capital. In 2014, a decline in cash tax payments was realized as lower than estimated profitability in the fourth quarter of 2013 resulted in the overpayment of taxes in 2013 which offset 2014 tax payments required. In addition, the Corporation had lower interest payments in 2014 resulting from the repayment of senior debt obligations in 2013.

Cash generated from investing activities for the six months ended June 30, 2014 was $10.5 million compared to $2.0 million used in investing activities in the comparative period. During the six months ended June 30, 2014, the Corporation received $12.6 million of the proceeds from the sale of the Mobile Solutions segment. Cash flows were impacted by higher "we" product line development expenditures and by lower capital equipment purchases in the current period. In the comparative period, the Corporation sold its Houston technical service center which contributed $0.9 million in cash.

Cash flows used in financing activities for the six months ended June 30, 2014 were $2.1 million compared to $2.8 million in the comparative period. The decrease is attributable to additional proceeds received from the issuance of share capital on the exercise of options offset by transaction costs related to the Corporation restating and amending its credit facility. In the comparative period, the Corporation repaid a portion of its borrowings in addition to its outstanding finance lease obligations.

Management believes that with the projected level of operations for 2014 and the availability of cash and cash equivalents along with funds available under the established credit facility, McCoy Global 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 credit facilities. Management may also consider raising proceeds 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 Global completes acquisitions and alternate forms of financing are used.

OTHER FINANCIAL INFORMATION

OUTSTANDING SHARE DATA

As at August 7, 2014 the following class of shares and equity securities potentially convertible into common shares were outstanding:

Common shares	**27,654,239**
Convertible equity securities:	
Stock options	**926,671**

The stock options are exercisable into an equal number of common shares.

Dividends

A summary of historical dividend information is as follows:

Dividend declared	Dividend paid	Amount per common share
May 23, 2014	June 20, 2014	$0.05
March 14, 2014	April 14, 2014	$0.05
December 10, 2013	December 31, 2013	$0.05
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

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 six month period ended June 30, 2014 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 2013 Annual Report. Please see page 30 of McCoy Global's 2013 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 2013 Annual Report. Please refer to the page numbers listed below from McCoy Global's 2013 Annual Report:

- Financial instruments and financial risk management – pages 23-25;
- Capital management – page 26;
- Contractual obligations and off balance sheet arrangements – page 27;
- Related party transactions – pages 27-28;
- Critical accounting estimates and judgements – pages 28-29; and
- Critical risks and uncertainties – pages 31-34.

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, 2013 is available on SEDAR at www.sedar.com.