LETTER TO SHAREHOLDERS

The Company continued to deliver strong financial and operating results in the third quarter of 2011. Both of our business segments experienced increased revenues compared to the same period last year, attributable mainly to higher worldwide and North American rig counts and increased spending in the drilling equipment market.

The Energy Products & Services ("EP&S") segment experienced a positive quarter with an increase of 14% in revenue compared to the third quarter of 2010. This segment is driven by the drill bit and with worldwide rig counts surpassing peak levels of 2008, EP&S continues to experience steady demand for quoting and orders and has a strong backlog. North American land drilling activity has certainly been the leading market in sales and rig activity, however, international sales remain solid. Offshore rig builds are also contributing to the current revenues and will grow as deliveries spread out into 2012 and beyond.

Revenues in the Mobile Solutions segment increased by 103% to $16.1 million in the third quarter of 2011 compared with $7.9 million in the same period of 2010. This increase is due to the high levels of unconventional oil and gas activity in the Western Canadian Sedimentary Basin and the U.S. land market, from which the majority of revenue for the Mobile Solutions segment is derived. Energy services, such as pressure pumping, has created a robust demand for service equipment.

A summary of McCoy's quarterly financial results is shown in the following table:

($000)	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Total revenue	37,815	38,834	32,897	31,351	26,908
Net earnings from continuing operations	3,067	3,277	1,897	1,950	1,838
Net earnings	3,010	3,284	1,821	1,861	1,945
EBITDAS(1)	5,962	6,154	4,068	4,297	4,110

Our Canadian and U.S. operations continue to increase production to meet the demand for our products. McCoy has established subcontract relationships with two U.S. manufacturing plants that has enabled it to meet increased demand for Mobile Solutions customers. Our order backlog is solid throughout the remainder of 2011 and into the early quarters of 2012.

New product development continues to be at the forefront of McCoy's strategic plans with several new pieces of drilling and tubular handling equipment expected to be introduced to the market in 2012 and 2013. This equipment will fill in our overall product line and push us closer to our goal of providing an integrated solution for our customers' needs. We will also continue to pursue acquisitions of businesses providing best in class products and services that fit in to our overall strategic plan and product mix.

McCoy's vision is to be the trusted provider of innovative products and services for the global energy industry. In addition to new product development, we will continue to pursue strategic acquisitions. The right opportunity will add to our strengths and accelerate our growth. During

this time of global economic uncertainty, we will proceed with a healthy balance of optimism and caution. Along the way, we will ensure our decisions are guided by the desire to maximize value for our shareholders.

Jim Rakievich
President & Chief Executive Officer
November 2, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This interim Management's Discussion and Analysis ("MD&A"), dated November 2, 2011, should be read in conjunction with the audited consolidated financial statements as at and for the year ended December 31, 2010, the unaudited interim condensed consolidated financial statements as at and for the three months ended March 31, 2011 and supporting notes, and the unaudited interim condensed consolidated financial statements as at and for the three and nine months ended September 30, 2011 and supporting notes.

As of January 1, 2011, McCoy adopted International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. The following unaudited interim condensed consolidated financial statements have been prepared using accounting policies consistent with IFRS and in accordance with International Accounting Standard 34 ("IAS 34") – Interim Financial Reporting. A reconciliation of the previously disclosed comparative periods' financial statements for fiscal 2010 prepared in accordance with Canadian generally accepted accounting principles to IFRS is set out in Note 4 to these financial statements. These documents and additional information relating to McCoy can be found on SEDAR www.sedar.com. This MD&A provides information on the activities of McCoy on a consolidated basis. All amounts are expressed in Canadian dollars unless otherwise stated.

Forward Looking Statements

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

regulators. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed in the MD&A or otherwise, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. McCoy undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

Vision, Strategy and Core Businesses

McCoy's Vision
is to be the trusted provider of innovative products and services for the global energy industry.

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

McCoy sold its Parts & Service business in December 2010 and its Vac & Hydrovac business in June 2011, both of which were formerly part of the Mobile Solutions segment. These divestitures were an important step in focusing the Corporation on providing products and services to the global energy industry.

Energy Products & Services Overview

Energy Products & Services is engaged in the design, manufacture and distribution of drilling and completions equipment, service and replacement parts for the global oil and gas industry,

as well as a range of coatings and hydraulic manufacturing and repair services. It is comprised of two divisions: Drilling & Completions and Coatings & Hydraulics.

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

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

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

a) through increasing the proportion of international sales and focusing on domestic growth markets such as the oil sands; and
b) development of new products and services that provide McCoy with a competitive advantage using innovative technologies.

Mobile Solutions Overview

Mobile Solutions consists of the McCoy Trailers division and the Corporation's 50% interest in Prairie Truck Ltd., an International Truck dealership in the business of truck sales, parts and service, located in Grande Prairie, Alberta. This segment included the McCoy Parts & Service division, which was sold in December 2010, and the McCoy Vac & Hydrovac division, which was sold in June 2011. These companies were sold to enhance McCoy's focus on products and services for the global energy industry.

McCoy Trailers is involved in the manufacture and sale of custom heavy-duty trailers largely used in the oil and gas industry for pressure pumping, rig transportation and heavy haul and is focused on serving oil and gas clients operating in the Western Canadian Sedimentary Basin ("WCSB"), and the United States as well as through export to China, Australia and the Middle East, and also includes product offerings in wind energy and infrastructure transportation markets.

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 high market peaks such as is being experienced currently.

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

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

Discontinued Operations

Effective December 31, 2010, the Truck and Trailer Parts & Services division of McCoy and the service and parts division of Peerless Limited ("McCoy Parts & Service") were sold.

Effective June 30, 2011, Rebel Metal Fabricators Ltd., which made up the Vac & Hydrovac division ("McCoy Vac & Hydrovac") of McCoy, was sold.

Operating results related to McCoy Parts & Service and McCoy Vac & Hydrovac have been included in net income from discontinued operations in the Consolidated Statement of Comprehensive Income.

These were strategic divestitures for McCoy allowing the Corporation to focus on global expansion in the energy industry and grow our businesses in the EP&S and Mobile Solutions segments. The proceeds, along with McCoy's existing net cash position, will be used to support and invest in McCoy's strategic growth plans in the global energy industry.

Three Months Ended September 30

	IFRS		CGAAP
	2011	**2010**	**2009**
($000 except per share amounts)	**$**	**$**	**$**
Total revenue	37,815	26,908	17,636
Net earnings (loss) for the period from continuing operations	3,067	1,838	(602)
Net earnings (loss) for the period	3,010	1,945	(778)
Basic earnings (loss) per share from continuing operations	0.12	0.07	(0.02)
Basic earnings (loss) per share	0.11	0.07	(0.03)
Diluted earnings (loss) per share from continuing operations	0.11	0.07	(0.02)
Diluted earnings (loss) per share	0.11	0.07	(0.03)
Earnings (loss) from continuing operations before other and income taxes for the period(1)	4,536	2,880	(524)
Basic earnings (loss) from continuing operations before other and income taxes per share	0.17	0.11	(0.02)
Diluted earnings (loss) from continuing operations before other and income taxes per share	0.17	0.11	(0.02)
EBITDAS(1)	5,962	4,110	773
Basic EBITDAS(1) per share	0.22	0.16	0.03
Cash flow generated from continuing operating activities	9,010	5,474	2,438
Basic cash flow generated from continuing operating activities per share	0.34	0.21	0.09

Rig counts have increased substantially over the last year, surpassing the 2008 peak levels which are reflected in McCoy's financial performance. Revenues from continuing operations have increased by $10.9 million, or 41%, to $37.8 million from the same period of 2010, when revenues from continuing operations were $26.9 million. The increase is trending higher than

the increase in the worldwide rig count of 17% from September 2010.[a] The North America rig count has increased by 20% from September 2010 while McCoy's revenues from North America have increased by 54% from the third quarter of 2010. This is mainly due to increased revenues of 103% in the McCoy Trailers division during the third quarter of 2011 compared to the same quarter of 2010. McCoy's order backlog remains strong.

Net earnings from continuing operations for the third quarter of 2011 have increased to 8% as a percentage of revenue from 7% for the same period in 2010. EBITDAS[(1)] also increased to 16% as a percentage of revenue from 15% in 2010. These increases are attributable to McCoy reducing its operating expenses to 16% of revenues for the third quarter of 2011 compared to 19% for the same period in 2010. Furthermore, in the Mobile Solutions segment, along with the efficiencies gained from the improved manufacturing processes, profitability has continued to improve as a result of the sharp rebound in the rig moving and pressure pumping markets. Over the last two years surplus manufacturing capacity in the industry has been largely consumed and demand has surpassed supply, leading to a healthy backlog for the Mobile Solutions segment. The Trailer division of this segment has subcontracted two trailer manufacturing plants in the southern U.S. in order to keep up with demand. These agreements have allowed for an increase in Trailer revenues by approximately 31%.

The Board of Directors reinstated a quarterly dividend of $0.01 per common share in the first quarter of 2011.

Dividend Declared	Dividend Paid	Amount per Common Share $
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
September 17, 2009	October 15, 2009	$0.01
May 29, 2009	June 30, 2009	$0.01
February 26, 2009	March 31, 2009	$0.01
December 4, 2008	December 31, 2008	$0.03

A dividend was not declared during 2010 nor the fourth quarter of 2009 as the Board of Directors felt that it was prudent to preserve cash given the uncertainty in market conditions and to ensure availability of future growth capital.

On March 17, 2011, McCoy's Board of Directors declared a special dividend of $0.04 per common share, which was paid on April 11, 2011. The special dividend was declared as a result of McCoy's 2010 financial results and the strategic sale of McCoy Parts & Service. The

[a] All references to rig counts can be accessed through Baker Hughes, Inc., http://investor.shareholder.com/bhi/rig_counts/rc_index.cfm,.

special dividend continues McCoy's philosophy of rewarding long-term shareholders while keeping the momentum of building McCoy's balance sheet strength and investing in growth.

Nine Months Ended September 30

	IFRS		CGAAP
	2011	2010	2009
($000 except per share amounts)	$	$	$
Total revenue	109,546	69,417	60,962
Net earnings (loss) for the period from continuing operations	8,241	3,769	(1,117)
Net earnings (loss) for the period	8,115	3,489	(1,926)
Basic earnings (loss) per share from continuing operations	0.31	0.14	(0.04)
Basic earnings (loss) per share	0.31	0.13	(0.07)
Diluted earnings (loss) per share from continuing operations	0.31	0.14	(0.04)
Diluted earnings (loss) per share	0.30	0.13	(0.07)
Earnings (loss) from continuing operations before other and income taxes for the period(1)	12,164	5,645	(1,025)
Basic earnings (loss) from continuing operations before other and income taxes per share	0.46	0.21	(0.04)
Diluted earnings (loss) from continuing operations before other and income taxes per share	0.45	0.21	(0.04)
EBITDAS(1)	16,184	9,235	3,115
Basic EBITDAS(1) per share	0.61	0.35	0.12
Cash flow generated from continuing operating activities	12,106	7,669	7,146
Basic cash flow generated from continuing operating activities per share	0.46	0.29	0.27
Total Assets	102,617	87,169	73,333
Total Liabilities	35,144	28,307	20,951
Total Long-term Liabilities	8,884	8,523	7,682

[1] Non-GAAP Measurements

Earnings from continuing operations before other and income taxes for the period is a non-GAAP measurement defined as “earnings from continuing operations before the impact of other gains and losses and income taxes”. Earnings from continuing operations before other and income taxes for the period is a key measure used by management to evaluate earnings from operations.

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

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

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

EBITDA and EBITDAS have been calculated as follows for the three months ended September 30:

	IFRS		**CGAAP**
	2011	**2010**	**2009**
($000)	**$**	**$**	**$**
Net earnings (loss) for the year from continuing operations	3,067	1,838	(602)
Income taxes	1,476	1,042	68
Interest on debt	52	88	158
Amortization	1,075	1,046	1,072
Impairment of assets held for sale	226	-	-
EBITDA	**5,896**	**4,014**	**696**
Share-based compensation	66	96	77
EBITDAS	**5,962**	**4,110**	**773**

EBITDA and EBITDAS have been calculated as follows for the nine months ended September 30:

	IFRS		CGAAP
	2011	**2010**	**2009**
($000)	**$**	**$**	**$**
Net earnings (loss) for the year from continuing operations	8,241	3,769	(1,117)
Income taxes	3,989	1,819	57
Interest on debt	158	248	554
Amortization	3,204	3,077	3,348
Impairment of assets held for sale	226	-	-
EBITDA	**15,818**	**8,913**	**2,842**
Share-based compensation	366	322	273
EBITDAS	**16,184**	**9,235**	**3,115**

Results of Operations

Sales by Operating Segment – Three Months Ended September 30

	Energy Products & Services	**Mobile Solutions**	**Inter-Segment Eliminations**	**Total**
($000 except percentages)	**$**	**$**	**$**	**$**
2011 sales	21,731	16,084	-	37,815
2010 sales	19,036	7,913	(41)	26,908
Annual Percentage Increase	14%	103%		41%

Sales by Operating Segment – Nine Months Ended September 30

($000 except percentages)	Energy Products & Services $	Mobile Solutions $	Inter-Segment Eliminations $	Total $
2011 sales	60,626	49,012	(92)	109,546
2010 sales	49,984	19,619	(186)	69,417
Annual Percentage Increase	21%	150%		58%

Revenue for the EP&S segment increased by 14% to $21.7 million for the third quarter of 2011 from sales of $19.0 million for the same period of 2010 due to increased spending in the drilling equipment market in these comparative quarters. The worldwide rig count has increased by 17% from Q3 of 2010 and the North America rotary rig count has increased by 20% from Q3 of 2010. International drilling activity continues to be a bright light as international sales remain strong in certain countries due to the strong price of oil. As the number of rigs working internationally and in North America is maintained or increase, McCoy expects that demand for capital equipment will continue which will be positive for both the EP&S and Mobile Solutions segments.

Rig counts have surpassed the peak levels reached in 2008 and McCoy is experiencing steady demand for quoting and orders. EP&S continues to experience a backlog build up, and the revenue pipeline for drilling and completions equipment has recovered to 2008 levels. If drilling activity levels drop, the improving demand for capital equipment could be reduced.

The Coatings & Hydraulics division of the EP&S segment has experienced a recovery from the significant market slowdown of 2009. Over half of Inotec's historic revenues are generated by providing turnkey products, finish coatings or refurbishment of down-hole tools. This market is heavily influenced by active rig counts in North America which has resulted in improved demand. The hydraulics portion of the business which derives the majority of its revenue from customers operating equipment in the oil sands has remained strong and Inotec is looking to increase market-share in this area.

The Mobile Solutions segment experienced an increase in revenue of $8.2 million, or 103%, from $7.9 million in the third quarter of 2010 to $16.1 million for the same period in 2011. The increase is primarily due to the recovery in conventional oil and gas activity in the WCSB and the U.S. land market, from which the majority of revenue for the Mobile Solutions segment is derived. Management is improving capacity in response to the strength of these markets in parallel with the increases in the capital equipment spending in the pressure pumping industry.

The Trailers division of the Mobile Solutions segment has been successful in generating revenue above forecast and has more than doubled the revenues for the same period in 2010,

primarily due to steady demand for more horsepower in pressure pumping as capital equipment spending is continuing by pressure pumping companies.

The sales backlog for the Trailers division remains strong, primarily in the well stimulation, well servicing and custom drilling trailer markets, both in Canada and the United States. McCoy is the market leader for these custom products in North America.

The Penticton plant is operating at near capacity. Additional capacity has been achieved by subcontracting two trailer manufacturing plants in the southern U.S. These facilities are much closer to our US customers and have allowed us to increase revenue in advance of plan.

Gross Profit by Operating Segment – Three Months Ended September 30

($000 except percentages)	Energy Products & Services $	Mobile Solutions $	Total $
2011 Gross Profit	7,813	2,929	10,742
% of Sales	36%	18%	28%
2010 Gross Profit	6,679	1,276	7,955
% of Sales	35%	16%	30%
Annual Percentage Increase (Decrease)	1%	2%	(2%)

Gross Profit by Operating Segment – Nine Months Ended September 30

($000 except percentages)	Energy Products & Services $	Mobile Solutions $	Total $
2011 Gross Profit	20,958	9,796	30,754
% of Sales	35%	20%	28%
2010 Gross Profit	16,612	3,569	20,181
% of Sales	33%	18%	29%
Annual Percentage Increase (Decrease)	2%	2%	(1%)

Consolidated gross profit percentage is at 28% for the third quarter of 2011 which is slightly lower than the gross profit of 30% for the third quarter of 2010. The consolidated gross profit percentage has decreased slightly because the revenue mix includes a greater percentage of revenues from the Mobile Solutions segment, which has lower margins than EP&S.

EP&S increased gross profit by 17% or $1.1 million, from $6.7 million for the third quarter of 2010 to $7.8 million for the same period of 2011. This increase is tied directly to the increase of sales for the period and to the reduction of manufacturing overhead costs. Gross profit percentage for EP&S has increased by 1% to 36% compared to 35% achieved during the third quarter of 2010. Gross profit percentage for this segment has increased due to the reduction of manufacturing overhead costs. This increase has been offset by the lower value of the average U.S. dollar during the third quarter of 2011 compared to the same period of 2010. The U.S. dollar has fallen by approximately 6% in value on the average, compared to the third quarter of 2010.

The Mobile Solutions segment's gross profit increased by $1.6 million or 130%, from $1.3 million for the third quarter of 2010 to $2.9 million for the same period in 2011. This increase relates directly to increased unconventional drilling activity in the North American market. Gross profit percentage for Mobile Solutions has increased by 2% from the third quarter of 2010 due to product mix.

General and Administration

General and administration expenses increased by $1.0 million, or 28%, for the third quarter of 2011 to $4.5 million, compared to $3.5 million in the same period of 2010. This increase is attributable to the fact that McCoy has expanded its team of design engineers to support our ongoing commitment to new product development. As a percentage of revenue, general and administrative expenses are 12% for the third quarter of 2011 compared to 13% for the same period of 2010. The reduction of general and administration expenses as a percentage of revenue is primarily due to the increase in revenues, but also efficiencies attained by McCoy in most of the categories of costs included in general and administration expenses.

Included in general and administration costs for the third quarter of 2011 are foreign exchange gains of $0.52 million compared to foreign exchange losses of $0.07 million for the same period of 2010. The increase in the foreign exchange gain is a result of the strengthening U.S. dollar against the Canadian dollar during the third quarter of 2011. The quarterly gain is the net effect of exchange rate fluctuations on the translation of foreign currency balances to Canadian dollar balances as at September 30, 2011, as well as the conversion of certain U.S. dollar balances to avoid draws on the line of credit.

McCoy typically holds a positive net U.S. dollar working capital position, therefore foreign exchange gains or losses will continue as long as the Canadian to U.S. dollar exchange rate fluctuates. The subcontracted trailer manufacturing plants in the southern U.S. have mitigated a portion of the foreign exchange risk by matching costs and revenues in a common currency. McCoy will continue to monitor the currency fluctuations between the Canadian dollar and the U.S. dollar. Based on our projected requirements for converting U.S. cash to Canadian dollars, we may periodically enter into forward contracts to partially manage our exposure as necessary.

Management expects that the general and administration costs will continue to decrease as a percentage of revenues throughout the year as revenues increase.

Sales and Marketing

Sales and marketing expenses have increased slightly by $0.2 million, or 14%, to $1.7 million for the third quarter of 2011 compared to $1.5 million for the same period of 2010. As a percentage of revenue, sales and marketing expenses are 5% for the third quarter of 2011 compared to 6% for the same period in 2010 representing a decrease of 1%. This decrease is attributable to the fact that certain sales and marketing costs, such as trade show expenses, have remained similar to the third quarter of 2010, however as revenues are 41% higher when comparing the third quarter of 2011 to the third quarter of 2010, this expense to revenue comparison has been diluted. Management expects this trend to continue throughout the remainder of the year, however it is anticipated this will increase into 2012 as new products developed by the Company begin to enter the market.

Interest

Interest on debt of $0.05 million for the third quarter of 2011 is lower than the $0.09 million experienced during the third quarter of 2010. This is expected due to the Company’s lower level of debt.

Summary of Quarterly Results ($000's)

($000 except per share amounts)	IFRS							CGAAP
	2011			2010				2009
	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
	$	$	$	$	$	$	$	$
Total revenue	37,815	38,834	32,897	31,351	26,908	23,701	18,808	16,587
Net earnings (loss) from continuing operations	3,067	3,277	1,897	1,950	1,838	1,198	733	(10,677)
Net earnings (loss)	3,010	3,284	1,821	1,861	1,945	1,108	436	(11,237)
Basic earnings (loss) per share from continuing operations	0.12	0.12	0.07	0.07	0.07	0.05	0.03	(0.40)
Basic earnings (loss) per share	0.11	0.12	0.07	0.07	0.07	0.04	0.02	(0.42)
Diluted earnings (loss) per share from continuing operations	0.11	0.12	0.07	0.07	0.07	0.05	0.03	(0.40)
Diluted earnings (loss) per share	0.11	0.12	0.07	0.07	0.07	0.04	0.02	(0.42)

Revenues from continuing operations decreased by $1 million, or 3%, to $37.8 million from the previously set record revenues of the second quarter of 2011, when revenues from continuing operations were $38.8 million. Revenues from manufactured goods may not be recorded in the quarter they are finished due to the timing of deliveries. In most cases, McCoy does not ship its product until payment is received.

Order books have remained strong in both McCoy segments. McCoy anticipates continued strength in financial results and activity in 2011. The Company is positioned well to benefit from current active rig counts.

Net earnings from continuing operations as a percentage of revenue have remained consistent with the second quarter of 2011 at 8% and have increased from 6% for the first quarter of 2011.

In Q4 2009, earnings were impacted by a $12.7 million impairment of goodwill.

Liquidity and Capital Resources

Three Months Ended September 30

($000)	IFRS 2011 $	IFRS 2010 $	CGAAP 2009 $
Cash generated by operating activities	8,953	7,104	2,589
Cash used in investing activities	(668)	(605)	(1,205)
Cash used in financing activities	(152)	(215)	(1,833)
Foreign exchange gain (loss) on cash held in foreign currency	1,070	(120)	(205)
Increase (decrease) in cash	**9,203**	**6,164**	**(654)**

Nine Months Ended September 30

($000)	IFRS 2011 $	IFRS 2010 $	CGAAP 2009 $
Cash generated by operating activities	12,790	8,676	7,576
Cash used in investing activities	(3,657)	(888)	(3,755)
Cash used in financing activities	(1,484)	(388)	(5,173)
Foreign exchange gain (loss) on cash held in foreign currency	914	(104)	-
Increase (decrease) in cash	**8,563**	**7,296**	**(1,352)**

Cash flow generated by operating activities for the three months ended September 30, 2011 increased by $1.8 million compared to the same period in 2010. This increase is comprised of increased EBITDAS[(1)] of $1.8 million, an increase in cash generated from trade and other receivables of $2.1 million and trade and other payables of $1.4 million offset by increased income tax payments of $0.5 million and an increase cash used for inventory of $1.4 million along with a decrease of $1.7 million of cash generated from discontinued operating activities.

Cash used in investing activities increased by $0.06 million for the third quarter of 2011 compared to the same period in 2010. This increase is net of a $0.1 million payment received on a note receivable and $0.1 million of proceeds received from the sale of assets held for sale during the third quarter of 2011. The majority of the increase is comprised of budgeted capital expenditures. The nature and purpose of these expenditures is mostly plant equipment

purchases. The expected source of funds for these capital purchases is operating cash flows. McCoy also had cash on hand at September 30, 2011 of $24.8 million and $10 million is available under its Canadian credit facility. As at September 30, 2011, based on the levels of accounts receivable and inventories used to calculate the available credit, McCoy has access to $8.38 million of the Canadian credit facility. McCoy also has U.S. $2.15 million available within two U.S. operating line of credit facilities.

Cash used in financing activities was consistent with the third quarter of 2010. McCoy's Board reinstated the quarterly dividend starting in the first quarter of 2011 and declared the regular quarterly dividend of $0.27 million for the third quarter, however, this dividend was not paid until the fourth quarter of 2011.

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

Debt to Equity Ratio

September 30, 2011	December 31, 2010	September 30, 2010
0.52 to 1	0.43 to 1	0.48 to 1

The debt to equity ratio fluctuates as McCoy completes acquisitions and alternate forms of financing are used. McCoy has taken a calculated risk approach in its use of debt to finance operations.

Financial Instruments

McCoy's financial instruments consist of accounts receivable, notes receivable, accounts payable and accrued liabilities, long-term debt and obligations under capital lease.

Classification of Financial Instruments

McCoy has designated its financial instruments as follows:

Financial Instrument	Category	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Notes receivable	Loans and receivables	Amortized cost
Trade and other payables	Other liabilities	Amortized cost
Borrowings	Other liabilities	Amortized cost
Finance lease liabilities	Other liabilities	Amortized cost

As at September 30, 2011 and 2010, McCoy did not have any financial assets classified as available-for-sale or held-to-maturity.

Financial Risk Management

McCoy's activities are exposed to a variety of financial risks of varying degrees of significance, which could affect the Corporation's ability to achieve strategic objectives. The Corporation's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Corporation's financial performance. Risk management is carried out by financial management in conjunction with overall corporate governance. The principal financial risks to which the Corporation is exposed are described below:

Foreign Currency Risk

McCoy operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar. Foreign exchange risk arises from the fluctuations in foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The large ratio of international sales the Corporation has experienced, which are principally in U.S. dollars, may increase the risk of this exposure as U.S. dollar purchasing may not be enough to offset these international sales or the timing of U.S. dollar purchases may not correspond in any given quarter, yielding unrealized foreign exchange losses. If the businesses that sell in U.S. dollars are not able to continue to improve productivity and increase prices then margins could also be impacted. This risk is mitigated by subcontracting the two trailer manufacturing plants located in the southern U.S., as costs incurred are in U.S. dollars with the majority of sales in Canadian dollars. A $0.01 change in the Canadian dollar to U.S. dollar foreign exchange rate would result in an exchange gain or loss of approximately $0.13 million. The Corporation is also exposed to foreign exchange risk through its net investments in foreign operations and a $0.01 change in the Canadian dollar to U.S. dollar foreign exchange rate would result in a change in other comprehensive income of approximately $0.03 million.

Interest Rate Risk

McCoy is subject to interest rate risk which arises from its floating rate borrowings and finance lease liabilities. McCoy does not currently hold any financial instruments that mitigate this risk and management believes that the impact of interest rate fluctuation will not be significant. For each 1% change in the rate of interest on loans subject to floating rates, the change in annual interest expense is approximately $0.06 million (September 30, 2010 – $0.07 million) based upon applicable debt balances at September 30, 2011.

Credit Risk

McCoy is exposed to credit risk through its accounts receivable from customers. McCoy manages credit risk by following a program of credit evaluation, obtaining deposits on certain orders and by limiting the amount of customer credit. Allowances are provided for potential losses that may be incurred at the balance sheet date. The amounts disclosed in the balance sheet for accounts receivable are net of the allowance for doubtful accounts amounting to $0.17 million (December 31, 2010 – $0.21 million). McCoy also has foreign sales which are normally paid prior to shipping. For the periods ended September 30, 2011 and September 30, 2010, McCoy did not have any customers that represented greater than 10% of its revenue.

As of September 30, 2011, trade receivables of $12.95 million were fully performing (December 31, 2010 – $7.87 million). The credit quality of these receivables is determined based on credit evaluations and management's past experience with the customers.

As of September 30, 2011, trade receivables of $2.91 million were past due but not impaired (December 31, 2010 – $5.09 million). These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	September 30 2011 $	December 31 2010 $
0 to 30 days (current)	12,825	6,872
31 to 60 days	1,958	3,552
61 to 120 days	1,176	2,648
Over 120 days	71	89
Sub-total accounts receivable	16,030	13,161
Less: Allowance for doubtful accounts	168	211
Trade receivables	15,862	12,950
Prepaid expenses	739	1,020
Other receivables	642	2,971
Total trade and other receivables	17,243	16,941

As of September 30, 2011, trade receivables of $0.16 million had indications of possible impairment (December 31, 2010 – $0.20 million). The individually impaired receivables mainly relate to customers which are in difficult financial situations. Management has determined on a customer by customer basis that an impairment provision of $0.17 million is sufficient to cover any further collection risk on these receivables.

Movements on the Corporation's provision for impairment of trade receivables are as follows:

	2011 $
At January 1	211
Provision for receivables impairment	(16)
Provision related to discontinued operations	(24)
Receivables written off during the period as uncollectible	(3)
At September 30	168

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the ability of funding through an adequate amount of committed credit lines.

The Corporation aims to maintain flexibility in funding by keeping committed credit lines available. Cash on hand at the period end was $24.8 million and $8.38 million was available under the Canadian credit facility and U.S. $2.15 million was available under two U.S. operating line of credit facilities as at September 30, 2011.

The following table shows the maturity analysis of financial liabilities based on remaining contractual maturities (assuming no renewals):

As at September 30, 2011	Trade and other payables $	Finance lease liabilities $	Borrowings $	Total $
2011	21,083	79	127	21,289
2012	-	257	509	766
2013	-	188	509	697
2014	-	33	509	542
2015	-	6	3,808	3,814
Thereafter	-	-	389	389
	21,083	563	5,851	27,497

As at December 31, 2010	Trade and other payables $	Finance lease liabilities $	Borrowings $	Total $
2011	14,910	362	452	15,724
2012	-	252	452	704
2013	-	187	452	639
2014	-	33	452	485
2015	-	5	3,752	3,757
	14,910	839	5,560	21,309

Fair value

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

The fair values of the notes receivable, borrowings and finance lease liabilities approximate their carrying values since their stated interest rates approximate the market interest rates at September 30, 2011 and December 31, 2010.

Capital Management

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

McCoy's capital is as follows:

($000)	September 30 2011 $	December 31 2010 $
Borrowings	5,370	5,108
Finance lease liabilities	257	477
Total long-term debt	**5,627**	**5,585**
Shareholders' equity	67,473	60,215
Total equity	**67,473**	**60,215**
Total capital	**73,100**	**65,800**

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

McCoy's key financial covenant with its lender is Funded Debt to EBITDA(1), calculated on a rolling four quarter basis, as a result of a financing agreement executed on July 15, 2011.

The following table sets forth the calculation of Funded Debt to EBITDA(1):

($000 except ratios)	September 30 2011 $	December 31 2010 $
Current portion of borrowings	481	452
Current portion of finance lease obligations	306	362
Borrowings	5,370	5,108
Finance lease obligations	257	477
Less: Canadian denominated cash on deposit	(2,100)	(7,151)
Total Funded Debt	**4,314**	**(752)**
Normalized rolling four quarter EBITDA(1)	**20,038**	**13,168**
Funded Debt to EBITDA(1)	**0.22**	**(0.06)**

The change in the Funded Debt to EBITDA(1) ratio was mainly due to the fact that the Corporation has less Canadian denominated cash on deposit than funded debt. Capital management objectives, policies and procedures were unchanged since the last period.

The Corporation's lending requirements as per the financing agreement executed on July 15, 2011 are subject to:

- Maintenance of the ratio of current assets to current liabilities of no less than 1.25:1
- Funded Debt to EBITDA(1), calculated on a rolling four-quarter basis, of 2.50:1 or less;

- An EBITDA[1] to interest expense plus the current portion of long-term debt ratio of greater than 1.20 to 1; and
- An additional payment to a maximum of $0.25 million per year is required if EBITDAS[1] is less than $5.0 million per year.

Inventories

($000)	September 30, 2011	December 31, 2010
Raw materials	4,288	2,396
Work-in-progress	7,171	5,550
Finished goods	10,076	6,942
	21,535	14,888

During the nine months ended September 30, 2011, cost of sales was $78.8 million (2010 – $49.2 million), which included $69.0 million (2010 – $41.0 million) of costs associated with inventory and $0.06 million of inventory write-downs (2010 –$0.59 million).

Contractual Obligations and Off Balance Sheet Arrangements

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

($000)	Total	2011	2012	2013	2014	2015	Thereafter
Operating lease obligations	12,126	554	1,957	1,720	1,682	1,668	4,545
Finance lease liabilities	601	88	278	195	34	6	-
Borrowings	5,851	127	509	509	509	3,808	389
Total	18,578	769	2,744	2,424	2,225	5,482	4,934

Transactions with Related Parties

Rental expense

A subsidiary of the Corporation entered into lease agreements with a company owned by certain directors. These individuals are also directors of Foundation Equity Corporation, a 43% shareholder of the Corporation. Minimum annual lease payments are $0.75 million per annum until 2013 and are to be renegotiated at market rates for the last five years of the lease. $0.52 million of the minimum lease payments will be recovered through a sublease. These transactions were made in the normal course of business and are recorded at the exchange amount being the amount of consideration established and agreed to by the related parties.

Property Leases

Another subsidiary of the Corporation entered into lease agreements with a company whose principal is an officer of the Corporation. Minimum annual lease payments are $0.44 million per year until 2017. The Corporation has the option to renew the lease for another five years at $0.47 million per year. These transactions were made in the normal course of business and are recorded at the exchange amount being the amount of consideration established and agreed to by the related parties.

Outstanding Share Data

As at November 2, 2011 the following class of shares and equity securities potentially convertible into common shares were outstanding:

Common shares	26,509,245
Convertible equity securities	
Stock options	1,171,667

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

For details relating to the stock options, please refer to Note 9 of the unaudited consolidated interim financial statements.

Interest in Joint Venture

Details of the Corporation's share of the revenue and profits of its joint venture are given below.

For the three months ended

($000)	September 30 2011 $	September 30 2010 $
Share of joint venture revenue and profits		
Revenue	838	1,073
Cost of sales	(764)	(1,034)
General and administrative	(9)	(7)
Sales and marketing	(10)	(6)
Interest expense	2	3
Other gains	-	10
Share of joint venture profits	57	39

For the nine months ended

($000)	September 30 2011 $	September 30 2010 $
Share of joint venture revenue and profits		
Revenue	4,150	2,996
Cost of sales	(3,885)	(2,850)
General and administrative	(39)	(19)
Sales and marketing	(31)	(46)
Interest expense	12	8
Other gains	-	10
Share of joint venture profits	207	99

Critical Accounting Estimates

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

Amortization Policies and Useful Lives

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

Inventories

The Corporation is required to carry inventory at the lower of cost and net realizable value. The net realizable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and cost to sell. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize and the estimate of costs to complete. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. The key assumptions require the use of management judgment regarding reliability of evidence available and are reviewed on a monthly basis. During the period ended September 30, 2011, the Corporation has experienced an expense of $0.06 million (2010 – $0.59 million) in relation to inventory that was carried in excess of the net realizable value.

Valuation of Non-Financial Assets

The Corporation uses judgments in respect of the fair values of indefinite-life intangible assets. Long-lived assets that are not amortized are subject to an annual impairment test. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The assumptions used in the estimations of fair values include expected discount rates, market prices and economic conditions.

Recoverability of Trade and Other Receivables

Management monitors receivables for indications of impairment on an ongoing basis. Balances are reduced to their estimated realizable amounts when there is doubt regarding collection of the full amount of principal and interest. Significant assumptions relevant to these estimates relate to the financial condition of customers, the value of the underlying security, and economic trends impacting the product markets in which the Corporation participates. The Corporation has recorded a provision of $0.17 million for trade receivables at September 30, 2011 (December 31, 2010 – $0.21 million).

Income Taxes

The interpretation of existing tax laws or regulations in Canada and the United States or any of the countries in which the Corporation ships to requires the use of judgment. Differing interpretation of these laws or regulations could result in an increase in the Corporation's taxes, or other governmental charges, duties or impositions. In addition, the recoverability of deferred income tax assets, including expected periods of reversal of temporary differences and expectations of future taxable income, are assessed by management at the end of each reporting period.

Recent Accounting Pronouncements Issued and Not Yet Adopted

In November 2009 the IASB issued International Financial Reporting Standard 9, Financial Instruments ("IFRS 9"). Additionally, in October 2010 IFRS 9 was updated for classification and measurement of financial liabilities. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Corporation has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

In May 2011, the IASB issued the following standards which have not yet been adopted by the Corporation: IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), IFRS 11, *Joint Arrangements* ("IFRS 11"), IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12"), IAS 27, *Separate Financial Statements* ("IAS 27"), IFRS 13, *Fair Value Measurement* ("IFRS 13") and amended IAS 28, *Investments in Associates and Joint Ventures* ("IAS 28"). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Corporation has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

The following is a brief summary of the new and amended standards:

IFRS 9 – Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. Under IAS 39 most liabilities were subsequently measured at amortized cost or bifurcated into a host, which is measured at amortized cost, and an embedded derivative, which is measured at fair value. The requirements related to the fair value option for financial liabilities were changed to address own credit risk.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation—Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures,* and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions by Venturers*.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27 and IAS 28. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

Internal Controls over Financial Reporting and Disclosure Controls

Management has evaluated whether there were changes in our Internal Controls over Financial Reporting (ICFR) during the nine-month period ended September 30, 2011 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 2010 Financial Report. Please see page 23 of McCoy's 2010 Financial Report for a discussion of internal controls over financial reporting and disclosure controls.

Critical Risks and Uncertainties

There has been no significant change in our critical risks and uncertainties from those described in our 2010 Financial Report. Please see pages 24 - 27 of McCoy's 2010 Financial Report.

Outlook

The second and third quarters of 2011 represent the two best quarters in company history for revenue from continuing operations, and current backlogs support the continuation of this positive revenue trend through the balance of 2011. As the number of rigs working internationally and in North America is maintained or increases, McCoy expects demand for capital equipment will continue, which will be positive for both the EP&S and Mobile Solutions segments.

Beyond 2011, McCoy's investment into new product development initiatives in the Drilling & Completions business are expected to begin generating revenue and provide additional growth opportunities for the long term. These products, and others to follow, will provide McCoy with a sustainable growth profile.

In 2010, McCoy sold the Truck and Trailer Parts & Services division of McCoy and the service and parts division of Peerless Limited and in 2011, McCoy sold the Vac & Hydrovac division. These strategic divestitures for McCoy allow the Corporation to focus on global expansion in the energy industry and grow the most profitable businesses in the EP&S and Mobile Solutions segments.

International drilling activity, both land and offshore, continues to be positive as global sales remain strong due to the relatively stable price of oil. Worldwide rig counts have now surpassed peak levels reached in 2008 and the sales backlog for the Trailers division of Mobile Solutions remains strong, primarily in the custom drilling, well stimulation and servicing trailer market, both domestically and in the U.S. This strength is a result of the demand for more pressure pumping capacity to support horizontal drilling which dominates the shale plays in North America. McCoy is the market leader for these custom products in North America. EP&S continues to experience a strong backlog. If drilling activity levels drop, the improving demand for capital equipment could be reduced.

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

McCoy's EP&S segment is focused on growing its replacement parts and service business for drilling equipment used worldwide. As part of this strategy, McCoy has initiated a capital program to acquire the equipment necessary to manufacture replacement parts from its facilities in Louisiana. This new product line will sell Superior and Farr spare parts, along with other rig equipment replacement parts, to McCoy's customers. While McCoy has historically been a provider of capital equipment, we now look to be a participant in the entire life cycle of our products, allowing us to capitalize on the recurring revenue from maintaining this equipment, which is a large worldwide market that McCoy has the ability to penetrate.

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

Although product development and geographic expansion is key to our future growth, there are, and will continue to be, strategic acquisition opportunities that could benefit McCoy. McCoy Drilling & Completions has expertise in providing products and services related to the make-up tubular connections. From tubular handling, to connection make-up, connection torque control and data management, McCoy provides innovative solutions for both land and offshore applications.

Growth in the Mobile Solutions segment will continue to be pursued through market expansion into the United States and overseas.

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

McCoy has experienced recovery in all of the Corporation's business units since the economic downturn in late 2008. Provided that commodity prices for oil and natural gas hold up or

improve, McCoy anticipates continued growth to close out 2011 due to increased worldwide rig counts and McCoy's strategic position. The third quarter of 2011 represents the second highest level of revenues in McCoy's history. McCoy expects 2011 to finish in line with current positive trends; however, the Corporation is continuing to view the recovery cautiously to ensure the revitalization is sustained. We believe there are interesting and exciting opportunities to execute McCoy's growth strategy, organically, as well as through potential strategic acquisitions. The strength of our balance sheet gives us the flexibility to take advantage of our opportunities.

Other Information

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

Interim Consolidated Statement of Financial Position
(Unaudited)

($000)	Note	September 30 2011	December 31 2010
		$	$
Assets			
Current assets			
Cash and cash equivalents		24,806	16,243
Trade and other receivables		17,243	16,941
Current notes receivable	5	433	163
Inventories		21,535	14,888
Assets held for sale		311	750
		64,328	48,985
Non-current assets			
Notes receivable	5	1,411	1,069
Deferred income tax assets		1,885	1,733
Investment in joint venture		1,568	1,362
Property, plant and equipment	6	20,896	19,913
Intangible assets	7	12,529	13,232
Total assets		102,617	86,294
Liabilities			
Current liabilities			
Trade and other payables		21,083	14,910
Dividends payable		265	-
Provisions		782	439
Current income tax liabilities		3,343	1,329
Current portion of borrowings	8	481	452
Current portion of finance lease liabilities		306	362
		26,260	17,492
Non-current liabilities			
Borrowings	8	5,370	5,108
Finance lease liabilities		257	477
Deferred income tax liabilities		3,257	3,002
Total liabilities		35,144	26,079
Equity			
Share capital		56,152	56,014
Contributed surplus		3,499	3,224
Accumulated other comprehensive loss		(70)	(654)
Accumulated earnings		7,892	1,631
Total equity		67,473	60,215
Total liabilities and equity		102,617	86,294

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

Interim Consolidated Statement of Earning and Comprehensive Income

(Unaudited)

($000)	Note	Three Months Ended 2011	Three Months Ended 2010	Nine Months Ended 2011	Nine Months Ended 2010
		$	$	$	$
			(note 4)		(note 4)
Revenue		37,815	26,908	109,546	69,417
Cost of sales		27,073	18,953	78,792	49,236
Gross profit		10,742	7,955	30,754	20,181
General and administration		4,502	3,521	13,477	9,895
Sales and marketing		1,709	1,505	5,162	4,492
Other gains and losses (net)		(7)	-	(66)	57
Share of income from joint venture		(57)	(39)	(207)	(99)
Interest expense		52	88	158	248
		6,199	5,075	18,524	14,593
Earnings from continuing operations before income taxes		4,543	2,880	12,230	5,588
Income taxes					
Current		1,534	983	4,368	1,776
Deferred		(58)	59	(379)	43
		1,476	1,042	3,989	1,819
Earnings from continuing operations		3,067	1,838	8,241	3,769
(Loss) income from discontinued operations (net of tax)	15	(57)	107	(126)	(280)
Net earnings for the period		3,010	1,945	8,115	3,489
Other comprehensive income					
Currency translation adjustment		1,817	(450)	584	(156)
Comprehensive income for the period		4,827	1,495	8,699	3,333
Earnings per share					
Basic from continuing operations ($)	11	0.12	0.07	0.31	0.14
Basic from net earnings ($)	11	0.11	0.07	0.31	0.13
Diluted from continuing operations ($)	11	0.11	0.07	0.31	0.14
Diluted from net earnings ($)	11	0.11	0.07	0.30	0.13

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

Interim Consolidated Statement of Changes in Equity
(Unaudited)

($000, except # of shares)	Common shares Issued #	Common shares Capital $	Contributed surplus $	Accumulated other comprehensive income (loss) $	Accumulated (deficit) earnings $	Total equity $
Balance – January 1, 2010	26,475,912	56,014	2,986	-	(3,719)	55,281
Net earnings	-	-	-	-	3,489	3,489
Cumulative translation adjustment	-	-	-	(156)	-	(156)
Stock based compensation expense	-	-	264	-	-	264
Cancelled unvested stock options	-	-	(16)	-	-	(16)
Balance – September 30, 2010	26,475,912	56,014	3,234	(156)	(230)	58,862
Net earnings	-	-	-	-	1,861	1,861
Cumulative translation adjustment	-	-	-	(498)	-	(498)
Stock based compensation expense	-	-	6	-	-	6
Cancelled unvested stock options	-	-	(16)	-	-	(16)
Balance – December 31, 2010	26,475,912	56,014	3,224	(654)	1,631	60,215
Net earnings	-	-	-	-	8,115	8,115
Cumulative translation adjustment	-	-	-	584	-	584
Stock based compensation expense	-	-	316	-	-	316
Dividends declared and paid	-	-	-	-	(1,589)	(1,589)
Dividends declared and unpaid	-	-	-	-	(265)	(265)
Shares issued on exercise of stock options	33,333	138	(41)	-	-	97
Balance – September 30, 2011	26,509,245	56,152	3,499	(70)	7,892	67,473

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

Interim Consolidated Statement of Cash Flows
(Unaudited)

($000) Cash provided by (used in)	Note	Three Months Ended 2011 $	Three Months Ended 2010 $	Nine Months Ended 2011 $	Nine Months Ended 2010 $
Operating activities					
Net earnings from continuing operations for the period		3,067	1,838	8,241	3,769
Adjustments for:					
Amortization of property, plant and equipment and intangibles		1,075	1,046	3,204	3,077
Share based compensation		66	96	366	322
Current income tax expense		1,534	983	4,368	1,776
Deferred income tax (recovery) expense		(58)	59	(379)	43
Interest expense		52	88	158	248
Impairment of assets held for sale		226	-	226	-
		5,962	4,110	16,184	9,235
(Gain) loss on disposal of property, plant and equipment		-	-	(62)	57
Share of income from joint venture		(57)	(39)	(207)	(99)
Changes in items of working capital	13	3,049	910	(948)	(5,197)
Interest paid		(52)	(88)	(158)	(248)
Income taxes refunded (paid)		108	581	(2,703)	3,921
Net cash generated from continuing operating activities		9,010	5,474	12,106	7,669
Net cash (used in) generated from discontinued operating activities	15	(57)	1,630	684	1,007
Net cash generated from operating activities		8,953	7,104	12,790	8,676
Investing activities					
Disposal of subsidiary		-	-	(577)	-
Proceeds from notes receivable		136	13	265	533
Proceeds from sale of assets held for sale		-	-	327	-
Purchases of property, plant and equipment		(761)	(429)	(3,526)	(998)
Proceeds from the sale of property, plant and equipment		123	16	149	26
Purchases of intangible assets		(166)	(222)	(363)	(420)
Net cash used in continuing investing activities		(668)	(622)	(3,725)	(859)
Net cash used in (generated from) discontinued investing activities	15	-	17	68	(29)
Net cash used in investing activities		(668)	(605)	(3,657)	(888)
Financing activities					
Repayment of finance lease liabilities		(88)	(102)	(283)	(300)
Proceeds from borrowings		-	-	586	5,900
Repayment of borrowings		(69)	(113)	(295)	(5,988)
Issuance of share capital		5	-	97	-
Dividends paid		-	-	(1,589)	-
Net cash used in continuing financing activities		(152)	(215)	(1,484)	(388)
Effect of exchange rate changes on cash and cash equivalents		1,070	(120)	914	(104)
Increase in cash and cash equivalents		9,203	6,164	8,563	7,296
Cash and cash equivalents – Beginning of the period		15,603	4,914	16,243	3,782
Cash and cash equivalents – End of the period		24,806	11,078	24,806	11,078

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

Notes to Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2011 and 2010
(Unaudited, in thousands of CAD, except for number of shares and per share amounts)

1. Nature of operations

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

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

Mobile Solutions manufactures custom heavy-duty trailers primarily used in the oil and gas industry for pressure pumping, coil tubing and rig transport.

2. Basis of preparation and adoption of IFRS

The Corporation prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Corporation commenced reporting on this basis in its 2011 interim consolidated financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*, and IFRS 1, *First-time Adoption of International Financial Reporting Standards*. The accounting policies followed in these interim financial statements are the same as those applied in the Corporation's interim financial statements for the period ended March 31, 2011. The Corporation has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 4 discloses the impact of the transition to IFRS on the Corporation's reported equity as at September 30, 2010 and comprehensive income for the three and nine months ended September 30, 2010, including the nature and effect of significant changes in accounting policies from those used in the Corporation's consolidated financial statements for the year ended December 31, 2010.

The accounting policies applied in these condensed interim consolidated financial statements are based on IFRS effective for the year ended December 31, 2011, as issued and outstanding as of November 2, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Corporation's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including transition adjustments recognized on change-over to IFRS.

The condensed interim consolidated financial statements should be read in conjunction with the Corporation's Canadian GAAP annual financial statements for the year ended December 31, 2010, and the Corporation's interim financial statements for the quarter ended March 31, 2011 prepared in accordance with IFRS applicable to interim financial statements.

3. Recent accounting pronouncements issued but not yet adopted

In November 2009 the IASB issued International Financial Reporting Standard 9, *Financial Instruments* ("IFRS 9"). Additionally, in October 2010 IFRS 9 was updated for classification and measurement of financial liabilities. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Corporation has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

In May 2011, the IASB issued the following standards which have not yet been adopted by the Corporation: IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), IFRS 11, *Joint Arrangements* ("IFRS 11"), IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12"), IAS 27, *Separate Financial Statements* ("IAS 27"), IFRS 13, *Fair Value Measurement* ("IFRS 13") and amended IAS 28, *Investments in Associates and Joint Ventures* ("IAS 28"). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Corporation has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

The following is a brief summary of the new and amended standards:

IFRS 9 – Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. Under IAS 39 most liabilities were subsequently measured at amortized cost or bifurcated into a host, which is measured at amortized cost, and an embedded derivative, which is measured at fair value. The requirements related to the fair value option for financial liabilities were changed to address own credit risk.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation—Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for

interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures,* and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions by Venturers*.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27 and IAS 28. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

4. Transition to IFRS

The effect of the Corporation's transition to IFRS, described in note 2, is summarized in this note as follows:

a. Reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS; and
b. Adjustments to the statement of cash flows.

Notes to Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2011 and 2010
(Unaudited, in thousands of CAD, except for number of shares and per share amounts)

a) Reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS.

	Note	September 30, 2010		
		CGAAP	Adj	IFRS
		$	$	$
Assets				
Current assets				
Cash and cash equivalents	(i)	11,920	(842)	11,078
Trade and other receivables	(i)	16,617	(288)	16,329
Current notes receivable		40	-	40
Inventories	(i)	22,314	(637)	21,677
Deferred income tax assets	(ii)	1,711	(1,711)	-
		52,602	(3,478)	49,124
Non-current assets				
Notes receivable	(i)	122	332	454
Deferred income tax assets	(ii),(iii),(x)	-	2,283	2,283
Investment in joint venture	(i)	-	1,360	1,360
Property, plant and equipment	(i),(iv),(v)	18,450	2,156	20,606
Intangible assets	(vi)	12,442	900	13,342
Total assets		83,616	3,553	87,169
Liabilities				
Current liabilities				
Trade and other payables	(i), (viii)	17,760	(562)	17,198
Provisions	(vii), (viii)	-	384	384
Current income tax liabilities	(i)	1,351	5	1,356
Current portion of borrowings		452	-	452
Current portion of finance lease liabilities		394	-	394
		19,957	(173)	19,784
Non-current liabilities				
Borrowings		5,221	-	5,221
Finance lease liabilities		550	-	550
Deferred gain	(ix)	752	(752)	-
Deferred income tax liabilities	(iii),(x)	1,416	1,336	2,752
Total liabilities		27,896	411	28,307
Equity				
Share capital		56,014	-	56,014
Contributed surplus		3,234	-	3,234
Accumulated other comprehensive loss	(xi)	(135)	(21)	(156)
Accumulated earnings (deficit)	(xii)	(3,393)	3,163	(230)
Total equity		55,720	3,142	58,862
Total liabilities and equity		83,616	3,553	87,169

Notes to Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2011 and 2010
(Unaudited, in thousands of CAD, except for number of shares and per share amounts)

	Notes	Three month period ended September 30, 2010			Nine month period ended September 30, 2010		
		CGAAP	Adj	IFRS	CGAAP	Adj	IFRS
		$	$	$	$	$	$
Revenue	(i)	27,981	(1,073)	26,908	72,413	(2,996)	69,417
Cost of sales	(i), (v)	20,003	(1,050)	18,953	52,134	(2,898)	49,236
Gross profit		7,978	(23)	7,955	20,279	(98)	20,181
General and administration	(i), (vii), (ix)	3,502	19	3,521	10,129	(234)	9,895
Sales and marketing	(i)	1,511	(6)	1,505	4,511	(19)	4,492
Other gains and losses (net)	(i)	(10)	10	-	47	10	57
Share of income from joint venture	(i)	-	(39)	(39)	-	(99)	(99)
Interest expense	(i)	85	3	88	240	8	248
		5,088	(13)	5,075	14,927	(334)	14,593
Earnings from continuing operations before income taxes		2,890	(10)	2,880	5,352	236	5,588
Income taxes							
Current		983	-	983	1,776	-	1,776
Deferred	(x)	61	(2)	59	50	(7)	43
		1,044	(2)	1,042	1,826	(7)	1,819
Earnings from continuing operations		1,846	(8)	1,838	3,526	243	3,769
Income (loss) from discontinued operations (net of tax)		107	-	107	(280)	-	(280)
Net earnings for the period		1,953	(8)	1,945	3,246	243	3,489
Currency translation adjustment		(450)	-	(450)	(156)	-	(156)
Comprehensive income (loss) for the period		1,503	(8)	1,495	3,090	243	3,333

The Canadian GAAP balances for the three and nine months ended September 30, 2010 have been restated for the discontinued operations as described in note 15.

Notes to Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2011 and 2010
(Unaudited, in thousands of CAD, except for number of shares and per share amounts)

Explanatory notes

i) The investment in joint venture was proportionately consolidated under Canadian GAAP, however under IFRS, McCoy is accounting for the joint venture using the equity method. An adjustment has been made to remove the 50% interest in Prairie Truck Ltd. from assets and liabilities and record the initial investment, plus McCoy's share of net income since acquisition as an investment in joint venture. The following summarizes the adjustment:

	September 30 2010 $
Decrease in assets:	
Cash and cash equivalents	842
Trade and other receivables	288
Current income tax assets	5
Inventories	637
Property, plant and equipment	98
Total assets	1,870
Increase in assets:	
Non-current notes receivable	332
Decrease in liabilities:	
Trade and other payables	178
Investment in Prairie Truck Ltd.	1,360

An adjustment has also been made to remove the 50% share of Prairie Truck Ltd.'s revenue and expenses and record the share of income from joint venture. The following summarizes the adjustment:

	Three months ended September 30 2010 $	Nine months ended September 30 2010 $
Revenue	1,073	2,996
Cost of sales	1,034	2,850
Gross profit	39	146
Sales and marketing	6	19
General and administration	7	46
Other gains and losses	(10)	(10)
Interest expense	(3)	(8)
	-	47
Share of income from joint venture	39	99

Notes to Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2011 and 2010
(Unaudited, in thousands of CAD, except for number of shares and per share amounts)

ii) Under IFRS, it is not appropriate to classify deferred income tax balances as current, irrespective of the classification of assets or liabilities to which the deferred income tax relates or the expected timing of reversal. Under Canadian GAAP, deferred income tax relating to current assets or current liabilities must be classified as current. Accordingly, the current deferred income tax assets reported under Canadian GAAP of $1,711 at September 30, 2010 have been reclassified as non-current under IFRS.

iii) Under Canadian GAAP the Corporation recorded its deferred income tax assets and liabilities based on the underlying asset or liability. As a result, some deferred income tax assets and liabilities between different jurisdictions were recorded on a net basis. Under IFRS, deferred income tax assets and liabilities cannot be recorded on a net basis between different jurisdictions. As a result of the reclassifications, the deferred income tax asset and liabilities have increased by $1,009 at September 30, 2010.

iv) In accordance with IFRS transitional provisions, the Corporation elected to revalue land by $2,612 to its fair value of $2,795 at January 1, 2010.

v) An impairment loss of $406 was recognized at January 1, 2010 for property, plant and equipment for which an indicator existed on transition to IFRS. This impairment was not recognized under Canadian GAAP. The adjustment arose because under IFRS the recoverable amount used in recognizing and measuring an impairment is the higher of the asset's fair value less cost to sell and its value in use. Under Canadian GAAP, the recoverable amount used to determine whether the recognition of an impairment loss is required is the undiscounted future cash flows expected from the asset's use and eventual disposition.

As the assets were not impaired under Canadian GAAP at September 30, 2010 the amortization expense of $16 for the three months ended and $48 for the nine months ended September 30, 2010 were reversed under IFRS.

vi) On transition to IFRS, the Corporation was required to assess whether any impairment losses previously recognized under Canadian GAAP should be reversed. Impairment losses under IFRS must be reversed if the carrying amount of the asset is less than the recoverable amount, which is the higher of the asset's fair value less cost to sell or value in use. Reversals of impairment losses are prohibited under Canadian GAAP. Under Canadian GAAP, an impairment loss of $900 was recorded against the intangible assets, specifically the trade name of "Superior Manufacturing and Hydraulics Inc." The impairment loss has been reversed at January 1, 2010 because the recoverable amount was higher than the carrying amount of the asset.

vii) In accordance with IFRS transitional provisions, the Corporation elected to take the exemption not to apply IFRS 3, Business Combinations, retrospectively to past business combinations that occurred before the transition date. However, the corporation was still required to consider whether amounts previously reported under Canadian GAAP should be restated to comply with IFRS. This includes the contingent consideration that was not recorded under Canadian GAAP because there was insufficient assurance that a payment would be required. Under IFRS, contingent consideration is recorded subsequent to the acquisition, if payment of the contingent consideration is probable and can be measured reliably. Accordingly, the Corporation has recorded an adjustment through retained earnings to recognize the fair value of the contingent consideration of $265 at January 1, 2010.

In the first quarter of 2010, it was determined that the payment of contingent consideration was no longer probable and the $265 provision was reversed through general and administrative expenses.

viii) Under IFRS, provisions are required to be separately disclosed whereas under Canadian GAAP, provisions are included in trade and other payables. Accordingly, an adjustment has been recorded to reclassify provisions of $384 from trade payables at September 30, 2010.

Notes to Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2011 and 2010
(Unaudited, in thousands of CAD, except for number of shares and per share amounts)

ix) Gains arising on sales-leaseback transactions resulting in operating leases under IFRS are required to be recognized in income when the transaction occurs. Under Canadian GAAP, gains are deferred and amortized over the lease term. Accordingly, the deferred gain recognized under Canadian GAAP of $829 at January 1, 2010 has been reversed through opening retained earnings. Amortization of the deferred gain of $26 for the three months ended September 30, 2010 and $77 for the nine months ended September 30, 2010 have also been reversed through general and administrative expenses.

x) Deferred income tax assets and liabilities have been adjusted to give effect to adjustments as follows:

	Ref	September 30 2010 $
Deferred income tax assets:		
Reversal of deferred gain	(ix)	(188)
Impairment of property, plant and equipment	(v)	89
Reversal of intangible asset impairment	(vi)	(338)
Decrease in deferred income tax assets		(437)
Deferred income tax liabilities:		
Revaluation of property, plant and equipment	(iv)	(327)
Increase in deferred income tax liabilities		(327)

The above adjustments decreased deferred income tax expense recognized in the income statement by $2 for the three months ended September 30, 2010 and $7 for the nine months ended September 30, 2010.

xi) In accordance with IFRS transitional provisions, the Corporation has elected to reset the currency translation adjustment account, which includes gains and losses arising from the translation of foreign operations to zero at the date of transition to IFRS. Accumulated other comprehensive income has been decreased and retained earnings have been increased by $21 at January 1, 2010.

Notes to Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2011 and 2010
(Unaudited, in thousands of CAD, except for number of shares and per share amounts)

xii) The following is a summary of transition adjustments to the Corporation's deficit from Canadian GAAP to IFRS:

	Ref	September 30 2010 $
Deficit as reported under Canadian GAAP		(3,393)
IFRS adjustments increase (decrease):		
Revaluation of property, plant & equipment	(iv)	2,612
Impairment of property, plant & equipment	(v)	(406)
Contingent consideration	(vii)	(265)
Reversal of intangible asset impairment	(vi)	900
Reversal of deferred gain	(ix)	829
Deferred income tax assets	(x)	(444)
Deferred income tax liabilities	(x)	(327)
Foreign currency translation	(xi)	21
		2,920
Effecting 2010 net income:		
Amortization reversal related to impairment of property, plant, and equipment	(v)	48
Reverse amortization of deferred gain	(ix)	(77)
Reversal of previously recorded contingent consideration	(vii)	265
Deferred tax effect of adjustments	(x)	7
		3,163
Accumulated deficit as reported under IFRS		(230)

b) Adjustments to the statement of cash flows

The transition from Canadian GAAP to IFRS had no significant impact on the cash flows generated by the Corporation, except for the joint venture adjustment (note 4(a)(i)), that decreased the cash balance by $842 at September 30, 2010.

Notes to Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2011 and 2010
(Unaudited, in thousands of CAD, except for number of shares and per share amounts)

5. Notes receivable

	September 30 2011 $	December 31 2010 $
Note receivable, no fixed terms of repayment, non-interest bearing, from Prairie Truck Ltd.	332	332
Note receivable due in monthly instalments of US$3, non-interest bearing, until November 2014.	125	150
Note receivable due in quarterly instalments of $63 commencing July 2011, plus interest at 10%, until July 2014; a general security agreement over all past and future property of the debtor is provided as collateral.	500	750
Note receivable due in monthly instalments of $30 commencing July 2011, plus interest at prime plus 2%, until August 2014; a general security agreement over all past and future property of the debtor is provided as collateral.	887	-
	1,844	1,232
Less: Current portion	433	163
	1,411	1,069

6. Property, plant and equipment

	September 30 2011 $	December 31 2010 $
Net book value – beginning balance	19,913	22,270
Additions	3,526	1,870
Net disposals	(87)	(475)
Amortization	(2,292)	(3,071)
Discontinued operations	(234)	(744)
Transfer of assets held for sale	(115)	(98)
Reversal of impairment	-	281
Exchange difference	185	(120)
Net book value – ending balance	20,896	19,913

Notes to Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2011 and 2010
(Unaudited, in thousands of CAD, except for number of shares and per share amounts)

7. Intangible assets

	September 30 2011 $	December 31 2010 $
Net book value – beginning balance	13,232	13,795
Additions	363	751
Disposals	-	(9)
Amortization	(912)	(1,195)
Discontinued operations	(218)	(126)
Exchange difference	64	16
Net book value – ending balance	12,529	13,232

8. Borrowings

	September 30 2011 $	December 31 2010 $
Term loan #1, payable in monthly instalments of $20 until January 2015, plus interest at the lender's floating base rate of 1.70% at September 30, 2011 plus 3.60%. Starting in 2011, an additional payment to a maximum of $250 per year is required if EBITDAS[(1)] is less than $5,000 per year.	4,515	4,668
Term loan #2, payable in monthly instalments of $18 until January 2015, plus interest at the lender's floating base rate of 1.70% at September 30, 2011 plus 3.60%.	735	892
Term loan #3, payable in monthly instalments of $5 until June 2026, including interest at the lender's floating base rate of 3.25% at June 30, 2011 plus 0.75%.	601	-
	5,851	5,560
Less: Current portion	481	452
	5,370	5,108

The financing for both term loans #1 and #2 are collateralized by a first specific charge on the Peerless Limited land and buildings in Penticton; a first charge on all other fixed assets located in Canada (except equipment that is collateralized by existing leases); and a second floating charge on all other assets.

The financing for term loan #3 is collateralized by a first specific charge on land and building in Houston.

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

9. Share based compensation

a) Equity-settled share based payments

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

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

The following reflects activity under the share option plan:

	Number of common shares under option (#000)	Weighted Average Exercise Price $
Outstanding – December 31, 2010	1,115	3.29
Granted	350	3.49
Forfeited	(80)	2.79
Expired	(180)	7.25
Exercised	(33)	2.87
Outstanding – September 30, 2011	**1,172**	**2.79**
Exercisable – December 31, 2010	553	5.07
Exercisable – September 30, 2011	**495**	**3.10**

The following options are outstanding as at September 30, 2011:

Exercise price per option	Options outstanding (#000)	Weighted average remaining contractual life (years)
$0 to $2	582	3.33
$2 to $4	410	3.93
$4 to $6	180	0.67
	1,172	3.13

The following weighted-average assumptions were used in the Black-Scholes calculations for share options granted during the nine-months ended September 30:

	2011	2010
Share price	$3.49	$3.43
Exercise price	$3.49	$3.43
Expected volatility	74%	71%
Risk-free interest rate	2.3%	2.3%
Annual dividend rate	0%	0%
Expected life of options in years	3.5 years	3.5 years

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends which may also not necessarily be the actual outcome.

The weighted average grant date fair value of share options granted during the period was $1.97 per share option (nine months ended September 30, 2010 - $0.77 per share option). The weighted average share price for the options exercised for the nine months ended September 30, 2011 was $4.19 per share options (nine months ended September 30, 2010 – no options exercised). Current year vesting of options resulted in a $317 (nine months ended September 30, 2010 - $265) charge to share based compensation expense and corresponding credit to contributed surplus. Current year cancellation of unvested options resulted in a $nil (nine months ended September 30, 2010 - $16) recovery of share based compensation expense and corresponding debit to contributed surplus.

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b) Cash-settled share based payments

The Corporation has a Director's deferred share unit plan for Directors of the Corporation who are designated as participants by the Compensation Committee. The deferred share units vest at the end of three years. Upon retirement from the Board, the deferred share units are redeemed for cash based on the market price of the shares.

The following reflects activity under the Director's deferred share unit plan:

	September 30 2011 (#000)	December 31 2010 (#000)
Outstanding – beginning of period	114	113
Granted	4	15
Forfeited	-	(14)
Outstanding – end of period	118	114

There were 4 deferred share units issued during the period (nine months ended September 30, 2010 – no deferred share units issued). Current year vesting of deferred share units resulted in a $49 (nine months ended September 30, 2010 - $73) charge to share based compensation expense. At September 30, 2011, the Corporation recorded liabilities of $202 (December 31, 2010 - $153) in respect of this plan.

c) Share based compensation expense (recovery)

Total share based compensation was as follows:

	Three Months Ended		Nine Months Ended	
	September 30 2011 $	September 30 2010 $	September 30 2011 $	September 30 2010 $
Share options	99	63	316	265
Cancelled unvested stock options	-	(16)	-	(16)
Deferred share units	(33)	49	50	73
	66	96	366	322

10. Related party transactions

a. Rental expense

A subsidiary of the Corporation entered into lease agreements with a company owned by certain directors. These individuals are also directors of Foundation Equity Corporation, a 43% shareholder of the Corporation. Minimum annual lease payments are $752 per annum until 2013 and are to be renegotiated at market rates for the last five years of the lease. $520 of the minimum lease payments will be recovered through a sublease. These transactions were made in the normal course of business and are recorded at the exchange amount being the amount of consideration established and agreed to by the related parties.

b. Property leases

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

c. Compensation awarded to directors and key management personnel for employee services included:

	Three months ended September 30 2011 $	**Three months ended September 30 2010 $**
Salaries and short-term employee benefits	381	409
Post-employment benefits	21	14
Other long term benefits	12	7
Share-based payments	35	45
	449	475

	Nine months ended September 30 2011 $	**Nine months ended September 30 2010 $**
Salaries and short-term employee benefits	1,574	1,394
Post-employment benefits	56	43
Other long term benefits	35	18
Share-based payments	107	167
	1,772	1,622

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11. Earnings Per Share

The following table sets forth the details of the denominator used for the computation of basic and diluted earnings per share for the periods ended September 30, 2011 and 2010:

	Three months ended September 30, 2011			Three months ended September 30, 2010		
	Earnings (loss) (numerator) **$**	**Weighted Average Shares** (denominator) **(#000)**	**Per share amount $**	**Earnings** (numerator) **$**	**Weighted Average Shares** (denominator) **(#000)**	**Per share amount $**
Basic earnings per share						
Earnings from continuing operations available to common shareholders	3,067	26,506	0.12	1,838	26,476	0.07
Earnings (loss) from discontinued operations available to common shareholders	(57)	26,506	(0.01)	107	26,476	0.00
Earnings available to common shareholders	3,010	26,506	0.11	1,945	26,476	0.07
Diluted earnings per share						
Dilutive effect of options		355			15	
Earnings from continuing operations available to common shareholders	3,067	26,861	0.11	1,838	26,491	0.07
Earnings (loss) from discontinued operations available to common shareholders	(57)	26,861	(0.00)	107	26,491	0.00
Earnings available to common shareholders	3,010	26,861	0.11	1,945	26,491	0.07

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	Nine months ended September 30, 2011			Nine months ended September 30, 2010		
	Earnings (loss) (numerator) **$**	**Weighted Average Shares** (denominator) **(#000)**	**Per share amount $**	**Earnings (loss)** (numerator) **$**	**Weighted Average Shares** (denominator) **(#000)**	**Per share amount $**
Basic earnings per share						
Earnings from continuing operations available to common shareholders	8,241	26,495	0.31	3,769	26,476	0.14
Loss from discontinued operations available to common shareholders	(126)	26,495	(0.00)	(280)	26,476	(0.01)
Earnings available to common shareholders	8,115	26,495	0.31	3,489	26,476	0.13
Diluted earnings per share						
Dilutive effect of options		352			-	
Earnings from continuing operations available to common shareholders	8,241	26,847	0.31	3,769	26,476	0.14
Loss from discontinued operations available to common shareholders	(126)	26,847	(0.01)	(280)	26,476	(0.01)
Earnings available to common shareholders	8,115	26,847	0.30	3,489	26,476	0.13

12. Segmented reporting

The Corporation operates its businesses through a number of subsidiaries and divisions operating in two segments.

Energy Products & Services (“EP&S”)

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

Mobile Solutions

- Peerless Limited, a wholly owned subsidiary located in Penticton, British Columbia – manufactures heavy duty trailers and custom chassis. Peerless has also subcontracted two trailer manufacturing plants in the southern U.S.
- Prairie Truck Ltd, a 50% interest in a joint venture – is an International Truck Dealership located in Grande Prairie, Alberta.
- Rebel Metal Fabricators Ltd., a wholly owned subsidiary located in Red Deer, Alberta – manufactures and distributes truck and trailer mounted hydrovac and vacuum tanks. In December 2010, McCoy made a change to its business structure by moving Rebel Metal Fabricators Ltd. from the Energy Products & Services ("EP&S") segment to the Mobile Solutions segment. Subsequent to the change in structure, Rebel Metal Fabricators Ltd. was sold as of June 30, 2011, and the 2010 comparative balances have been restated for this change.
- McCoy Parts & Service, a wholly owned subsidiary – provides service and retail parts through branches in Edmonton, Grande Prairie and Red Deer, Alberta; as well as retail parts operations in Penticton, British Columbia. McCoy Parts & Service was sold as of December 31, 2010 and the 2010 comparative balances have been restated as a result of this discontinued operation.

The accounting policies of the segments are the same as those described in note 3 in the interim consolidated financial statements for the three months ended March 31, 2011. Inter-segment transactions are entered into under terms and conditions similar to those with unrelated parties and are eliminated on consolidation. All inter segment sales have been eliminated within the segment.

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Three Months Ended September 30, 2011

	Energy Products & Services $	Mobile Solutions $	Corporate $	Inter-Segment Eliminations $	Total $
Sales by segment					
Total external sales	21,731	16,084	-	-	37,815
Total inter-segment sales	-	-	-	-	-
Total sales	21,731	16,084	-	-	37,815
Cost of sales	13,918	13,155	-	-	27,073
Gross profit	7,813	2,929	-	-	10,742
Operating expenses	1,745	1,094	-	-	2,839
Sales and marketing expenses	1,321	388	-	-	1,709
Share of income of joint venture	-	(57)	-	-	(57)
	3,066	1,425	-	-	4,491
Earnings before corporate charges, interest, other and income taxes from continuing operations	4,747	1,504	-	-	6,251
Corporate charges	-	-	1,663	-	1,663
Earnings (loss) before interest, other and income taxes from continuing operations	4,747	1,504	(1,663)	-	4,588
Interest on debt	22	-	30	-	52
Earnings (loss) before other and income taxes from continuing operations	4,725	1,504	(1,693)	-	4,536
Other gains and losses (net)	7	-	-	-	7
Earnings (loss) before income taxes from continuing operations	4,732	1,504	(1,693)	-	4,543
Income taxes (recovery)	1,539	487	(550)	-	1,476
Earnings (loss) for the period from continuing operations	3,193	1,017	(1,143)	-	3,067
Earnings from discontinued operations (net of tax)	-	(57)	-	-	(57)
Earnings (loss) for the period	3,193	960	(1,143)	-	3,010
Total identifiable assets	76,620	24,873	1,124	-	102,617
Additions to property, plant & equipment	737	18	6	-	761
Additions to intangible assets	121	18	27	-	166

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Three Months Ended September 30, 2010

	Energy Products & Services $	Mobile Solutions $	Corporate $	Inter-Segment Eliminations $	Total $
Sales by segment					
Total external sales	19,036	7,872	-	-	26,908
Total inter-segment sales	-	41	-	(41)	-
Total sales	19,036	7,913	-	(41)	26,908
Cost of sales	12,357	6,637	-	(41)	18,953
Gross profit	6,679	1,276	-	-	7,955
Operating expenses	1,768	535	-	-	2,303
Sales and marketing expenses	1,228	277	-	-	1,505
Share of income of joint venture	-	(39)	-	-	(39)
	2,996	773	-	-	3,769
Earnings before corporate charges, interest, other and income taxes from continuing operations	3,683	503	-	-	4,186
Corporate charges	-	-	1,218	-	1,218
Earnings (loss) before interest, other and income taxes from continuing operations	3,683	503	(1,218)	-	2,968
Interest on debt	22	-	66	-	88
Earnings (loss) before other and income taxes from continuing operations	3,661	503	(1,284)	-	2,880
Other gains and losses (net)	-	-	-	-	-
Earnings (loss) before income taxes from continuing operations	3,661	503	(1,284)	-	2,880
Income taxes (recovery)	1,366	197	(521)	-	1,042
Earnings (loss) for the period from continuing operations	2,295	306	(763)	-	1,838
Income from discontinued operations (net of tax)	-	107	-	-	107
Earnings (loss) for the period	2,295	413	(763)	-	1,945
Total identifiable assets	60,581	19,839	599	-	81,019
Additions to property, plant & equipment	299	32	98	-	429
Additions to intangible assets	138	1	83	-	222

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Nine Months Ended September 30, 2011

	Energy Products & Services $	Mobile Solutions $	Corporate $	Inter-Segment Eliminations $	Total $
Sales by segment					
Total external sales	60,626	48,920	-	-	109,546
Total inter-segment sales	-	92	-	(92)	-
Total sales	60,626	49,012	-	(92)	109,546
Cost of sales	39,668	39,216	-	(92)	78,792
Gross profit	20,958	9,796	-	-	30,754
Operating expenses	6,381	2,535	-	-	8,916
Sales and marketing expenses	3,948	1,214	-	-	5,162
Share of income of joint venture	-	(207)	-	-	(207)
	10,329	3,542	-	-	13,871
Earnings before corporate charges, interest, other and income taxes from continuing operations	10,629	6,254	-	-	16,883
Corporate charges	-	-	4,561	-	4,561
Earnings (loss) before interest, other and income taxes from continuing operations	10,629	6,254	(4,561)	-	12,322
Interest on debt	46	-	112	-	158
Earnings (loss) before other and income taxes from continuing operations	10,583	6,254	(4,673)	-	12,164
Other gains and losses (net)	66	-	-	-	66
Earnings (loss) before income taxes from continuing operations	10,649	6,254	(4,673)	-	12,230
Income taxes (recovery)	3,473	2,040	(1,524)	-	3,989
Earnings (loss) for the period from continuing operations	7,176	4,214	(3,149)	-	8,241
Loss from discontinued operations (net of tax)	-	(126)	-	-	(126)
Earnings (loss) for the period	7,176	4,088	(3,149)	-	8,115
Total identifiable assets	76,620	24,873	1,124	-	102,617
Additions to property, plant & equipment	3,165	184	177	-	3,526
Additions to intangible assets	223	40	100	-	363

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Nine Months Ended September 30, 2010

	Energy Products & Services $	Mobile Solutions $	Corporate $	Inter-Segment Eliminations $	Total $
Sales by segment					
Total external sales	49,984	19,433	-	-	69,417
Total inter-segment sales	-	186	-	(186)	-
Total sales	49,984	19,619	-	(186)	69,417
Cost of sales	33,372	16,050	-	(186)	49,236
Gross profit	16,612	3,569	-	-	20,181
Operating expenses	4,604	1,514	-	-	6,118
Sales and marketing expenses	3,725	767	-	-	4,492
Share of income of joint venture	-	(99)	-	-	(99)
	8,329	2,182	-	-	10,511
Earnings before corporate charges, interest, other and income taxes from continuing operations	8,283	1,387	-	-	9,670
Corporate charges	-	-	3,777	-	3,777
Earnings (loss) before interest, other and income taxes from continuing operations	8,283	1,387	(3,777)	-	5,893
Interest on debt	71	-	177	-	248
Earnings (loss) before other and income taxes from continuing operations	8,212	1,387	(3,954)	-	5,645
Other gains and losses (net)	(57)	-	-	-	(57)
Earnings (loss) before income taxes from continuing operations	8,155	1,387	(3,954)	-	5,588
Income taxes (recovery)	2,655	451	(1,287)	-	1.819
Earnings (loss) for the period from continuing operations	5,500	936	(2,667)	-	3,769
Loss from discontinued operations (net of tax)	-	(280)	-	-	(280)
Earnings (loss) for the period	5,500	656	(2,667)	-	3,489
Total identifiable assets	61,949	24,480	740	-	87,169
Additions to property, plant & equipment	858	36	104	-	998
Additions to intangible assets	286	41	93	-	420

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Geographic information

	Three months ended September 30, 2011		Three months ended September 30, 2010	
	Revenue	Property, plant and equipment	Revenue	Property, plant and equipment
	$	$	$	$
Canada	17,561	16,227	11,480	16,310
US	11,019	4,669	6,667	2,140
Middle East	2,941	-	1,906	-
Europe	2,326	-	685	-
Asia	1,547	-	3,257	-
United Kingdom	1,180	-	465	-
South America	1,040	-	643	-
Australasia	125	-	690	-
Africa	58	-	659	-
Mexico	18	-	456	-
	37,815	20,896	26,908	18,450

	Nine months ended September 30, 2011		Nine months ended September 30, 2010	
	Revenue	Property, plant and equipment	Revenue	Property, plant and equipment
	$	$	$	$
Canada	48,214	16,227	27,659	16,310
US	40,257	4,669	19,986	2,140
Europe	8,811	-	3,963	-
Middle East	4,833	-	3,610	-
United Kingdom	2,486	-	5,692	-
Asia	2,382	-	3,745	-
South America	1,131	-	869	-
Australasia	873	-	2,042	-
Africa	529	-	1,118	-
Mexico	30	-	733	-
	109,546	20,896	69,417	18,450

13. Changes in non-cash working capital

For the three months ended:

	September 30 2011 $	September 30 2010 $
Changes in items of working capital:		
Trade and other receivables	2,378	303
Inventories	(3,936)	(2,544)
Trade and other payables	4,521	3,079
Provisions	86	72
	3,049	910

For the nine months ended:

	September 30 2011 $	September 30 2010 $
Changes in items of working capital:		
Trade and other receivables	(1,089)	(6,347)
Inventories	(7,904)	(3,688)
Trade and other payables	7,688	4,974
Provisions	357	(136)
	(948)	(5,197)

14. Dividends

A dividend of $0.01 per share, totaling $265, declared on March 10, 2011 was paid on March 31, 2011.

A dividend of $0.04 per share, totaling, $1,059, declared on March 17, 2011, was paid April 11, 2011.

A dividend of $0.01 per share, totaling $265, declared on May 19, 2011 was paid on June 30, 2011.

A dividend of $0.01 per share, totaling $265, declared on September 30, 2011 and is unpaid as at September 30, 2011. This dividend was paid on October 28, 2011.

15. Discontinued Operations

On June 30, 2011, Rebel Metal Fabricators Ltd. ("Rebel") was sold for proceeds of $1,063. The proceeds are payable over 36 months as described in note 5. Operating results relating to Rebel have been included in earnings from discontinued operations in the Consolidated Statement of Comprehensive earnings. Subsequent to the sale, there was a working capital adjustment of $57, net of tax, which was recognized during the three months ended September 30, 2011.

Additionally, on December 31, 2010, the Truck and Trailer Parts & Service division of McCoy and the service and parts division of Peerless Limited ("McCoy Parts & Service") were sold. Operating results related to McCoy Parts & Service have been included in the June 30, 2010 earnings from discontinued operations in the Consolidated Statement of Comprehensive Income.

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The net assets disposed on June 30, 2011 related to the sale of Rebel are as follows:

	June 30 2011 $
Cash	577
Other current assets	2,255
Non-current assets	277
Total assets	3,109
Current liabilities	1,992
Non-current liabilities	54
Total liabilities	2,046
Net Assets	1,063

The results related to discontinued operations are as follows:

For the three months ended September 30:

	September 30, 2011	September 30, 2010		
	Rebel $	Rebel $	Parts and Service $	Total $
Revenue	-	793	4,480	5,273
Cost of sales	-	(654)	(3,572)	(4,226)
Other expenses	(78)	(306)	(592)	(898)
Net earnings (loss) from discontinued operations before income taxes	(78)	(167)	316	149
Income taxes recovery (expense)	21	49	(91)	(42)
Net earnings (loss) from discontinued operations	(57)	(118)	225	107

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For the nine months ended September 30:

	September 30, 2011	September 30, 2010		
	Rebel $	Rebel $	Parts and Service $	Total $
Revenue	3,673	3,142	12,815	15,957
Cost of sales	(3,190)	(2,921)	(10,542)	(13,463)
Other expenses	(616)	(1,005)	(1,895)	(2,900)
Net earnings (loss) from discontinued operations before income taxes	(133)	(784)	378	(406)
Income taxes recovery (expense)	7	232	(106)	126
Net earnings (loss) from discontinued operations	(126)	(552)	272	(280)

16. Subsequent event

On October 31, 2011, McCoy entered into an agreement to sell its 50% share in the assets of its joint venture, Prairie Truck Ltd.