FINNING

Press Release *For distribution: August 12, 2009*

Finning Announces Second Quarter Results

Strong cash flow and solid expense reductions counter soft market conditions

- Free cash flow of $140 million was an improvement of $178 million over the second quarter of 2008. Net debt to capital improved to 46% at the end of the quarter from 49% at March 31, 2009 and available committed credit facilities have increased to approximately $450 million.
- Significant progress in reducing costs with selling, general and administrative expenses down $50 million or 15%, quarter over quarter. On track to achieve annual cost savings of $150 million.
- Revenues were down 24% from the second quarter 2008 affected by a decline in new equipment sales and rentals.
- Diluted earnings per share were $0.28 compared to $0.39 in the same period last year. Lower business volumes and decreased profitability in Canada and the U.K. negatively impacted earnings.

Vancouver, B.C. – Finning International Inc. today reported revenues of almost $1.2 billion and diluted earnings per share (EPS) of $0.28 in the second quarter of 2009. Revenues declined 24% from the same quarter last year due to significantly lower new equipment sales and rental revenues in all operations, reflecting weak economic conditions. Free cash flow was strong in the second quarter at $140 million, a substantial improvement from negative $38 million free cash flow in the prior year's quarter.

"We have focused our attention on driving improvements in cash flow generation and balance sheet liquidity as well as cost reduction initiatives during these uncertain times," said Mike Waites, Finning's president and chief executive officer. "We are also focusing on improving our consolidated EBIT margin and capitalizing on opportunities, including mining and power systems. Product support revenues and margins remained steady. Our South American operations continue to produce outstanding results. During the quarter, the economy in the U.K. took another step down. The UK dealership has remained profitable, but the Hewden results continue to disappoint. A strategic review is underway at Hewden with a view of assessing alternatives commensurate with our overall goal of maximizing shareholder value."

"We will come out of this recession stronger," continued Mr. Waites. "We made a commitment to improve our free cash flow and reduce our operating costs and we are well on our way to achieving these commitments. Our financial position is very solid. We believe that improving our operating EBIT margin and the strong cash generation capability of our business will set the stage for further growth opportunities in areas that play to our strengths."

FINANCIAL HIGHLIGHTS

C$ in millions, except per share amounts	Three months ended June 30		
(unaudited)	**2009**	2008	% Change
Revenue	**1,165**	1,531	(24)
Earnings before interest and income taxes (1)	**60**	108	(44)
Net income	**48**	67	(29)
Diluted earnings per share	**0.28**	0.39	(28)
Free cash flow (1) (2)	**140**	(38)	468

- Revenues of $1.2 billion were down 24% over the comparable quarter 2008 due to significantly lower new equipment sales and rental revenues in our Canadian and UK operations.

- Gross profit decreased $90 million or 21% versus the prior year's quarter. The impact of the decline in revenue was somewhat offset by the shift in the revenue mix to higher margin product support. Product support accounted for 40% of total revenues compared to 31% in the second quarter last year. This also resulted in slightly higher gross profit margin of 30.0% relative to 28.7% achieved in the same quarter 2008.

- Selling, general and administrative (SG&A) expenses were lower by almost $50 million or 15% in the second quarter reflecting cost reduction and operating efficiency measures undertaken in the past three quarters.

- EBIT was $60 million, down 44% compared with the same period in 2008. Consolidated EBIT margin declined to 5.2% compared to 7.0% in the second quarter 2008 due to lower profitability from the UK and Canadian operations.

- Net income decreased 29% to $48 million. Diluted EPS was $0.28 per share, 28% lower compared to $0.39 per share in the second quarter 2008. Diluted EPS was positively impacted by $0.13 per share, primarily from the weaker Canadian dollar relative to the US dollar.

- Free cash flow was $140 million generation of cash compared to $38 million use of cash in the second quarter of 2008 primarily due to active management to reduce working capital and net rental spend.

- Second quarter 2009 results included restructuring and severance costs of $10 million (or $0.04 per share) which were offset by a one-time positive tax adjustment of $9 million (or $0.05 per share). Comparatively, second quarter 2008 results included non-recurring costs related to the integration of Collicutt and UK restructuring costs totaling $10 million (or $0.04 per share).

HIGHLIGHTS BY OPERATIONS

Canada

- Second quarter revenues decreased 31% over the same period last year affected primarily by an almost 50% decline in new equipment sales. SG&A costs were lower in the second quarter 2009 as a result of headcount reductions and lower operating costs. The restructuring costs associated with reduced headcount were $5 million. EBIT was $38 million in the second quarter 2009 compared to $73 million in the second quarter 2008. EBIT margin was 6.5%, comparable with the first quarter 2009 EBIT margin of 6.4%, but lower than the EBIT margin of 8.6% achieved in the second quarter 2008.
- The economic downturn in general resulted in lower demand for new equipment in mining, construction, forestry and conventional oil & gas industries. New equipment deliveries to the oil sands declined compared to the record level we experienced in 2008. Product support revenues were 9% lower compared to the second quarter last year due to lower service revenues. Parts revenues and margins remained strong. After adjusting for the discontinued Collicutt fabrication business, revenues from this line of business were flat compared to prior year's quarter.

South America

- Revenues increased by 6% in the second quarter 2009 relative to the same quarter last year. In functional currency (USD), revenues were 8% lower. Product support revenues were up 19% in the second quarter (up 3% in functional currency). This was offset by 5% lower new equipment revenues (down 18% in functional currency). EBIT was $38 million in the second quarter, 6% higher than in the second quarter 2008. In functional currency, EBIT decreased 7% over the prior year. EBIT margin of 10.6% was solid and comparable to the second quarter 2008.

- Lower demand from construction and power systems was partly offset by modest growth in the mining sector. Product support revenues continued to grow driven by the high population of Caterpillar mining equipment in the field and the increasing number of mining maintenance and repair contracts secured over recent years.

United Kingdom

- The UK Group's revenues for the second quarter declined 36% from the same period last year and in local currency, revenues were down 29%. In local currency, new equipment sales and rental revenues declined 43% and 33% respectively compared to the second quarter 2008. Product support revenues were down 15% in local currency. The UK Group incurred an EBIT loss of $9 million in the second quarter, compared with EBIT of $17 million in the second quarter last year. The results were due to significantly lower new equipment sales and rental revenues resulting in an EBIT loss at Hewden that was partly offset by positive EBIT at the UK dealership.

- Market conditions in the U.K. weakened further in the second quarter negatively affecting the UK construction sector, which is a significant business sector to which we provide equipment and services. We continue to see growth opportunities for our product support business in the U.K., particularly in coal mining and with power systems projects. Management has implemented a number of initiatives to reduce costs and dispose of surplus rental fleet in light of the current market conditions. A strategic review is underway at Hewden with a view of assessing alternatives commensurate with our overall goal of maximizing shareholder value.

CORPORATE AND BUSINESS DEVELOPMENTS

Dividend

The Board of Directors approved the company's quarterly dividend at $0.11 per common share, payable on September 11, 2009, to shareholders of record on August 28, 2009. This dividend will be considered an eligible dividend for Canadian income tax purposes.

MARKET OUTLOOK

Challenging economic conditions continue to impact Finning's business. Previous expectations for 2009 revenue levels, established late in 2008 as part of the company's budgeting process will likely not be achieved. As a result, the Company is withdrawing the revenue guidance previously provided. Given the current market uncertainty, Finning will not be providing revised guidance on expected revenue levels for 2009. Customer order intake levels for new equipment sales are lower than in recent years and while quoting activity has increased in several market segments, it is difficult to predict future business levels. Finning's global backlog was $0.6 billion at the end of the second quarter, lower than the March 2009 level of $0.9 billion and the December 2008 level of $1.5 billion.

Demand for product support is expected to continue at satisfactory levels due to the large population of Caterpillar equipment operating in our territories. In the non-mining sectors, equipment utilization levels are down and some customers are deferring equipment maintenance or selectively performing their own routine maintenance.

In western Canada, the mining industry, including the oil sands, remains active and existing production fleets of heavy trucks and support equipment continue to operate at good levels. There is significant quoting activity in the oil sands sector and it is reasonable to anticipate this will lead to future sales. The heavy construction market remains reasonably active and incremental business resulting from government infrastructure spending is expected in the future. Equipment demand for the general construction, forestry, and conventional oil and gas industries remains soft and it now appears that weaker equipment demand in these sectors will continue through 2009.

Demand for equipment in South America is not being impacted as negatively as in the other regions. Revenues in the second half of the year are expected to moderate from the levels achieved during the first half of 2009, which benefitted from a strong backlog of mining equipment. In mining, product support revenues are expected to remain solid. At current copper prices, the Chilean mining industry is anticipated to remain healthy and mining expansions are expected to proceed in due course, as some Chilean copper producers have recently indicated they may re-start their evaluations of projects which had been postponed at the onset of the recession. Construction and power systems markets in Chile and Argentina are lower than the record levels of recent quarters.

Market conditions in the U.K. have taken a further downturn which has significantly impacted business levels at the Hewden rental operation and to a lesser extent at the UK dealership. Demand for equipment and product support for power systems and coal mining continues at reasonable levels. The availability of inexpensive rental equipment in the marketplace is reducing demand for new equipment for projects. General construction continues to be weak and is not expected to recover soon. While business levels are lower, the dealership continues to generate modest profits. Regarding Hewden, rental utilization rates and pricing are negatively affected resulting in lower rental revenues and higher operating losses than previously anticipated. The weak market conditions are expected to continue well into 2010. As a result of the further downturn and weaker outlook for the UK rental segment, management is undertaking a strategic review at Hewden with a view of assessing alternatives commensurate with our overall goal of maximizing shareholder value.

In light of potential softness in the market, management continues to review the company's cost structure in all regions. Finning's financial condition remains strong and is expected to improve further as strong cash generation is used to reduce debt levels. Available committed credit facilities have increased to approximately $450 million.

SELECTED CONSOLIDATED FINANCIAL INFORMATION: SECOND QUARTER 2009, UNAUDITED (C$ millions, except per share amounts)

	Three months ended June 30		
Revenue	**2009**	2008	% Change
New equipment	**465.7**	770.5	(40)
Used equipment	**103.0**	104.0	(1)
Equipment rental	**124.5**	176.1	(29)
Product support	**468.5**	476.2	(2)
Other	**3.2**	4.5	(29)
Total revenue	**1,164.9**	1,531.3	(24)
Gross profit	**349.8**	440.2	(21)
Gross profit margin (3)	***30.0%***	*28.7%*	
Selling, general & administrative expenses	**(274.9)**	(324.1)	15
Other income (expenses)	**(14.6)**	(8.1)	(80)
Earnings before interest and income taxes (EBIT)	**60.3**	108.0	(44)
EBIT margin (4)	***5.2%***	*7.0%*	
Net income	**47.8**	67.2	(29)
Diluted earnings per share (diluted EPS)	**0.28**	0.39	(28)
Free cash flow	**139.7**	(38.2)	466
	Jun 30, 2009	Dec 31, 2008	
Total assets	**4,357.3**	4,720.4	
Total shareholders' equity	**1,621.6**	1,567.1	
Net debt to total capital (5)	**46%**	49%	

SECOND QUARTER CONFERENCE CALL
Management will hold an investor conference call on Wednesday, August 12 at 3:00 pm eastern time. Dial-in numbers: 1-866-898-9626 (anywhere within Canada and the U.S.)
(416) 340-2216 (for participants dialing from Toronto and overseas)

The call will be webcast live and subsequently archived at www.finning.com. Playback recording will be available at 1-800-408-3053 from 5:00 pm eastern time on August 12 until August 19. The pass code to access the playback recording is 1465846 followed by the number sign.

NEXT QUARTERLY RESULTS–November 10
Finning International's third quarter results for 2009 will be released and an investor conference call will be held on November 10, 2009.

About Finning
Finning International Inc. (TSX: FTT) is the world's largest Caterpillar equipment dealer delivering unrivalled service to customers since 1933. Finning sells, rents and services equipment and engines to help customers maximize productivity. Headquartered in Vancouver, B.C., the company operates in western Canada, Chile, Argentina, Bolivia, Uruguay, and the United Kingdom.

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Footnotes

(1) These amounts do not have a standardized meaning under generally accepted accounting principles. For a reconciliation of these amounts to net income and cash flow from operating activities, see the heading "Description of Non-GAAP Measures" in the Company's management discussion and analysis that accompanies the second quarter interim consolidated financial statements.

(2) Free cash flow is defined as cash provided by (used in) operating activities less net capital expenditures.

(3) Gross profit margin is defined as gross profit as a percentage of total revenue.

(4) EBIT margin is defined as earnings before interest and taxes as a percentage of total revenue.

(5) Net debt to total capital ratio is calculated as short-term debt and long-term debt, net of cash and cash equivalents (net debt) divided by total capitalization. Total capitalization is defined as the sum of net debt and all components of equity (share capital, contributed surplus, accumulated other comprehensive loss, and retained earnings).

Forward-Looking Disclaimer

This report contains statements about the Company's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements may include words such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strategy, strive, target, and will. Forward-looking statements in this report include, but are not limited to, statements with respect to: expectations with respect to the economy and associated impact on the Company's financial results; the estimated annualized cost savings and anticipated restructuring charges related to actions taken by the Company in response to the economic downturn; anticipated generation of free cash flow, and its expected use; and expected target range of Debt Ratio. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Unless otherwise indicated by us, forward-looking statements in this report describe our expectations at August 12, 2009. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from our expectations expressed in or implied by such forward-looking statements and that our business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize. Factors that could cause actual results or events to differ materially from those expressed in or implied by our forward-looking statements include: general economic and credit market conditions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, our products and services; our dependence on the continued market acceptance of Caterpillar's products and Caterpillar's timely supply of parts and equipment; our ability to continue to implement our cost reduction initiatives while continuing to maintain customer service; the intensity of competitive activity; our ability to raise the capital we need to implement our business plan; regulatory initiatives or proceedings, litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments for operations outside Canada. Forward-looking statements are provided in this report for the purpose of giving information about management's current expectations and plans and allowing investors and others to get a better understanding of our operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this report are based on a number of assumptions that we believed were reasonable on the day we made the forward-looking statements. Refer in particular to the Market Outlook section of the MD&A. Some of the assumptions, risks, and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this report are discussed in the Company's 2008 Annual Information Form (AIF) on pages 31-44.

We caution readers that the risks described in the AIF are not the only ones that could impact us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our business, financial condition, or results of operations.

Except as otherwise indicated by us, forward-looking statements do not reflect the potential impact of any non-recurring or other unusual items or of any dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date hereof. The financial impact of these transactions and non-recurring and other unusual items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the financial results of Finning International Inc. (Finning or the Company) should be read in conjunction with the interim consolidated financial statements and accompanying notes. The results reported herein have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are presented in Canadian dollars unless otherwise stated. Additional information relating to the Company, including the Annual Information Form, can be found on the SEDAR (System for Electronic Disclosure and Retrieval) website at www.sedar.com

Results of Operations

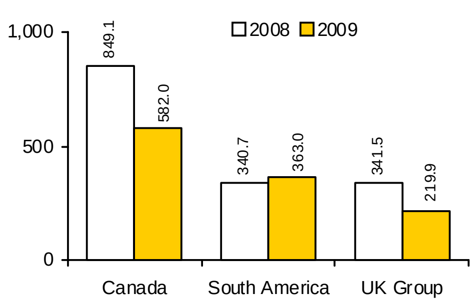
Second Quarter Overview

($ millions)	Q2 2009	Q2 2008	Q2 2009 (% of revenue)	Q2 2008 (% of revenue)
Revenue	**$ 1,164.9**	$ 1,531.3		
Gross profit	**349.8**	440.2	**30.0%**	28.7%
Selling, general & administrative expenses	**(274.9)**	(324.1)	**(23.6)%**	(21.2)%
Other income (expenses)	**(14.6)**	(8.1)	**(1.2)%**	(0.5)%
Earnings before interest and income taxes (EBIT) (1)	**60.3**	108.0	**5.2%**	7.0%
Finance costs	**(13.4)**	(20.5)	**(1.2)%**	(1.3)%
Provision for income taxes	**0.9**	(20.3)	**0.1%**	(1.3)%
Net income	**$ 47.8**	$ 67.2	**4.1%**	4.4%
Free cash flow (1) (2)	**$ 139.7**	$ (38.2)		

(1) These amounts do not have a standardized meaning under generally accepted accounting principles. For a reconciliation of these amounts to net income and cash flow from operating activities, see the heading "Description of Non-GAAP Measures" in the Company's management discussion and analysis (MD&A).

(2) Free cash flow is defined as cash provided by (used in) operating activities less net capital expenditures.

Revenue by Operation
($ millions)
Three months ended June 30



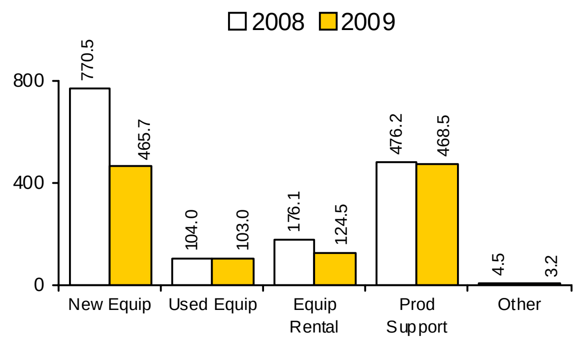
Second quarter consolidated revenues of almost $1.2 billion decreased 23.9% over the comparable quarter in 2008, with lower revenues contributed by both the Canadian and UK operations.

Revenues from the Company's Canadian operations decreased 31.5% in the second quarter of 2009 compared with the same period last year, primarily due to lower new equipment sales. Revenues from the Company's Canadian operations were lower as a result of decreased market demand for most products due to weaker economic conditions. Product support revenues were 8.5% lower when compared to the same period last year, largely due to the discontinued fabrication business of Collicutt Energy Services (acquired in January 2008) which contributed approximately $20 million of product support revenue in the second quarter of 2008.

Revenues from the Company's operations in South America increased 6.5% compared to the second quarter of 2008, and continued to reflect strong new equipment sales and product support revenues in the mining sector. However, excluding the positive impact of foreign exchange when translating results with a weaker Canadian dollar, revenues for the second quarter of 2009 in functional currency (the U.S. dollar) decreased by 7.7% in the Company's South American operations over the second quarter of 2008. In the U.K., revenues were down 35.6% over the second quarter of 2008 primarily as a result of weaker economic conditions which was reflected in lower new equipment sales, rental revenues, and product support revenues. In local currency, revenues were 29.2% lower when compared to last year's second quarter.

Changes in the Canadian / U.S. dollar and Canadian / U.K. pound sterling relationship affected reported results on the translation of the financial statements of the Company's South American and UK Group operations as well as U.S. dollar based earnings of the Company's Canadian operations. The Canadian dollar was 15.5% weaker relative to the U.S. dollar and 9.2% stronger relative to the U.K. pound sterling in the second quarter of 2009 compared to the same period last year. The impact in the second quarter of 2009 was to increase revenues approximately $72 million or 6%.

Revenue by Line of Business
($ millions)
Three months ended June 30



From a line of business perspective, new equipment sales were down 39.6% compared with the second quarter of 2008, affected by lower volumes in the Company's Canadian and UK operations.

Product support revenues in the second quarter of 2009 were comparable with the same quarter last year. Lower service revenue was partially offset by higher parts revenue. Strong demand over the past several years for equipment in the mining and infrastructure sectors has resulted in demand for product support in order to service the larger population of equipment. However, in recent months the Company has seen certain customers manage their spending by deferring some repairs or repairing equipment themselves.

Used equipment revenues were comparable to the prior year's second quarter and level of activity varies depending on product availability, customer buying preferences, and exchange rate considerations. Lower rental revenues were experienced by all operations in the second quarter of 2009, particularly in the Hewden rental business. Activity in the construction market in the U.K. is depressed and as a result rental activity is low.

Finning's global order book or backlog (the retail value of new equipment units ordered by customers for future deliveries) was $0.6 billion at the end of the second quarter of 2009, lower than the March 2009 level of $0.9 billion, and the December and June 2008 levels of $1.5 billion and $1.7 billion, respectively. The reduction in backlog in the quarter is due to deliveries to customers exceeding new orders and lower delivery lead times required for equipment. As expected, new order intake in the second quarter of 2009 was lower than last year, reflecting the economic downturn. New order intake this quarter was consistent with that of the first quarter of 2009. Cancellations in the second quarter of 2009 have decreased considerably compared to the first quarter of 2009 and the fourth quarter of 2008.

Earnings Before Interest and Taxes (EBIT)

On a consolidated basis, EBIT in the second quarter of 2009 of $60.3 million decreased by 44.2% or $47.7 million compared with the same period in 2008 primarily due to lower revenues and gross profit.

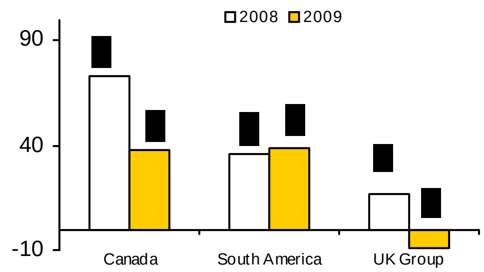
Gross profit decreased 20.5% to $349.8 million in the second quarter of 2009 compared with the second quarter of 2008, a result of overall economic weakness in the countries where we operate and this resulted in lower revenues in all lines of business. However, quarterly gross profit margin (gross profit as a percentage of revenue) was up from the prior year primarily due to the shift in revenues to higher product support revenues in all operations, as the Company services the large population of equipment in its territories. Product support revenues made up 40.2% of total revenues in the second quarter of 2009, compared with 31.1% of total revenues in the same period last year. The Company earns higher gross profit margins from product support compared to other lines of business and, in spite of lower margins in other lines of business, the higher mix of product support revenues in the second quarter of 2009 resulted in gross profit as a percentage of revenue of 30.0%, up from 28.7% for the same period in 2008.

Selling, general, and administrative (SG&A) costs were down approximately $50 million or 15.2% in the second quarter of 2009 compared to the same quarter last year. Management has taken action to reduce its cost structure in the past 3 quarters in response to the economic downturn. These actions are expected to result in annualized cost savings of approximately $150 million, which started to be realized during the first quarter of 2009.

Second quarter results included restructuring and severance costs of $9.6 million. Comparatively, second quarter 2008 results included non-recurring costs related to the integration of Collicutt and UK restructuring costs totalling $9.6 million.

The Company's EBIT margin (EBIT divided by revenues) was 5.2% in the second quarter of 2009, down from 7.0% earned in the second quarter of 2008 due to the factors noted above.

EBIT by Operation
($ millions)
Three months ended June 30



Excluding other operations – corporate head office

Major components of the EBIT variance were:

	($ millions)
2008 Q2 EBIT	108.0
Net change in operations	(78.5)
Foreign exchange impact	29.9
Collicutt integration and start-up costs in 2008	7.3
Higher restructuring costs	(6.8)
Other net expenses	0.4
2009 Q2 EBIT	**60.3**

Finance Costs

Finance costs for the three months ended June 30, 2009 were $13.4 million compared with $20.5 million in the second quarter of 2008. The lower finance costs in 2009 were primarily due to lower interest rates on both short-term and long-term debt.

Provision for Income Taxes

The effective income tax rate for the second quarter of 2009 was (1.9)% compared to 23.2% in the comparable period of the prior year primarily due to a one-time tax adjustment in the quarter. Second quarter 2009 income tax expense was reduced by $8.5 million due to a change in the estimated tax rate related to items that had been recorded directly to other comprehensive income in prior periods. This one-time tax adjustment reduced the Company's tax rate by 18%. The effective tax rate was also lower in the second quarter of 2009 due to a higher proportion of earnings from lower tax jurisdictions and a positive outcome related to a review by tax authorities.

Net Income

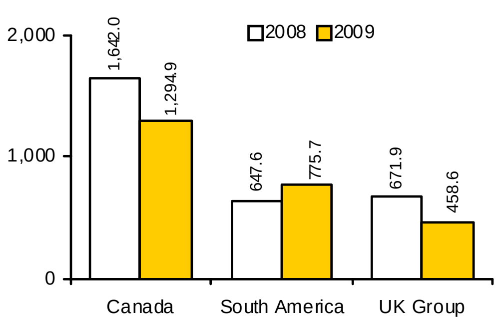
Finning's net income decreased 28.9% to $47.8 million in the second quarter of 2009 compared with $67.2 million in the comparative period in 2008.

Basic EPS decreased 28.2% to $0.28 per share in the second quarter of 2009 compared with $0.39 per share in the comparative period last year. Lower revenues and gross profit from all lines of business contributed to the decline, partially offset by lower SG&A costs. Results for the second quarter of 2009 included a one-time income tax recovery of approximately $0.05 per share related to the change in the estimated tax rate noted above, partially offset by restructuring and severance costs of approximately $0.04 per share as the Company adjusts its cost base in light of the current economic downturn. Comparatively, results for the second quarter of 2008 included non-recurring costs ($0.04 per share) related to the integration of Collicutt, and restructuring costs in connection with the business support integration in the U.K.

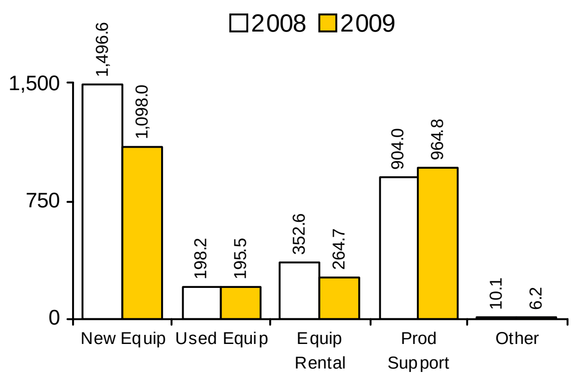
Year-to-Date Overview

($ millions)	June 30 YTD 2009	June 30 YTD 2008	June 30 YTD 2009 (% of revenue)	June 30 YTD 2008 (% of revenue)
Revenue	**$ 2,529.2**	$ 2,961.5		
Gross profit	**743.7**	849.8	**29.4%**	28.7%
Selling, general & administrative expenses	**(584.8)**	(638.8)	**(23.1) %**	(21.6)%
Other income (expenses)	**(23.0)**	6.8	**(0.9)%**	0.2%
Earnings before interest and income taxes	**135.9**	217.8	**5.4%**	7.3%
Finance costs	**(31.3)**	(40.3)	**(1.2)%**	(1.3)%
Provision for income taxes	**(11.8)**	(39.5)	**(0.5)%**	(1.3)%
Net income	**$ 92.8**	$ 138.0	**3.7%**	4.7%
Free cash flow	**$ 137.9**	$ (121.6)		

Revenue by Operation
($ millions)
Six months ended June 30



Revenue by Line of Business
($ millions)
Six months ended June 30



For the six month period ending June 30, 2009, revenues of $2.5 billion decreased 14.6% over the same period last year, with lower revenues contributed by both the Canadian and UK operations. Although revenue contributed by the Company's South American operations increased 19.8% in the first half of 2009 compared with the same period last year, in functional currency, revenues were comparable to the first half of 2008.

On a consolidated basis, new equipment sales were 26.6% lower than the first half of 2008, and down in all operations in local or functional currency. Product support revenues were up 6.7%, with higher parts revenue partly offset by lower service revenue.

Similar to the second quarter of 2009, used equipment revenues were comparable in the first half of 2009 to the same period last year, and lower rental revenues in the first half of 2009 reflected lower rental activity in the UK rental business.

Earnings Before Interest and Taxes (EBIT)

EBIT of $135.9 million decreased 37.6% compared with the first half of 2008 due to lower revenues as a result of the weak economic conditions and higher restructuring costs in 2009 compared to significant property gains recorded in 2008.

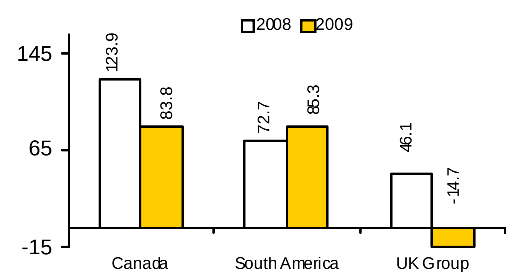
Gross profit of $743.7 million in the first six months of the year decreased 12.5% over the same period last year; however, gross profit as a percentage of revenue was 29.4%, compared with 28.7% in the first half of 2008, primarily due to the shift in revenues to a higher proportion of product support revenues which generate higher margins. Gross margins are down in all other lines of business, with the exception of product support.

SG&A costs were 8.5% lower in the first half of 2009 reflecting the implementation of cost reductions and productivity improvement measures.

Results for the first half of 2009 included restructuring and severance costs of $15.5 million and costs of $10.2 million related to the implementation of a new information technology (IT) system for the Company's global operations. Comparatively, results for the six months ended June 20, 2008 included non-recurring costs of $15.4 million related to the integration of Collicutt and UK restructuring costs, and costs of $6.0 million related to the new IT system. Also included in the results for the first half of 2008 was a $14.7 million pre-tax gain on the sale of certain properties in Hewden.

The Company's EBIT margin was 5.4% in the first half of 2009, down from 7.3% in the first six months of 2008 due to the factors noted above.

EBIT by Operation
($ millions)
Six months ended June 30



Excluding other operations – corporate head office

Major components of the EBIT variance were:	($ millions)
2008 Year-to-Date EBIT	217.8
Net change in operations	(122.7)
Foreign exchange impact	58.0
Gain on sale of certain properties in Hewden in 2008	(14.7)
Collicutt integration and start-up costs in 2008	12.6
Higher restructuring costs	(12.1)
Other net expenses	(3.0)
2009 Year-to-Date EBIT	**135.9**

Finance Costs

Finance costs for the six months ended June 30, 2009 were $31.3 million compared with $40.3 million in the first half of 2008. The lower finance costs in 2009 were primarily due to lower interest rates on both short-term and long-term debt.

Provision for Income Taxes

The effective income tax rate for the first half of 2009 was 11.2% compared to 22.3% in the comparable period of the prior year primarily due to a one-time tax adjustment in the second quarter of 2009. The income tax expense in the first half of 2009 was reduced by $8.5 million due to a change in the estimated tax rate related to items that had been recorded directly to other comprehensive income in prior periods. This one-time tax adjustment reduced the Company's tax rate by 8% for the first half of 2009. The effective tax rate in the first half of 2009 was also lower due to a higher proportion of earnings from lower tax jurisdictions and a positive outcome related to a review by tax authorities.

Net Income

Finning's net income of $92.8 million was down 32.8% in the first six months of 2009 compared with the same period in 2008.

Basic EPS for the six months ended June 30, 2009 was $0.54 per share compared with $0.80 per share in the same period last year. As noted above, the results from the first half of 2009 included non-recurring costs of $0.10 per share related to restructuring and severance costs and IT implementation costs, partially offset by an income tax recovery of approximately $0.05 per share related to the change in the estimated tax rate noted above. The results for the first half of 2008 included $0.08 per share of gains on sale of certain properties in Hewden offset by $0.09 per share of other non-recurring costs.

Foreign Exchange

The Company's reporting currency is the Canadian dollar. However, due to the geographical diversity of the Company's operations, a significant portion of revenue and operating expenses are in a different currency. The most significant currencies in which the Company transacts business are the U.S. dollar, the Canadian dollar, and the U.K. pound sterling. The most significant foreign exchange impact on the Company's net income is the translation of foreign currency based earnings into Canadian dollars.

Compared to the second quarter of 2008, foreign exchange had a positive impact on consolidated revenues in the second quarter of 2009 compared to the prior year of approximately $72.4 million due to a weaker Canadian dollar relative to the U.S. dollar (15.5% weaker than the second quarter of 2008), partially offset by a 9.2% stronger Canadian dollar relative to the U.K. pound sterling. As a result, net income was positively impacted by approximately $0.13 per share in the second quarter of 2009 compared to the prior year.

Similarly, net income was positively impacted by approximately $0.26 per share in the first half of 2009 compared to the same period last year due to the weaker Canadian dollar relative to the U.S. dollar (19.8% weaker than the first half of 2008), partially offset by a 9.6% stronger Canadian dollar relative to the U.K. pound sterling.

As commodity prices (and typically the Canadian dollar) weaken, Finning's business in the mining and oil sands sectors slows. However, this is directionally offset by U.S. dollar based earnings translating into more Canadian dollars.

The impact of foreign exchange due to the movement of the Canadian dollar relative to the U.S. dollar and U.K. pound sterling is expected to continue to affect Finning's results throughout 2009. The sensitivity of the Company's net earnings to fluctuations in the average annual foreign exchange rates is summarized in the Risk Management Section of this MD&A.

The following tables provide details of revenue and EBIT contribution by operation and the foreign exchange impact for the three and six months ended June 30, 2009.

Three months ended June 30 ($ millions)	**Canada**	**South America**	**UK Group**	**Consolidated**
Revenues – Q2 2008	$ 849.1	$ 340.7	$ 341.5	$ 1,531.3
Foreign exchange impact	52.3	42.1	(22.0)	72.4
Operating revenue increase (decrease)	(319.4)	(19.8)	(99.6)	(438.8)
Revenues – Q2 2009	$ 582.0	$ 363.0	$ 219.9	$ 1,164.9
Total revenue increase (decrease)	$ (267.1)	$ 22.3	$ (121.6)	$ (366.4)
- percentage increase (decrease)	(31.5)%	6.5%	(35.6)%	(23.9)%
- percentage increase (decrease), excluding foreign exchange	(37.6)%	(5.8)%	(29.2)%	(28.7)%

Six months ended June 30 ($ millions)	**Canada**	**South America**	**UK Group**	**Consolidated**
Revenues – Q2 YTD 2008	$ 1,642.0	$ 647.6	$ 671.9	$ 2,961.5
Foreign exchange impact	134.9	109.6	(48.9)	195.6
Operating revenue increase (decrease)	(482.0)	18.5	(164.4)	(627.9)
Revenues – Q2 YTD 2009	$ 1,294.9	$ 775.7	$ 458.6	$ 2,529.2
Total revenue increase (decrease)	$ (347.1)	$ 128.1	$ (213.3)	$ (432.3)
- percentage increase (decrease)	(21.1)%	19.8%	(31.7)%	(14.6)%
- percentage increase (decrease) , excluding foreign exchange	(29.4)%	2.9%	(24.5)%	(21.2)%

Three months ended June 30 ($ millions)	Canada	South America	UK Group	Other	Consolidated
EBIT – Q2 2008	$ 72.9	$ 36.2	$ 17.0	$ (18.1)	$ 108.0
Foreign exchange impact	20.0	9.6	0.3	—	29.9
Operating EBIT increase (decrease)	(55.0)	(7.3)	(26.6)	11.3	(77.6)
EBIT – Q2 2009	$ 37.9	$ 38.5	$ (9.3)	$ (6.8)	$ 60.3
Total EBIT increase (decrease)	$ (35.0)	$ 2.3	$ (26.3)	$ 11.3	$ (47.7)
- percentage increase (decrease)	(48.0)%	6.4%	(154.7)%	62.4%	(44.2)%
- percentage increase (decrease), excluding foreign exchange	(75.4)%	(20.2)%	(156.5)%	62.4%	(71.9)%

Six months ended June 30 ($ millions)	Canada	South America	UK Group	Other	Consolidated
EBIT – Q2 YTD 2008	$ 123.9	$ 72.7	$ 46.1	$ (24.9)	$ 217.8
Foreign exchange impact	31.6	25.8	0.6	—	58.0
Operating EBIT increase (decrease)	(71.7)	(13.2)	(61.4)	6.4	(139.9)
EBIT – Q2 YTD 2009	$ 83.8	$ 85.3	$ (14.7)	$ (18.5)	$ 135.9
Total EBIT increase (decrease)	$ (40.1)	$ 12.6	$ (60.8)	$ 6.4	$ (81.9)
- percentage increase (decrease)	(32.4)%	17.3%	(131.9)%	25.7%	(37.6)%
- percentage increase (decrease), excluding foreign exchange	(57.9)%	(18.2)%	(133.2)%	25.7%	(64.2)%

Results by Business Segment

The Company and its subsidiaries operate primarily in one principal business, that being the selling, servicing, and renting of heavy equipment and related products in various markets worldwide as noted below. Finning's operating units are as follows:

- *Canadian operations*: British Columbia, Alberta, the Yukon Territory, the Northwest Territories, and a portion of Nunavut.
- *South American operations*: Chile, Argentina, Uruguay, and Bolivia.
- *UK Group operations*: England, Scotland, Wales, Falkland Islands, and the Channel Islands.
- *Other*: corporate head office.

The table below provides details of revenue by operations and lines of business.

Three months ended June 30, 2009 ($ millions)	**Canada**	**South America**	**UK Group**	**Consolidated**	**Revenue percentage**
New equipment	**$ 237.3**	**$ 151.9**	**$ 76.5**	**$ 465.7**	**40.0%**
Used equipment	**57.8**	**12.4**	**32.8**	**103.0**	**8.8%**
Equipment rental	**53.7**	**12.6**	**58.2**	**124.5**	**10.7%**
Product support	**231.1**	**185.0**	**52.4**	**468.5**	**40.2%**
Other	**2.1**	**1.1**	**—**	**3.2**	**0.3%**
Total	**$ 582.0**	**$ 363.0**	**$ 219.9**	**$ 1,164.9**	**100.0%**
Revenue percentage by operations	**50.0%**	**31.1%**	**18.9%**	**100.0%**	

Three months ended June 30, 2008 ($ millions)	Canada	South America	UK Group	Consolidated	Revenue percentage
New equipment	$ 464.1	$ 159.7	$ 146.7	$ 770.5	50.3%
Used equipment	63.8	9.2	31.0	104.0	6.8%
Equipment rental	65.0	15.3	95.8	176.1	11.5%
Product support	252.6	155.6	68.0	476.2	31.1%
Other	3.6	0.9	—	4.5	0.3%
Total	$ 849.1	$ 340.7	$ 341.5	$ 1,531.3	100.0%
Revenue percentage by operations	55.4%	22.3%	22.3%	100.0%	

Six months ended June 30, 2009 ($ millions)	**Canada**	**South America**	**UK Group**	**Consolidated**	**Revenue percentage**
New equipment	**$ 578.2**	**$ 351.8**	**$ 168.0**	**$ 1,098.0**	**43.4%**
Used equipment	**111.6**	**21.9**	**62.0**	**195.5**	**7.7%**
Equipment rental	**120.4**	**26.1**	**118.2**	**264.7**	**10.5%**
Product support	**480.4**	**374.0**	**110.4**	**964.8**	**38.1%**
Other	**4.3**	**1.9**	**—**	**6.2**	**0.3%**
Total	**$ 1,294.9**	**$ 775.7**	**$ 458.6**	**$ 2,529.2**	**100.0%**
Revenue percentage by operations	**51.2%**	**30.7%**	**18.1%**	**100.0%**	

Six months ended June 30, 2008 ($ millions)	Canada	South America	UK Group	Consolidated	Revenue percentage
New equipment	$ 912.4	$ 300.7	$ 283.5	$ 1,496.6	50.5%
Used equipment	107.7	19.5	71.0	198.2	6.7%
Equipment rental	133.7	29.4	189.5	352.6	11.9%
Product support	480.1	296.0	127.9	904.0	30.5%
Other	8.1	2.0	—	10.1	0.4%
Total	$ 1,642.0	$ 647.6	$ 671.9	$ 2,961.5	100.0%
Revenue percentage by operations	55.4%	21.9%	22.7%	100.0%	

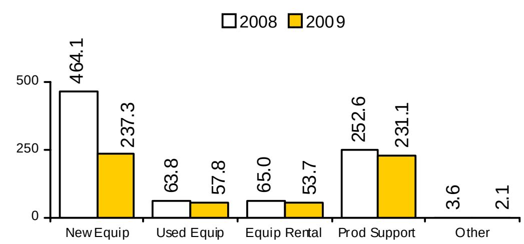
Canadian Operations

The Canadian operating segment primarily reflects the results of the Company's operating division, Finning (Canada). This reporting segment also includes the Company's interest in OEM Remanufacturing Company Inc. (OEM), which is separately managed from Finning (Canada), and a 25% interest in PipeLine Machinery International (PLM). On January 15, 2008, Finning (Canada) acquired the issued and outstanding common shares of Collicutt Energy Services Ltd. (Collicutt), a leading Canadian oilfield service company. The results of Collicutt's operations have been included in the consolidated financial statements since the acquisition date.

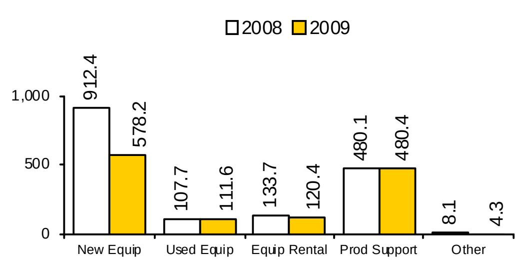
The table below provides details of the results from the Canadian operating segment:

	Three months ended June 30		Six months ended June 30	
($ millions)	**2009**	2008	**2009**	2008
Revenue from external sources	**$ 582.0**	$ 849.1	**$ 1,294.9**	$ 1,642.0
Operating costs	**(504.7)**	(737.7)	**(1,132.0)**	(1,443.2)
Depreciation and amortization	**(32.2)**	(37.8)	**(69.9)**	(74.2)
Other income (expenses)	**(7.2)**	(0.7)	**(9.2)**	(0.7)
Earnings before interest and taxes	**$ 37.9**	$ 72.9	**$ 83.8**	$ 123.9
Earnings before interest and taxes (EBIT)				
- as a percentage of revenue	**6.5%**	8.6%	**6.5%**	7.5%
- as a percentage of consolidated EBIT	**62.9%**	67.5%	**61.6%**	56.9%

Canada – Revenue by Line of Business
Three months ended June 30
($ millions)



Canada – Revenue by Line of Business
Six months ended June 30
($ millions)



Second quarter revenues decreased 31.5% over 2008 levels to $582.0 million, primarily due to lower new equipment sales. Lower commodity prices and the economic downturn in general have reduced new equipment deliveries into the construction, oil and gas, and mining sectors, by almost 50% over the second quarter of 2008. New equipment orders continued to be significantly lower than prior year levels but cancellations were much lower than levels experienced in the prior two quarters. Finning (Canada)'s backlog at June 2009 was below March 2009 levels due to lower demand and shorter lead times for equipment, but quoting activity is getting stronger as customers are delaying placing orders until they are further into their contract negotiation process than prior years. The existing backlog reflects future deliveries largely to the mining and power systems sectors which are both key to Finning's Canadian operations.

Over recent years, the Company has sold record numbers of large machines which provide significant product support opportunities for the future. In addition, Finning (Canada) has invested in its machine overhaul capability that continues to be attractive to customers, and perhaps more so in this economic environment. Product support revenues were 8.5% lower when compared to the same period last year, although this was largely due to the discontinued Collicutt fabrication business which contributed approximately $20 million of product support revenue in the second quarter of 2008. Second quarter revenues from the other lines of business in Canada were also slightly lower compared to the same period in 2008.

Foreign exchange had a positive impact of approximately $52 million on revenues in the second quarter of 2009 due to a 15.5% weaker Canadian dollar relative to the U.S. dollar compared to the same period last year.

In Canada, gross profit as a percentage of revenue was higher than the second quarter of 2008 due to the shift in revenue mix with a higher proportion of product support revenues which typically return higher margins than new equipment sales. Product support revenues made up 40% of total revenues in the second quarter of 2009, compared with 36% in the first quarter of 2009, and approximately 30% of total revenues in the second quarter of 2008. Other lines of business realized lower margins due to the economic environment.

In the fourth quarter of 2008, the Canadian operations responded to the downturn in the economy by downsizing its salaried workforce by approximately 225 people. In the second quarter of 2009, the Canadian operations reduced its workforce by a further 170 positions. Resources were also redeployed and realigned to areas that are considered high priority strategic areas. These actions are expected to improve profitability, advance strategic priorities, and reflect the Company's efforts to align costs with current and anticipated revenues. Included in other expenses are restructuring costs of $5.4 million which were incurred in the second quarter of 2009 as a result of the headcount reduction (year-to-date 2009: $6.0 million).

SG&A costs in the second quarter of 2009 were lower in absolute dollar terms, but higher as a percentage of revenue compared to the same period in 2008 due to lower revenues. SG&A costs in the second quarter of 2009 reflected lower salary and wage costs as a result of reduced headcount as well as actions taken to reduce discretionary expenses and improve efficiencies. Most discretionary expense levels are down over the prior year and cost savings from further actions taken will be realized during the remainder of the year.

Other expenses in the second quarter of 2009 included $1.8 million (year-to-date 2009: $3.2 million) of costs representing Finning (Canada)'s share of the costs related to the implementation of a new information technology (IT) system for the Company's global dealership operations which is expected to be implemented by mid-2010.

EBIT totalled $37.9 million in the second quarter of 2009 compared with $72.9 million in the same period in 2008. EBIT margin (EBIT divided by revenues) was 6.5%, comparable to the first quarter 2009 EBIT margin of 6.4%, but lower than the EBIT margin of 8.6% achieved in the second quarter of 2008. The reduction in EBIT was primarily due to lower new equipment sales and higher costs associated with restructuring and the implementation of the new IT system noted above, partially offset by lower SG&A costs from actions taken by the Canadian operations to reduce its cost structure.

Revenues for the six months ended June 30, 2009 decreased 21.1% to $1,294.9 million. Quarterly trends noted above also apply to the year-to-date results of the Company's Canadian operations. Product support revenues in the first six months of 2009 were comparable with the same period in 2008, while new equipment revenues were 36.6% lower than during the first half of 2008. Six month revenues from the other lines of business in Canada were comparable to the 2008 six month levels. Similar to the second quarter of 2009, SG&A costs for the first half of 2009 were lower in absolute dollar terms but higher as a percentage of revenue compared to the first half of 2008. The Canadian operations contributed EBIT of $83.8 million for the six months ended June 30, 2009, compared with $123.9 million for the same period in the prior year, a decrease of 32.4%.

Other Developments

Finning (Canada)'s collective bargaining agreement with the International Association of Machinists and Aerospace Workers, Vancouver Lodge 692, covering approximately 800 unionized employees located in British Columbia, expired on April 14, 2009. The Company is currently engaged in negotiations, and is committed to the collective bargaining process and to concluding a fair contract for its employees and for Finning.

The Company continues to be involved in Alberta Labour Relations Board proceedings with the International Association of Machinists and Aerospace Workers – Local Lodge 99 relating to Finning (Canada)'s outsourcing of component repair and rebuilding services to OEM in 2005. Decisions from the Alberta Labour Relations Board are not expected until later this year.

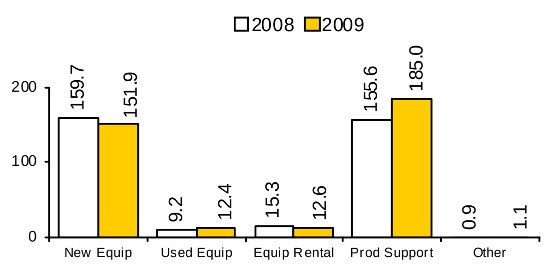
South America

The Company's South American operations include the results of its Caterpillar dealerships in Chile, Argentina, Uruguay, and Bolivia.

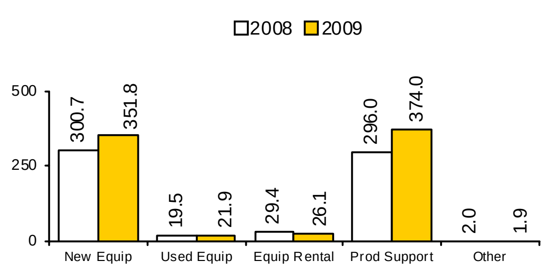
The table below provides details of the results from the South American operations:

($ millions)	Three months ended June 30 2009	Three months ended June 30 2008	Six months ended June 30 2009	Six months ended June 30 2008
Revenue from external sources	**$ 363.0**	$ 340.7	**$ 775.7**	$ 647.6
Operating costs	**(314.5)**	(296.5)	**(669.5)**	(559.2)
Depreciation and amortization	**(9.4)**	(7.9)	**(19.8)**	(15.5)
Other expenses	**(0.6)**	(0.1)	**(1.1)**	(0.2)
Earnings before interest and taxes	**$ 38.5**	$ 36.2	**$ 85.3**	$ 72.7
Earnings before interest and taxes (EBIT)				
- as a percentage of revenue	**10.6%**	10.6%	**11.0%**	11.2%
- as a percentage of consolidated EBIT	**63.8%**	33.5%	**62.8%**	33.4%

South America – Revenue by Line of Business
Three months ended June 30
($ millions)



South America – Revenue by Line of Business
Six months ended June 30
($ millions)



Finning South America's second quarter revenues increased 6.5% over the second quarter of 2008, but decreased 7.7% in U.S. dollars, Finning South America's functional currency. Foreign exchange had an approximately $42 million positive impact on the translation of revenues, due to the 15.5% weakening of the Canadian dollar relative to the U.S. dollar.

New equipment and product support revenues continued to reflect strong sales and activity with mining customers. New equipment backlog was lower compared to the March 2009 level and was almost half the level at December 2008, primarily due to weak demand in power systems and construction.

Product support revenues continued to grow, and were 18.9% higher in the second quarter of 2009 (3.2% in functional currency) compared with the second quarter of 2008. Growth in product support revenues continues to be primarily driven by the increasing number of mining maintenance and repair contracts entered into in recent years and the higher number of Caterpillar units operating in the field.

In functional currency, gross profit decreased slightly in the second quarter of 2009 in absolute terms as well as a percentage of revenue. This occurred primarily due to a higher mix of mining equipment sales (which typically have lower margins) and lower rental margins as a result of reduced volumes. The decrease in new equipment gross margins was partially offset by the shift in revenues to higher margined product support revenues. Product support revenues made up 51.0% of total revenues in the second quarter of 2009, compared with 45.7% of total revenues in the same period last year.

SG&A costs, in functional currency, have decreased both in absolute dollars and as a percentage of revenue. The South American operations continued to benefit from ongoing cost savings programs, with lower variable operating costs.

Included in other expenses in the second quarter of 2009 was $0.3 million (year-to-date 2009: $0.6 million) of costs representing the South American operations' share of the costs related to the implementation of a new information technology system for the Company's global dealership operations.

EBIT of the Company's South American operations of $38.5 million for the three months ended June 30, 2009, was 6.4% higher than for the three months ended June 30, 2008. However, in functional currency, EBIT decreased 7.5% over the prior year. The lower EBIT in the second quarter of 2009 reflected lower new equipment revenues with weaker demand from construction and power systems, and lower new equipment and rental margins, partially offset by continued strong product support margins, and significantly lower SG&A. EBIT as a percentage of revenue for Finning South America was solid at 10.6%, comparable with the EBIT margin achieved in the second quarter of 2008.

For the six months ended June 30, 2009, revenue increased 19.8% to $775.7 million. In functional currency, revenue was comparable with the same period in 2008, reflecting strong equipment and product support sales to mining customers, but offset by weaker demand in power systems and construction. For the first half of 2009, EBIT of $85.3 million was 17.3% higher compared to the same period last year; however, in functional currency, EBIT was slightly lower than the first half of 2008, reflecting the quarterly trends noted. EBIT as a percentage of revenue for Finning South America was 11.0% for the first half of 2009, comparable to the EBIT margin of 11.2% achieved in the same period in 2008.

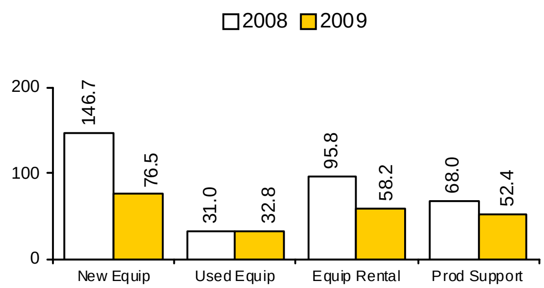
United Kingdom ("UK") Group

The Company's UK Group includes the following three market units: Construction, Power Systems, and Rental Services (Hewden). In the fourth quarter of 2008, the UK Group combined Heavy Construction and General Construction into one market unit called Construction.

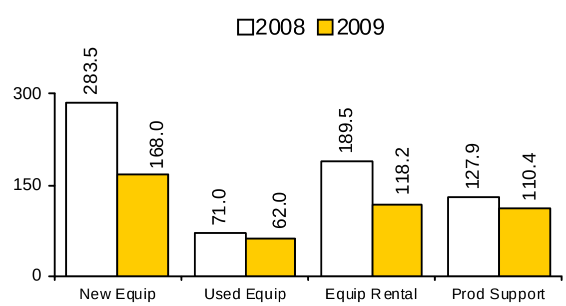
The table below provides details of the results of operations from the UK Group:

	Three months ended June 30		Six months ended June 30	
($ millions)	**2009**	2008	**2009**	2008
Revenue from external sources	**$ 219.9**	$ 341.5	**$ 458.6**	$ 671.9
Operating costs	**(201.1)**	(289.6)	**(416.8)**	(574.2)
Depreciation and amortization	**(24.6)**	(32.4)	**(50.1)**	(64.2)
Other income (expenses)	**(3.5)**	(2.5)	**(6.4)**	12.6
Earnings before interest and taxes	**$ (9.3)**	$ 17.0	**$ (14.7)**	$ 46.1
Earnings before interest and taxes (EBIT)				
- as a percentage of revenue	**(4.2)%**	5.0%	**(3.2)%**	6.9%
- as a percentage of consolidated EBIT	**(15.4)%**	15.7%	**(10.8)%**	21.1%

UK Group – Revenue by Line of Business
Three months ended June 30
($ millions)



UK Group – Revenue by Line of Business
Six months ended June 30
($ millions)



The UK Group's revenues for the second quarter of 2009 of $219.9 million were down 35.6% from the same period last year. This was partially due to translating the UK Group's pound sterling results into Canadian dollars with a 9.2% stronger Canadian dollar in the second quarter of 2009. In local currency, revenues were down 29.2% compared with the second quarter of 2008, reflecting the impact of the economic downturn.

Revenues, in local currency, from most lines of business were significantly lower compared with the second quarter of 2008, with the exception of used equipment (up 15.7%), primarily due to an auction held in the second quarter of 2009. In local currency, revenues from new equipment and product support were lower by 42.5% and 15.1%, respectively, in the second quarter of 2009 compared with the same period last year, reflecting a continued decline in the underlying U.K. market economy, particularly in the construction sectors. New equipment backlog was lower compared to the March 2009 level and was almost half the level at December 2008.

Rental revenues were particularly affected by the weak economic conditions in the UK and were down 33.1% in local currency compared with the second quarter of 2008. A significant reorganization of the UK Group's rental market unit occurred in the first half of 2009 and is expected to reduce this unit's overall cost structure, increase the utilization of its assets, and improve its long term profitability.

Gross profit, in local currency, in the second quarter of 2009 was lower compared with the same period last year in absolute terms and as a percentage of revenue. The rental services market unit experienced lower margins in the second quarter of 2009 compared to the same period last year due to lower utilization rates and pricing challenges as a result of a dramatic decline in U.K. market activities. Except for new equipment, margins in all other lines of business were also down due to the weaker market conditions.

SG&A costs were lower in the second quarter of 2009 compared with the second quarter of 2008 in absolute terms, but higher as a percentage of revenue. Management has implemented a number of initiatives to reduce operating cost levels, dispose of surplus rental fleet in line with current market conditions, and improve the performance of other assets. Restructuring activities have resulted in an employment reduction of 13% when compared to June 2008 with additional benefits from these actions expected to be realized during the remainder of 2009.

Other expenses in the second quarter of 2009 included restructuring costs of $3.2 million (year-to-date 2009: $6.4 million) related to the integration of support services in the U.K. and depot restructuring. The organizational structure of the UK Group was streamlined to provide a more consistent and effective service offering to customers at a reduced cost. The total cumulative restructuring costs incurred to date related to these restructurings were $16.9 million. In addition, in response to declining market conditions, the UK Group incurred further restructuring and severance costs of $0.6 million (year-to-date 2009: $2.3 million). The total staff reductions from the initiatives noted above affected approximately 480 people or approximately 14% of the workforce.

In the second quarter of 2009, the UK Group incurred a loss before interest and tax of $9.3 million, compared with EBIT of $17.0 million in the second quarter of 2008. The lower results in the second quarter of 2009 compared with the same period last year were primarily due to EBIT losses incurred by the UK Group's rental services business (Hewden), partially offset by positive EBIT at the dealership.

As a result of the further downturn and weaker outlook for the UK rental segment, management is undertaking a strategic review at Hewden with a view of assessing alternatives commensurate with the Company's overall goal of maximizing shareholder value.

For the six months ended June 30, 2009, revenues of $458.6 million were lower than the same period in the prior year. In local currency, total revenues were 24.5% lower compared to that reported in the first six months of 2008. For the first half of 2009, the UK Group incurred a loss before interest and tax of $14.7 million. The lower results in the six months of 2009 compared to the same period last year were primarily due to the same reasons as noted for the quarter. In addition, the results for the first half of 2008 included a $14.7 million pre-tax gain on the sale of certain properties at Hewden.

Corporate and Other Operations

	Three months ended June 30		Six months ended June 30	
($ millions)	**2009**	2008	**2009**	2008
Operating costs – corporate	**$ (7.4)**	$ (7.4)	**$ (13.1)**	$ (13.7)
Loss from equity investment	**(1.0)**	(0.1)	**(1.5)**	(0.5)
LTIP mark-to-market	**5.0**	(5.7)	**2.5**	(5.7)
Depreciation and amortization	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Other expenses	**(3.3)**	(4.8)	**(6.3)**	(4.9)
Earnings before interest and taxes	**$ (6.8)**	$ (18.1)	**$ (18.5)**	$ (24.9)

For the three months ended June 30, 2009, corporate operating costs were comparable with the same period in 2008. For the six months ended June 30, 2009, operating costs decreased to $13.1 million, compared with $13.7 million for the same period in 2008.

Loss from equity investment is from the Company's investment in Energyst B.V., reflecting reduced activity levels as a result of the economic downturn.

The Company entered into a compensation hedge at the end of 2007 in order to offset the mark-to-market impact relating to certain stock-based compensation plans. The long-term incentive plan (LTIP) mark-to-market expense or income recorded at the corporate level primarily reflects the mark-to-market impact of the compensation hedge in total that primarily offsets the LTIP mark-to-market gains or losses recorded by the operating companies.

Costs included in other expenses in the first half of 2009 relate to the implementation of a new information technology system for the Company's global operations.

Liquidity and Capital Resources

Cash Flow from Operating Activities

For the three months ended June 30, 2009, cash flow generated after working capital changes was $166.6 million, compared with a cash flow of $37.3 million generated during the same period in 2008. Throughout all operations, management has been focusing on improving cash cycle times and operating efficiencies while ensuring appropriate levels of working capital exist to support current activity levels. As a result, the Company's working capital investment in the second quarter of 2009 was lower and improved $169.9 million compared with the second quarter of the prior year.

For the six months ended June 30, 2009, cash provided after working capital changes was $181.3 million, a significant improvement from $25.0 million provided in the first half of 2008.

The Company generated proceeds on the disposal of rental assets in excess of additions in the amount of $19.0 million in the second quarter of 2009 (year-to-date 2009: $24.1 million), compared with a net investment in rental assets of $57.4 million in the same period in 2008 (year-to-date 2008: net investment of $145.2 million). As a result of lower demand and a focus on reducing rental expenditures, rental investment has reduced significantly compared to the second quarter of 2008, particularly at the Company's Canadian and Hewden operations. In addition, underutilized rental assets were sold.

As a result of these items, cash provided by operating activities was $166.9 million in the second quarter of 2009 (year-to-date 2009: $187.4 million), a significant improvement when compared to cash used by operating activities of $19.9 million in the second quarter of 2008 (year-to-date 2008: $119.3 million).

Free cash flow is defined as cash provided by (used in) operating activities less net capital expenditures. The Company's free cash flow generated in the second quarter of 2009 was $139.7 million (year-to-date 2009: $137.9 million) compared to a use of cash of $38.2 million in the prior year quarter (year-to-date 2008: $121.6 million). As evident in the figures above, all of Finning's operations have seen significant improvements in the generation of free cash flow compared to the same periods in the prior year. Improvements to working capital and the reduction of rental equipment expenditures to align with demand have more than offset lower earnings.

Management anticipates generating positive free cash flow of at least $300 million in 2009 from disciplined working capital management and reduced net rental and capital expenditures. This free cash flow is expected to be used for dividend payments and to reduce the Company's Debt Ratio to the lower end of management's target range (40-50%).

Cash Used For Investing Activities

Net cash used in investing activities in the three months ended June 30, 2009 totalled $22.9 million (year-to-date 2009: $61.8 million) compared with $21.2 million in the second quarter of 2008 (year-to-date 2008: $141.6 million). The primary use of cash in the first quarter of 2008 was the acquisition of Collicutt for $134.7 million, net of cash received. The Company also increased its investment in Energyst B.V. by $4.6 million in the first quarter of 2008.

Gross capital additions for the three months ended June 30, 2009 were $31.7 million (year-to-date 2009: $59.8 million) which is higher compared with the $19.6 million invested in the three months ended June 30, 2008 (year-to-date 2008: $42.0 million). Capital additions in 2009 and 2008 reflect general capital spending to support operations and all capital spend is being closely monitored. Capital additions in the first and second quarters of 2009 also included capitalized costs related to the Company's new global information system.

In the second quarter of 2009, the Company received proceeds of approximately $4.4 million (year-to-date 2009: paid approximately $12.2 million) on the settlement of foreign currency swaps that were part of a hedge against foreign subsidiary investments.

Financing Activities

As at June 30, 2009 the Company's short and long-term borrowings totalled $1.5 billion, a decrease of $94.8 million, or 5.9% since December 31, 2008.

Finning has committed bank facilities totalling approximately $960 million with various Canadian, U.S., U.K. and South American financial institutions. The largest of these facilities ($800 million) is in place until December 2011. As at June 30, 2009 almost $450 million was available under these committed facilities and no term debt matures until December 2011. Based upon the availability of these facilities, our business operating plans, and the discretionary nature of some of the outflows like rental and capital expenditures and share buybacks, the Company believes it has sufficient liquidity to meet operational needs in the foreseeable future.

The Company's Debt Ratio, defined as net debt to total capitalization, is calculated as short-term debt and long-term debt, net of cash and cash equivalents (net debt) divided by total capitalization. Total capitalization is defined as the sum of net debt and all components of equity (share capital, contributed surplus, accumulated other comprehensive loss, and retained earnings). The Debt Ratio at June 30, 2009 was 46.2%, down from 49.0% at March 31, 2009.

The Company's long-term and short-term debt ratings were reconfirmed at A (low) and R-1 (low), respectively, by Dominion Bond Rating Service in the first quarter of 2009. The Company's long-term debt rating was also reconfirmed at BBB+ by Standard & Poor's in May.

Dividends paid to shareholders in the second quarter of 2009 were $18.7 million, comparable with the second quarter of 2008. Dividends paid to shareholders for the first six months of 2009 increased 3.2% to $37.4 million.

The Company had a share repurchase program that was effective until July 8, 2009. During the first quarter of 2008, the Company repurchased 3,581,500 common shares at an average price of $27.21 per share for an aggregate amount of $97.5 million. The Company did not repurchase any common shares during the first and second quarters of 2009.

In May 2008, the Company issued two unsecured Medium Term Notes (MTN). The 5-year, $250 million MTN has a coupon interest rate of 5.16% per annum, payable semi-annually commencing September 3, 2008. The 10-year, $350 million MTN has a coupon interest rate of 6.02% per annum, payable semi-annually commencing December 1, 2008. Proceeds from these issuances were used for debt repayment, including the repayment of the Company's existing $200 million 7.40% MTN which matured in June 2008 as well as outstanding commercial paper borrowings.

Description of Non-GAAP Measures

EBIT is defined herein as earnings before interest expense, interest income, and income taxes. Free cash flow is defined as cash provided by (used in) operating activities less net capital expenditures. EBIT and free cash flow are measures of performance utilized by management to measure and evaluate the financial performance of its operating segments. Management believes that these measures provide important information regarding the direct operational performance of the Company's business. By considering these measures in combination with the comparable GAAP measures set out below, management believes this provides a better overall understanding of the Company's business and its financial performance during the relevant period than if they simply considered the GAAP measures alone. EBIT and free cash flow do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Accordingly, these measures should not be considered as a substitute or alternative for net income or cash flow, in each case as determined in accordance with GAAP.

A reconciliation between EBIT and net income is as follows:

	Three months ended June 30		**Six months ended June 30**	
($ millions)	**2009**	2008	**2009**	2008
Earnings before interest and income taxes (EBIT)	**$ 60.3**	$ 108.0	**$ 135.9**	$ 217.8
Finance costs	**(13.4)**	(20.5)	**(31.3)**	(40.3)
Provision for income taxes	**0.9**	(20.3)	**(11.8)**	(39.5)
Net income	**$ 47.8**	$ 67.2	**$ 92.8**	$ 138.0

A reconciliation of free cash flow is as follows:

	Three months ended June 30		**Six months ended June 30**	
($ millions)	**2009**	2008	**2009**	2008
Cash provided by (used in) operating activities	**$ 166.9**	$ (19.9)	**$ 187.4**	$ (119.3)
Additions to capital assets	**(31.7)**	(19.6)	**(59.8)**	(42.0)
Proceeds on disposal of capital assets	**4.5**	1.3	**10.3**	39.7
Free cash flow	**$ 139.7**	$ (38.2)	**$ 137.9**	$ (121.6)

Risk Management

Finning and its subsidiaries are exposed to market, financial, and other risks in the normal course of their business activities. The Company has adopted an Enterprise Risk Management (ERM) approach in identifying, prioritizing, and evaluating risks. This ERM framework assists the Company in managing business activities and risks across the organization in order to achieve the Company's strategic objectives.

The Company is dedicated to a strong risk management culture to protect and enhance shareholder value. The processes within Finning's risk management function are designed to ensure that risks are properly identified, managed, and reported. The Company discloses all of its key risks in its most recent Annual Information Form (AIF) with key financial risks also included in the Company's Annual Management's Discussion and Analysis (MD&A). On a quarterly basis, the Company assesses all of its key risks and any changes to key financial or business risks are disclosed in the Company's quarterly MD&A. On a quarterly basis, the Audit Committee reviews the Company's process with respect to risk assessment and management of key risks, including the Company's major financial risks and exposures and the steps taken to monitor and control such exposures. Changes to the key risks are also reviewed by the Audit Committee. For further details on the management of liquidity and capital resources, financial derivatives, and financial risks and uncertainties, please refer to the Company's AIF and MD&A for the year ended December 31, 2008.

There have been no significant changes to existing risk factors or new key risks identified from the key risks as disclosed in the Company's AIF for the year ended December 31, 2008, which can be found at www.sedar.com and www.finning.com.

Sensitivity to variances in foreign exchange rates

The Company is geographically diversified, with significant investments in several different countries. The Company transacts business in multiple currencies, the most significant of which are the U.S. dollar (USD), the Canadian dollar (CAD), the U.K. pound sterling (GBP), and the Chilean peso (CLP). As a result, the Company has foreign currency exposure with respect to items denominated in foreign currencies. The three main types of foreign exchange risk of the Company are investment in foreign operations, transaction exposure, and translation exposure. These are explained further in the 2008 annual MD&A.

The sensitivity of the Company's net earnings to fluctuations in average annual foreign exchange rates is summarized in the table below. A 5% strengthening of the Canadian dollar against the following currencies for a full year relative to the June 30, 2009 month end rates would increase / (decrease) annual net income by the amounts shown below. This analysis assumes that all other variables, in particular volumes, relative pricing, interest rates, and hedging activities are unchanged.

Currency	June 30, 2009 month end rates	Increase (decrease) in annual net income $ millions
USD	**1.1625**	(18)
GBP	**1.9122**	3
CLP	**0.0022**	1

The sensitivities noted above ignore the impact of exchange rate movements on other macroeconomic variables, including overall levels of demand and relative competitive advantages. If it were possible to quantify these impacts, the results would likely be different from the sensitivities shown above. The sensitivity to variances in foreign exchange rates as noted above is an annual view which factors in annual forecast volumes and average hedging activities which, in management's opinion, may not be representative of the inherent foreign exchange risk exposure for a quarter.

Controls and Procedures Certification

Disclosure Controls and Procedures

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Such controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure.

The CEO and the CFO, together with other members of management, have designed the Company's disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would have been known to them, and by others, within those entities.

The Company has a Disclosure Policy and a Disclosure Committee in place to mitigate risks associated with the disclosure of inaccurate or incomplete information, or failure to disclose required information.

- The Disclosure Policy sets out accountabilities, authorized spokespersons, and Finning's approach to the determination, preparation, and dissemination of material information. The policy also defines restrictions on insider trading and the handling of confidential information.
- A Disclosure Committee, consisting of senior management and external legal counsel, review all financial information prepared for communication to the public to ensure it meets all regulatory requirements and is responsible for raising all outstanding issues it believes require the attention of the Audit Committee prior to recommending disclosure for that Committee's approval.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Management have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. There has been no change in the design of the Company's internal control over financial reporting during the quarter ended June 30, 2009, that would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Regular involvement of Internal Audit and quarterly reporting to the Audit Committee and the Company's external auditors assists in providing reasonable assurance that the objectives of the control system are met. While the officers of the Company have designed the Company's disclosure controls and procedures and internal control over financial reporting, these controls and procedures may not prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

Selected Quarterly Information

$ millions, except for share and option data	2009		2008				2007		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue (1)									
Canada	**$ 582.0**	$ 712.9	$ 826.0	$ 748.9	$ 849.1	$ 792.9	$ 750.3	$ 639.9	$ 846.4
South America	**363.0**	412.7	464.3	389.7	340.7	306.9	348.0	317.4	321.6
UK Group	**219.9**	238.7	276.4	324.6	341.5	330.4	361.2	371.8	329.6
Total revenue	**$1,164.9**	$1,364.3	$1,566.7	$1,463.2	$1,531.3	$1,430.2	$1,459.5	$1,329.1	$1,497.6
Net income (loss) (1) (2)									
from continuing operations	**$ 47.8**	$ 45.0	$ (106.8)	$ 64.8	$ 67.2	$ 70.8	$ 70.5	$ 63.6	$ 75.3
from discontinued operations	**—**	—	—	—	—	—	—	—	(1.2)
Total net income	**$ 47.8**	$ 45.0	$ (106.8)	$ 64.8	$ 67.2	$ 70.8	$ 70.5	$ 63.6	$ 74.1
Basic Earnings (Loss) Per Share (1) (2) (3)									
from continuing operations	**$ 0.28**	$ 0.26	$ (0.63)	$ 0.38	$ 0.39	$ 0.41	$ 0.40	$ 0.35	$ 0.42
from discontinued operations	**—**	—	—	—	—	—	—	—	(0.01)
Total basic EPS	**$ 0.28**	$ 0.26	$ (0.63)	$ 0.38	$ 0.39	$ 0.41	$ 0.40	$ 0.35	$ 0.41
Diluted Earnings (Loss) Per Share (1) (2) (3)									
from continuing operations	**$ 0.28**	$ 0.26	$ (0.62)	$ 0.37	$ 0.39	$ 0.40	$ 0.39	$ 0.35	$ 0.42
from discontinued operations	**—**	—	—	—	—	—	—	—	(0.01)
Total diluted EPS	**$ 0.28**	$ 0.26	$ (0.62)	$ 0.37	$ 0.39	$ 0.40	$ 0.39	$ 0.35	$ 0.41
Total assets (1)	**$4,357.3**	$4,639.6	$4,720.4	$4,604.4	$4,603.8	$4,527.8	$4,134.2	$4,079.7	$4,434.4
Long-term debt									
Current	**$ 2.6**	$ 2.6	$ 2.6	$ 2.5	$ 100.5	$ 215.9	$ 215.7	$ 204.2	$ 204.1
Non-current	**1,206.4**	1,437.3	1,410.7	1,313.1	1,121.8	605.7	590.4	554.5	600.6
Total long-term debt (4)	**$1,209.0**	$1,439.9	$1,413.3	$1,315.6	$1,222.3	$ 821.6	$ 806.1	$ 758.7	$ 804.7
Cash dividends paid per common share (3)	**$ 0.11**	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.10	$ 0.10	$ 0.09	$ 0.09
Common shares outstanding (000's) (3)	**170,631**	170,545	170,445	171,356	172,692	172,623	176,132	178,521	179,601
Options outstanding (000's) (3)	**6,606**	5,807	6,037	6,200	6,343	4,576	4,656	4,737	4,934

1) On January 15, 2008 the Company's Canadian operations purchased Collicutt Energy Services Ltd. The results of operations and financial position of Collicutt have been included in the figures above since the date of acquisition.

On July 31, 2007, the Company's U.K. subsidiary, Hewden Stuart Plc, sold its Tool Hire Division. Results from the Tool Hire Division qualify as discontinued operations and have been reclassified to that category for all periods presented. Included in the loss from discontinued operations in the third quarter of 2007 is the after-tax gain on the sale of the Tool Hire Division of $0.1 million. Restructuring and other costs associated with the disposition of $2.0 million after tax were recorded in the second and third quarters of 2007. Revenues from the UK Tool Hire Division have been excluded from the revenue figures above. Assets from the Tool Hire Division have been included in the total assets figures for periods prior to their sale.

(2) The Company performed its annual goodwill impairment review in the fourth quarter of 2008 and determined that the fair value of Hewden was less than its book value, which included goodwill on acquisition. As a result, the Company recorded a full goodwill impairment of $151.4 million for Hewden in the fourth quarter of 2008. The goodwill impairment charge is non-cash in nature and does not affect the Company's liquidity, cash flows from operating activities, or debt covenants and is not expected to have any adverse impact on future operations. The Company expects no income tax deduction from this charge.

(3) On May 9, 2007, the Company's shareholders approved a split of the Company's outstanding common shares on a two-for-one basis. Each shareholder of record at the close of business on May 30, 2007, received one additional share for every outstanding share held on the record date. All share and per-share data have been adjusted to reflect the stock split. During 2008, the Company repurchased 5,901,842 common shares at an average price of $24.99 as part of a normal course issuer bid. During 2007, 3,691,400 common shares were repurchased at an average price of $27.82.

Earnings per share (EPS) for each quarter has been computed based on the weighted average number of shares issued and outstanding during the respective quarter; therefore, quarterly amounts may not add to the annual or year-to-date total.

(4) In the second quarter of 2008, the Company issued two unsecured Medium Term Notes (MTN); a five year $250 million MTN and a 10 year $350 million MTN. Proceeds from these issuances were used for debt repayment, including the repayment of a $200 million MTN which expired in June 2008 as well as outstanding commercial paper borrowings.

New Accounting Pronouncements

Change in Accounting Policy in 2009

(i) Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted Section 3064, *Goodwill and Intangible Assets*, issued by the Canadian Institute of Chartered Accountants (CICA). The new standard replaces Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs*. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new standard does not have a material impact on the Company's consolidated financial statements.

Future Accounting Pronouncements

(i) Business Combinations

In January 2009, the CICA issued Section 1582, *Business Combinations*, Section 1601, *Consolidations*, and Section 1602, *Non-controlling Interests*. These new standards are harmonized with International Financial Reporting Standards (IFRS). Section 1582 specifies a number of changes, including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. The new standards will become effective in 2011. Early adoption is permitted. This new Section will only have an impact on the Company's consolidated financial statements for future acquisitions that will be made in periods subsequent to the date of adoption.

(ii) Convergence with International Financial Reporting Standards

In February 2008, Canada's Accounting Standards Board confirmed that Canadian GAAP, as used by public companies, will be converged with International Financial Reporting Standards (IFRS) effective January 1, 2011. The transition from Canadian GAAP to IFRS will be applicable for the Company for the first quarter of 2011 when the Company will prepare both the current and comparative financial information using IFRS.

While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences on recognition, measurement, and disclosures. The Company commenced its IFRS conversion project in late 2007. The project consists of four phases: raise awareness; assessment; design; and implementation. With the assistance of an external expert advisor, the Company has completed a high level review of the major differences between Canadian GAAP and IFRS as applicable to the Company. While a number of differences have been identified, the areas of highest potential impact include property, plant and equipment, certain aspects of revenue recognition, income taxes, foreign currency, employee future benefits, stock-based compensation, presentation, and disclosure, as well as the initial adoption of IFRS under the provisions of IFRS 1 *First Time Adoption*. The Company expects the transition to IFRS to impact financial reporting, business processes, internal controls, and information systems.

The Company has initiated the design phase of its IFRS conversion project in 2009 which involves establishing issue-specific work teams to focus on generating options and making recommendations in the identified risk areas. The Company will also establish a communications plan, further develop staff training programs, and evaluate the impact of the IFRS transition on other business activities.

Earnings Coverage Ratio

The following earnings coverage ratio is calculated for the twelve months ended June 30, 2009 and constitutes an update to the earnings coverage ratio described in the Company's short form base shelf prospectus dated May 5, 2008.

Twelve months ended June 30, 2009	
Earnings coverage ratio (1)	2.1

(1) The earnings coverage ratio is calculated by dividing: (a) the Company's earnings from continuing operations before interest and taxes for the period stated; by (b) finance costs incurred over the period stated.

The earning coverage ratio was negatively impacted by the non-cash goodwill impairment charge incurred in the fourth quarter of 2008. Excluding the impact of this charge, the earning coverage ratio would have been 4.1.

Outstanding Share Data

As at August 7, 2009	
Common shares outstanding	**170,631,105**
Options outstanding	**6,601,235**

Market Outlook

Challenging economic conditions continue to impact Finning's business. Previous expectations for 2009 revenue levels, established late in 2008 as part of the company's budgeting process will likely not be achieved. As a result, the Company is withdrawing the revenue guidance previously provided. Given the current market uncertainty, Finning will not be providing revised guidance on expected revenue levels for 2009. Customer order intake levels for new equipment sales are lower than in recent years and while quoting activity has increased in several market segments, it is difficult to predict future business levels. Finning's global backlog was $0.6 billion at the end of the second quarter, lower than the March 2009 level of $0.9 billion and the December 2008 level of $1.5 billion.

Demand for product support is expected to continue at satisfactory levels due to the large population of Caterpillar equipment operating in our territories. In the non-mining sectors, equipment utilization levels are down and some customers are deferring equipment maintenance or selectively performing their own routine maintenance.

In western Canada, the mining industry, including the oil sands, remains active and existing production fleets of heavy trucks and support equipment continue to operate at good levels. There is significant quoting activity in the oil sands sector and it is reasonable to anticipate this will lead to future sales. The heavy construction market remains reasonably active and incremental business resulting from government infrastructure spending is expected in the future. Equipment demand for the general construction, forestry, and conventional oil and gas industries remains soft and it now appears that weaker equipment demand in these sectors will continue through 2009.

Demand for equipment in South America is not being impacted as negatively as in the other regions. Revenues in the second half of the year are expected to moderate from the levels achieved during the first half of 2009, which benefitted from a strong backlog of mining equipment. In mining, product support revenues are expected to remain solid. At current copper prices, the Chilean mining industry is anticipated to remain healthy and mining expansions are expected to proceed in due course, as some Chilean copper producers have recently indicated they may re-start their evaluations of projects which had been postponed at the onset of the recession. Construction and power systems markets in Chile and Argentina are lower than the record levels of recent quarters.

Market conditions in the U.K. have taken a further downturn which has significantly impacted business levels at the Hewden rental operation and to a lesser extent at the UK dealership. Demand for equipment and product support for power systems and coal mining continues at reasonable levels. The availability of inexpensive rental equipment in the marketplace is reducing demand for new equipment for projects. General construction continues to be weak and is not expected to recover soon. While business levels are lower, the dealership continues to generate modest profits. Regarding Hewden, rental utilization rates and pricing are negatively affected resulting in lower rental revenues and higher operating losses than previously anticipated. The weak market conditions are expected to continue well into 2010. As a result of the further downturn and weaker outlook for the UK rental segment, management is undertaking a strategic review at Hewden with a view of assessing alternatives commensurate with our overall goal of maximizing shareholder value.

In light of potential softness in the market, management continues to review the company's cost structure in all regions. Finning's financial condition remains strong and is expected to improve further as strong cash generation is used to reduce debt levels. Available committed credit facilities have increased to approximately $450 million.

August 12, 2009

Forward-Looking Disclaimer

This report contains statements about the Company's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements may include words such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strategy, strive, target, and will. Forward-looking statements in this report include, but are not limited to, statements with respect to: expectations with respect to the economy and associated impact on the Company's financial results; the estimated annualized cost savings and anticipated restructuring charges related to actions taken by the Company in response to the economic downturn; anticipated generation of free cash flow, and its expected use; and expected target range of Debt Ratio. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Unless otherwise indicated by us, forward-looking statements in this report describe our expectations at August 12, 2009. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from our expectations expressed in or implied by such forward-looking statements and that our business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize. Factors that could cause actual results or events to differ materially from those expressed in or implied by our forward-looking statements include: general economic and credit market conditions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, our products and services; our dependence on the continued market acceptance of Caterpillar's products and Caterpillar's timely supply of parts and equipment; our ability to continue to implement our cost reduction initiatives while continuing to maintain customer service; the intensity of competitive activity; our ability to raise the capital we need to implement our business plan; regulatory initiatives or proceedings, litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments for operations outside Canada. Forward-looking statements are provided in this report for the purpose of giving information about management's current expectations and plans and allowing investors and others to get a better understanding of our operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this report are based on a number of assumptions that we believed were reasonable on the day we made the forward-looking statements. Refer in particular to the Market Outlook section of the MD&A. Some of the assumptions, risks, and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this report are discussed in the Company's 2008 Annual Information Form (AIF) on pages 31-44.

We caution readers that the risks described in the AIF are not the only ones that could impact us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our business, financial condition, or results of operations.

Except as otherwise indicated by us, forward-looking statements do not reflect the potential impact of any non-recurring or other unusual items or of any dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date hereof. The financial impact of these transactions and non-recurring and other unusual items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business.

INTERIM CONSOLIDATED STATEMENTS OF INCOME

($ thousands, except share and per share amounts)	Three months ended June 30 2009 unaudited	Three months ended June 30 2008 unaudited	Six months ended June 30 2009 unaudited	Six months ended June 30 2008 unaudited
Revenue				
New equipment	**$ 465,736**	$ 770,562	**$1,097,980**	$1,496,602
Used equipment	**103,017**	104,034	**195,509**	198,230
Equipment rental	**124,475**	176,047	**264,660**	352,549
Product support	**468,475**	476,181	**964,788**	904,017
Other	**3,219**	4,506	**6,251**	10,123
Total revenue	**1,164,922**	1,531,330	**2,529,188**	2,961,521
Cost of sales	**815,117**	1,091,130	**1,785,492**	2,111,706
Gross profit	**349,805**	440,200	**743,696**	849,815
Selling, general, and administrative expenses	**274,882**	324,062	**584,784**	638,846
Other expenses (income) (Note 2)	**14,584**	8,158	**23,019**	(6,785)
Earnings before interest and income taxes	**60,339**	107,980	**135,893**	217,754
Finance costs (Note 3)	**13,408**	20,510	**31,300**	40,301
Income before provision for income taxes	**46,931**	87,470	**104,593**	177,453
Provision for income taxes	**(884)**	20,327	**11,752**	39,516
Net income	**$ 47,815**	$ 67,143	**$ 92,841**	$ 137,937
Earnings per share (Note 6)				
Basic	**$ 0.28**	$ 0.39	**$ 0.54**	$ 0.80
Diluted	**$ 0.28**	$ 0.39	**$ 0.54**	$ 0.79
Weighted average number of shares outstanding				
Basic	**170,585,341**	172,651,019	**170,550,995**	173,206,923
Diluted	**170,973,322**	174,014,533	**170,916,926**	174,550,553

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these statements.

INTERIM CONSOLIDATED BALANCE SHEETS

($ thousands)	June 30, 2009 unaudited	December 31, 2008 audited
ASSETS		
Current assets		
Cash and cash equivalents	**$ 122,318**	$ 109,772
Accounts receivable	**706,945**	840,810
Service work in progress	**87,392**	102,607
Inventories (Note 7)	**1,391,702**	1,473,504
Other assets	**242,534**	288,102
Total current assets	**2,550,891**	2,814,795
Finance assets	**30,669**	11,671
Rental equipment	**865,108**	987,835
Land, buildings, and equipment	**502,658**	470,859
Intangible assets	**39,413**	38,344
Goodwill	**98,807**	99,278
Other assets	**269,729**	297,593
	$ 4,357,275	$ 4,720,375
LIABILITIES		
Current liabilities		
Short-term debt	**$ 303,215**	$ 193,635
Accounts payable and accruals	**985,575**	1,316,818
Income tax payable	**4,525**	3,187
Current portion of long-term debt	**2,618**	2,643
Total current liabilities	**1,295,933**	1,516,283
Long-term debt	**1,206,396**	1,410,727
Long-term obligations	**112,907**	96,296
Future income taxes	**120,446**	129,965
Total liabilities	**2,735,682**	3,153,271
SHAREHOLDERS' EQUITY		
Share capital	**556,171**	554,966
Contributed surplus	**30,136**	25,441
Accumulated other comprehensive loss	**(183,273)**	(176,444)
Retained earnings	**1,218,559**	1,163,141
Total shareholders' equity	**1,621,593**	1,567,104
	$ 4,357,275	$ 4,720,375

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these statements.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

($ thousands)	Three months ended June 30 2009 unaudited	Three months ended June 30 2008 unaudited	Six months ended June 30 2009 unaudited	Six months ended June 30 2008 unaudited
Net income	**$ 47,815**	$ 67,143	**$ 92,841**	$ 137,937
Other comprehensive income (loss), net of income tax				
Currency translation adjustments	**(19,972)**	(10,865)	**7,004**	50,267
Unrealized gains (losses) on net investment hedges	**11,914**	19,039	**(20,425)**	7,086
Tax expense (recovery)	**(8,397)**	(3,412)	**(1,491)**	(1,154)
	3,517	15,627	**(21,916)**	5,932
Unrealized gains (losses) on cash flow hedges	**4,014**	4,202	**8,127**	(3,615)
Tax expense (recovery)	**(682)**	(1,551)	**(1,381)**	992
	3,332	2,651	**6,746**	(2,623)
Realized losses (gains) on cash flow hedges, reclassified to earnings, net of tax	**(900)**	261	**1,337**	292
Comprehensive income	**$ 33,792**	$ 74,817	**$ 86,012**	$ 191,805

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

($ thousands, except share amounts)	Share Capital: Shares	Share Capital: Amount	Contributed Surplus	Accumulated Other Comprehensive Income: Foreign Currency Translation and Gains / (Losses) on Net Investment Hedges	Accumulated Other Comprehensive Income: Gains / (Losses) on Cash Flow Hedges	Retained Earnings	Total
Balance, January 1, 2008	176,131,879	$ 571,402	$ 15,356	$ (223,661)	$ (8,562)	$ 1,269,544	$ 1,624,079
Comprehensive income (loss)	—	—	—	56,199	(2,331)	137,937	191,805
Issued on exercise of stock options	126,286	1,067	(87)	—	—	—	980
Issued for acquisition	15,403	398	65	—	—	—	463
Repurchase of common shares (Note 4)	(3,581,500)	(11,580)	—	—	—	(85,870)	(97,450)
Stock option expense	—	—	4,659	—	—	—	4,659
Dividends on common shares	—	—	—	—	—	(36,254)	(36,254)
Balance, June 30, 2008	172,692,068	$ 561,287	$ 19,993	$ (167,462)	$ (10,893)	$ 1,285,357	$ 1,688,282
Balance, January 1, 2009	**170,445,067**	**$ 554,966**	**$ 25,441**	**$ (160,971)**	**$ (15,473)**	**$ 1,163,141**	**$ 1,567,104**
Comprehensive income (loss)	**—**	**—**	**—**	**(14,912)**	**8,083**	**92,841**	**86,012**
Issued on exercise of stock options	**186,038**	**1,205**	**(73)**	**—**	**—**	**—**	**1,132**
Stock option expense	**—**	**—**	**4,768**	**—**	**—**	**—**	**4,768**
Dividends on common shares	**—**	**—**	**—**	**—**	**—**	**(37,423)**	**(37,423)**
Balance, June 30, 2009	**170,631,105**	**$ 556,171**	**$ 30,136**	**$ (175,883)**	**$ (7,390)**	**$ 1,218,559**	**$ 1,621,593**

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these statements.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

($ thousands)	Three months ended June 30 2009 unaudited	Three months ended June 30 2008 unaudited	Six months ended June 30 2009 unaudited	Six months ended June 30 2008 unaudited
OPERATING ACTIVITIES				
Net income	**$ 47,815**	$ 67,143	**$ 92,841**	$ 137,937
Add items not affecting cash				
Depreciation and amortization	**67,083**	78,270	**141,444**	154,054
Future income taxes	**(1,801)**	4,842	**(3,859)**	6,738
Stock-based compensation	**872**	5,316	**5,027**	8,219
Gain on disposal of capital assets	**(549)**	(512)	**(2,632)**	(16,189)
Other	**1,173**	61	**1,930**	435
	114,593	155,120	**234,751**	291,194
Changes in working capital items (Note 9)	**52,003**	(117,856)	**(53,461)**	(266,218)
Cash provided after changes in working capital items	**166,596**	37,264	**181,290**	24,976
Rental equipment, net of disposals	**19,010**	(57,418)	**24,133**	(145,258)
Equipment leased to customers, net of disposals	**(18,737)**	199	**(18,015)**	956
Cash provided by (used in) operating activities	**166,869**	(19,955)	**187,408**	(119,326)
INVESTING ACTIVITIES				
Additions to capital assets	**(31,669)**	(19,606)	**(59,758)**	(42,052)
Proceeds on disposal of capital assets	**4,422**	1,330	**10,205**	39,701
Proceeds (payments) on settlement of derivatives	**4,382**	—	**(12,252)**	—
Acquisition of businesses	**—**	(2,897)	**—**	(139,266)
Cash used in investing activities	**(22,865)**	(21,173)	**(61,805)**	(141,617)
FINANCING ACTIVITIES				
Increase (decrease) in short-term debt	**108,881**	(330,668)	**120,766**	(30,637)
Increase (repayment) of long-term debt	**(213,181)**	403,577	**(196,763)**	401,173
Payment on settlement of derivative	**—**	(8,914)	**—**	(8,914)
Issue of common shares on exercise of stock options	**680**	560	**1,132**	980
Repurchase of common shares (Note 4)	**—**	—	**—**	(97,450)
Dividends paid	**(18,663)**	(18,991)	**(37,423)**	(36,254)
Cash provided by (used in) financing activities	**(122,283)**	45,564	**(112,288)**	228,898
Effect of currency translation on cash balances	**(4,153)**	(645)	**(769)**	1,174
Increase (decrease) in cash and cash equivalents	**17,568**	3,791	**12,546**	(30,871)
Cash and cash equivalents, beginning of period	**104,750**	27,198	**109,772**	61,860
Cash and cash equivalents, end of period	**$ 122,318**	$ 30,989	**$ 122,318**	$ 30,989

See supplemental cash flow information, Note 9

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these statements.

1. Significant Accounting Policies

The accompanying unaudited Interim Consolidated Financial Statements (Interim Statements) have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) on a basis consistent with those disclosed in the most recent audited annual financial statements. These Interim Statements do not include all the information and note disclosures required by GAAP for annual financial statements and therefore should be read in conjunction with the December 31, 2008 audited annual consolidated financial statements and the notes below.

The Interim Statements follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements, except for the impact of the change in accounting policy disclosed below:

(a) Change in Accounting Policy

(i) Goodwill and Intangible Assets
Effective January 1, 2009, the Company adopted Section 3064, *Goodwill and Intangible Assets*, issued by the Canadian Institute of Chartered Accountants (CICA). The new standard replaces Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs*. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new standard does not have a material impact on the Company's consolidated financial statements.

(b) Change in Accounting Estimate

(i) Second quarter 2009 income tax expense was reduced by $8.5 million due to a change in the estimated tax rate related to items that had been recorded directly to other comprehensive income in prior periods.

(c) Future Accounting Pronouncements

(i) Business Combinations
In January 2009, the CICA issued Section 1582, *Business Combinations*, Section 1601, *Consolidations*, and Section 1602, *Non-controlling Interests*. These new standards are harmonized with International Financial Reporting Standards (IFRS). Section 1582 specifies a number of changes, including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. The new standards will become effective in 2011. Early adoption is permitted. This new Section will only have an impact on the Company's consolidated financial statements for future acquisitions that will be made in periods subsequent to the date of adopting the new standards.

(ii) Convergence with International Financial Reporting Standards
In February 2008, Canada's Accounting Standards Board confirmed that Canadian GAAP, as used by public companies, will be converged with IFRS effective January 1, 2011. The transition from Canadian GAAP to IFRS will be applicable for the Company for the first quarter of 2011 when the Company will prepare both the current and comparative financial information using IFRS.

(d) Comparative Figures

Certain comparative figures have been reclassified to conform to the 2009 presentation.

2. Other Expenses (Income)

Other expenses (income) include the following items:

($ thousands)	Three months ended June 30 2009	Three months ended June 30 2008	Six months ended June 30 2009	Six months ended June 30 2008
Gain on sale of properties in Hewden (a)	**$ (522)**	$ (538)	**$ (2,578)**	$ (15,275)
Restructuring (b)	**9,638**	2,878	**15,467**	3,414
Project costs (c)	**5,495**	5,792	**10,184**	5,990
Loss (gain) on sale of other surplus properties	**(27)**	26	**(54)**	(914)
	$ 14,584	$ 8,158	**$ 23,019**	$ (6,785)

The tax recovery on other expenses for the three months ended June 30, 2009 was $4.4 million (2008: $2.6 million) and during the six-month period ended June 30, 2009 was $7.0 million (2008: $0.6 million).

(a) In the first quarter of 2009, the Company's UK subsidiary, Hewden, sold certain properties for cash proceeds of approximately $3 million (2008: $28 million), resulting in a pre-tax gain of $2.1 million (2008: $14.7 million). In the second quarter of 2009, Hewden sold additional properties for cash proceeds of approximately $2 million (2008: $1 million), resulting in a pre-tax gain of $0.5 million (2008: $0.5 million).

(b) During the six months ended June 30, 2009, the Company's UK operations incurred restructuring costs of approximately $0.6 million in connection with the integration of business support services (2008: $3.1 million). The UK operations also incurred costs of approximately $5.9 million in 2009 related to the restructuring of Hewden's nationwide depot network. In addition, Finning incurred other restructuring costs of $8.9 million globally in 2009 in response to the current market conditions.

(c) Project costs incurred during the three and the six months ended June 30, 2009 and 2008 relate to the implementation of a new information technology system for the Company's global operations.

3. Finance Costs

Finance costs as shown on the interim consolidated statement of income comprise the following elements:

($ thousands)	Three months ended June 30 2009	Three months ended June 30 2008	Six months ended June 30 2009	Six months ended June 30 2008
Interest on debt securities:				
Short-term debt	**$ 952**	$ 4,382	**$ 2,385**	$ 10,246
Long-term debt	**13,737**	15,198	**28,254**	26,786
	14,689	19,580	**30,639**	37,032
Loss on interest rate derivatives	**484**	70	**963**	599
Interest income on tax reassessment	**(3,529)**	—	**(3,529)**	—
Other finance related expenses, net of sundry interest earned	**1,764**	860	**3,227**	2,670
Finance costs	**$ 13,408**	$ 20,510	**$ 31,300**	$ 40,301

4. Share Capital

The Company repurchased and cancelled 3,581,500 common shares during the first quarter of 2008 as part of a normal course issuer bid. These shares were repurchased at an average price of $27.21 per share, which was allocated to reduce share capital by $11.6 million and retained earnings by $85.9 million. The Company did not repurchase any common shares during the second quarter of 2008, or during the first six months of 2009.

5. STOCK-BASED COMPENSATION PLANS

The Company has a number of stock-based compensation plans in the form of stock options and other stock-based compensation plans noted below.

Stock Options

Details of the stock option plans are as follows:

	Six months ended June 30, 2009			Twelve months ended December 31, 2008		
	Options		**Weighted Average Exercise Price**	Options		Weighted Average Exercise Price
Options outstanding, beginning of period	**6,037,270**	**$**	**23.72**	4,656,402	$	20.99
Issued	**978,703**	**$**	**14.64**	1,853,100	$	29.83
Exercised	**(186,038)**	**$**	**6.08**	(209,832)	$	10.47
Cancelled	**(224,000)**	**$**	**27.18**	(262,400)	$	26.85
Options outstanding, end of period	**6,605,935**	**$**	**22.76**	6,037,270	$	23.72
Exercisable at period end	**4,025,638**	**$**	**21.70**	2,726,492	$	17.54

In 2009, long-term incentives for executives and senior management were made in the form of a combination of both stock options and performance share units (2008: primarily in the form of stock options). In the second quarter of 2009, the Company issued 978,703 common share options to senior executives and management of the Company (Q2 2008: 1,853,100 common share options). The Company's practice is to grant and price stock options only when it is felt that all material information has been disclosed to the market.

The Company determines the cost of all stock options granted since January 1, 2003 using the fair value-based method of accounting for stock options. This method of accounting uses an option-pricing model to determine the fair value of stock options granted which is amortized over the vesting period. The fair value of the options granted in 2009 has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Dividend yield	1.78%
Expected volatility	38.45%
Risk-free interest rate	3.659%
Expected life	5.5 years

At the grant date, the weighted average fair value of each option granted during the year was $5.07 (2008: $8.35). Total stock option expense in the second quarter was $2.2 million (2008: $2.7 million) and for the six month period was $4.8 million. (2008: $4.7 million).

Other Stock-Based Compensation Plans

The Company has other stock-based compensation plans in the form of deferred share units, performance share units, and stock appreciation rights that use notional common share units. Details of the plans with significant changes subsequent to December 31, 2008 are as follows:

Directors

Directors' Deferred Share Unit Plan A (DDSU)

Under the Deferred Share Unit Plan (DDSU) for members of the Board of Directors, non-employee Directors of the Company were allocated a total of 11,173 share units in May 2009 (May 2008: 55,649 share units), which were granted to the Directors and expensed over the calendar year as the units are issued.

Executive

Performance Share Unit Plan (PSU)

In May 2009, the Board of Directors approved a new Performance Share Unit Plan (PSU Plan) for executives. Under the PSU Plan, executives of the Company may be awarded performance share units as approved by the Board of Directors. This plan utilizes notional units that become vested dependent on achieving specified performance levels. Vesting of the awards is based on the extent to which the Company's average return on equity achieves or exceeds the specified performance levels over a three-year period. Vested performance share units are redeemable in cash based on the common share price at the end of the performance period. Only vested units accumulate dividend equivalents in the form of additional units based on the dividends paid on the Company's common shares. Compensation expense for the PSU Plan is recorded over the three-year performance period. The amount of compensation expense is adjusted over the three-year performance period to reflect the current market value of common shares and the number of shares anticipated to vest based upon the Company's forecast three-year average return on equity.

Executives of the Company were allocated a total of 341,253 performance share units in 2009, based on 100% vesting (2008: nil).

The specified levels and respective vesting percentages are as follows:

Performance Level	Average Return on Equity (over three-year period)	Proportion of PSUs Vesting
Below Threshold	< 12%	Nil
Threshold	12%	25%
Target	15%	100%
Maximum	17% or more	150%

Details of the deferred share unit plan and performance share unit plans, which reflect the mark-to-market adjustments, excluding the impact of the Variable Rate Share Forward hedge (VRSF) are as follows:

Six months ended June 30, 2009					
Units	**DSU-A**	**DSU-B**	**DDSU**	**PSU**	**Total**
Outstanding, beginning of period	**25,212**	**716,211**	**264,442**	**—**	**1,005,865**
Additions	**400**	**10,900**	**22,343**	**341,253**	**374,896**
Exercised	**—**	**(53,000)**	**—**	**—**	**(53,000)**
Outstanding, end of period	**25,612**	**674,111**	**286,785**	**341,253**	**1,327,761**
Liability ($ thousands)					
Balance, beginning of period	**$ 359**	**$ 10,206**	**$ 3,768**	**$ —**	**$ 14,333**
Expense (income)	**70**	**1,858**	**1,050**	**248**	**3,226**
Exercised	**—**	**(738)**	**—**	**—**	**(738)**
Balance, end of period	**$ 429**	**$ 11,326**	**$ 4,818**	**$ 248**	**$ 16,821**
Six months ended June 30, 2008					
Units	**DSU-A**	**DSU-B**	**DDSU**	**PSU**	**Total**
Outstanding, beginning of period	57,179	1,139,700	294,033	—	1,490,912
Additions	451	7,103	50,929	—	58,483
Exercised	(32,834)	(404,395)	(25,204)	—	(462,433)
Outstanding, end of period	24,796	742,408	319,758	—	1,086,962
Liability ($ thousands)					
Balance, beginning of period	$ 1,639	$ 32,664	$ 8,427	$ —	$ 42,730
Expense (income)	(46)	(1,905)	424	—	(1,527)
Exercised	(961)	(11,827)	(697)	—	(13,485)
Balance, end of period	$ 632	$ 18,932	$ 8,154	$ —	$ 27,718

As at June 30, 2009 and 2008, all outstanding deferred share units have vested. As at June 30, 2009, none of the performance share units were vested.

Summary – Impact of Stock Based Compensation Plans

Changes in the value of all deferred share units, performance share units, and share appreciation rights is a result of fluctuations in the Company's common share price, management's estimate of achieving performance targets, and the impact of new issues, including stock options, partially offset by the impact of the VRSF hedge. The net impact was an expense of $0.9 million in the second quarter of 2009 (2008: $5.3 million) and during the six-month period was an expense of $5.1 million (2008: $8.2 million).

6. Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated to reflect the dilutive effect of exercising outstanding stock options by applying the treasury stock method.

($ thousands, except share and per share amounts)	Three months ended June 30			Six months ended June 30		
2009	**Income**	**Shares**	**Per Share**	**Income**	**Shares**	**Per Share**
Basic earnings per share: net income	**$ 47,815**	**170,585,341**	**$ 0.28**	**$ 92,841**	**170,550,995**	**$ 0.54**
Effect of dilutive securities: stock options	—	**387,981**	—	—	**365,931**	—
Diluted earning per share: net income and assumed conversions	**$ 47,815**	**170,973,322**	**$ 0.28**	**$ 92,841**	**170,916,926**	**$ 0.54**
2008						
Basic earnings per share: net income	$ 67,143	172,651,019	$ 0.39	$ 137,937	173,206,923	$ 0.80
Effect of dilutive securities: stock options	—	1,363,514	—	—	1,343,630	—
Diluted earning per share: net income and assumed conversions	$ 67,143	174,014,533	$ 0.39	$ 137,937	174,550,553	$ 0.79

7. Inventories

($ thousands)	**June 30, 2009**	December 31, 2008
On-hand equipment	**$ 953,193**	$ 1,013,204
Parts and supplies	**334,126**	384,112
Internal service work in progress	**104,383**	76,188
Inventories	**$ 1,391,702**	$ 1,473,504

For the three months ended June 30, 2009, on-hand equipment, parts, supplies, and internal service work in progress recognized as an expense amounted to $722.0 million (2008: $960.6 million), and for the six months ended June 30, 2009 amounted to an expense of $1,593.7 million (2008: $1,861.0 million). For the three months ended June 30, 2009, the write-down of inventories to net realizable value, included in cost of sales, amounted to $2.5 million (2008: $6.1 million) and for the six months ended June 30, 2009 amounted to $16.9 million (2008: $10.9 million).

8. Currency Rates

The Company's principal subsidiaries operate in three functional currencies: Canadian dollars, U.S. dollars, and the U.K. pound sterling. The exchange rates of the Canadian dollar against the following foreign currencies were as follows:

Exchange rate	**June 30, 2009**	December 31, 2008	June 30, 2008
U.S. dollar	**1.1625**	1.2246	1.0186
U.K. pound sterling	**1.9122**	1.7896	2.0276

Three months ended June 30 Average exchange rates	**2009**	2008
U.S. dollar	**1.1668**	1.0101
U.K. pound sterling	**1.8082**	1.9914

Six months ended June 30 Average exchange rates	**2009**	2008
U.S. dollar	**1.2062**	1.0072
U.K. pound sterling	**1.7971**	1.9888

9. Supplemental Cash Flow Information

Non cash working capital changes

($ thousands)	Three months ended June 30 2009	Three months ended June 30 2008	Six months ended June 30 2009	Six months ended June 30 2008
Accounts receivable and other	**$ 19,585**	$ (7,559)	**$ 136,991**	$ (98,320)
Inventories – on-hand equipment	**115,690**	(36,828)	**50,145**	(62,007)
Inventories – parts and supplies	**43,988**	(15,652)	**29,025**	(41,036)
Accounts payable and accruals	**(125,774)**	(39,049)	**(292,210)**	(27,866)
Income taxes	**(1,486)**	(18,768)	**22,588**	(36,989)
Changes in working capital items	**$ 52,003**	$ (117,856)	**$ (53,461)**	$ (266,218)

Components of cash and cash equivalents

June 30 ($ thousands)	2009	2008
Cash	**$ 50,752**	$ 30,090
Short-term investments	**71,566**	899
Cash and cash equivalents	**$ 122,318**	$ 30,989

Interest and tax payments

($ thousands)	Three months ended June 30 2009	Three months ended June 30 2008	Six months ended June 30 2009	Six months ended June 30 2008
Interest paid	**$ (22,982)**	$ (41,218)	**$ (31,475)**	$ (50,794)
Income taxes received (paid)	**$ (697)**	$ (33,301)	**$ 12,493**	$ (62,220)

10. Employee Future Benefits

The expense for the Company's benefit plans, primarily for pension benefits, is as follows:

Three months ended June 30 ($ thousands)	2009 Canada	2009 UK	2009 Hewden	2009 Total	2008 Canada	2008 UK	2008 Hewden	2008 Total
Defined contribution plans	**$ 5,195**	**$ 309**	**$ 30**	**$ 5,534**	$ 5,371	$ 260	$ 36	$ 5,667
Defined benefit plans	**3,103**	**588**	**1,007**	**4,698**	2,595	(156)	449	2,888
Total benefit plan expense	**$ 8,298**	**$ 897**	**$ 1,037**	**$ 10,232**	$ 7,966	$ 104	$ 485	$ 8,555

Six months ended June 30 ($ thousands)	2009 Canada	2009 UK	2009 Hewden	2009 Total	2008 Canada	2008 UK	2008 Hewden	2008 Total
Defined contribution plans	**$ 10,434**	**$ 609**	**$ 57**	**$ 11,100**	$ 10,236	$ 500	$ 80	$ 10,816
Defined benefit plans	**5,997**	**1,170**	**2,004**	**9,171**	4,431	(309)	896	5,018
Total benefit plan expense	**$ 16,431**	**$ 1,779**	**$ 2,061**	**$ 20,271**	$ 14,667	$ 191	$ 976	$ 15,834

11. Segmented Information

The Company and its subsidiaries have operated primarily in one industry during the year, that being the selling, servicing and renting of heavy equipment and related products.

The reportable operating segments are:

Three months ended June 30, 2009 ($ thousands)	Canada	South America	UK Group	Other	Consolidated
Revenue from external sources	**$ 582,054**	**$ 362,974**	**$ 219,894**	**$ —**	**$ 1,164,922**
Operating costs	**(504,653)**	**(314,496)**	**(201,103)**	**(3,424)**	**(1,023,676)**
Depreciation and amortization	**(32,226)**	**(9,449)**	**(24,603)**	**(45)**	**(66,323)**
Other income (expenses)	**(7,280)**	**(565)**	**(3,464)**	**(3,275)**	**(14,584)**
Earnings before interest and taxes	**$ 37,895**	**$ 38,464**	**$ (9,276)**	**$ (6,744)**	**$ 60,339**
Finance costs					**(13,408)**
Provision for income taxes					**884**
Net income					**$ 47,815**
Identifiable assets	**$ 1,923,791**	**$ 1,260,448**	**$ 1,100,751**	**$ 72,285**	**$ 4,357,275**
Capital assets	**$ 296,539**	**$ 126,590**	**$ 114,829**	**$ 4,113**	**$ 542,071**
Gross capital expenditures (1)	**$ 18,007**	**$ 12,273**	**$ 1,389**	**$ —**	**$ 31,669**
Gross rental asset expenditures	**$ 22,766**	**$ 5,820**	**$ 13,170**	**$ —**	**$ 41,756**

Three months ended June 30, 2008 ($ thousands)	Canada	South America	UK Group	Other	Consolidated
Revenue from external sources	$ 849,156	$ 340,745	$ 341,428	$ 1	$ 1,531,330
Operating costs	(737,663)	(296,511)	(289,624)	(13,223)	(1,337,021)
Depreciation and amortization	(37,881)	(7,861)	(32,324)	(105)	(78,171)
Other income (expenses)	(685)	(171)	(2,479)	(4,823)	(8,158)
Earnings before interest and taxes	$ 72,927	$ 36,202	$ 17,001	$ (18,150)	$ 107,980
Finance costs					(20,510)
Provision for income taxes					(20,327)
Net income					$ 67,143
Identifiable assets	$ 2,043,887	$ 948,007	$ 1,491,007	$ 120,867	$ 4,603,768
Capital assets	$ 260,885	$ 77,878	$ 135,070	$ 10,148	$ 483,981
Gross capital expenditures (1)	$ 2,274	$ 14,527	$ 4,258	$ 9,449	$ 30,508
Gross rental asset expenditures	$ 66,732	$ 11,726	$ 45,506	**$** —	$ 123,964

(1) includes capital leases

Six months ended June 30, 2009 ($ thousands)	**Canada**	**South America**	**UK Group**	**Other**	**Consolidated**
Revenue from external sources	**$ 1,294,924**	**$ 775,708**	**$ 458,556**	**$ —**	**$ 2,529,188**
Operating costs	**(1,131,986)**	**(669,480)**	**(416,790)**	**(12,085)**	**(2,230,341)**
Depreciation and amortization	**(69,954)**	**(19,841)**	**(50,049)**	**(91)**	**(139,935)**
Other income (expenses)	**(9,236)**	**(1,096)**	**(6,417)**	**(6,270)**	**(23,019)**
Earnings before interest and taxes	**$ 83,748**	**$ 85,291**	**$ (14,700)**	**$ (18,446)**	**$ 135,893**
Finance costs					**(31,300)**
Provision for income taxes					**(11,752)**
Net income					**$ 92,841**
Identifiable assets	**$ 1,923,791**	**$ 1,260,448**	**$ 1,100,751**	**$ 72,285**	**$ 4,357,275**
Capital assets	**$ 296,539**	**$ 126,590**	**$ 114,829**	**$ 4,113**	**$ 542,071**
Gross capital expenditures (1)	**$ 29,788**	**$ 24,470**	**$ 5,500**	**$ —**	**$ 59,758**
Gross rental asset expenditures	**$ 91,574**	**$ 15,893**	**$ 20,209**	**$ —**	**$ 127,676**

Six months ended June 30, 2008 ($ thousands)	**Canada**	**South America**	**UK Group**	**Other**	**Consolidated**
Revenue from external sources	$ 1,642,017	$ 647,615	$ 671,886	$ 3	$ 2,961,521
Operating costs	(1,443,187)	(559,215)	(574,235)	(19,945)	(2,596,582)
Depreciation and amortization	(74,235)	(15,489)	(64,141)	(105)	(153,970)
Other income (expenses)	(653)	(237)	12,575	(4,900)	6,785
Earnings before interest and taxes	$ 123,942	$ 72,674	$ 46,085	$ (24,947)	$ 217,754
Finance costs					(40,301)
Provision for income taxes					(39,516)
Net income					$ 137,937
Identifiable assets	$ 2,043,887	$ 948,007	$ 1,491,007	$ 120,867	$ 4,603,768
Capital assets	$ 260,885	$ 77,878	$ 135,070	$ 10,148	$ 483,981
Gross capital expenditures (1)	$ 110,009	$ 21,741	$ 6,778	$ 9,449	$ 147,977
Gross rental asset expenditures	$ 154,339	$ 18,740	$ 111,769	$ —	$ 284,848

(1) includes capital leases