FINNING

Q2 2013 EARNINGS RELEASE August 8, 2013

Finning Reports Q2 2013 Results

Q2 2013 HIGHLIGHTS

- Revenues of $1.6 billion, a reduction of 8% relative to Q2 2012 due to lower revenues from Canada and the UK & Ireland, partly offset by revenue growth in South America. Second quarter revenues were up 4% compared to Q1 2013 driven by product support revenues.
- Product support revenues rose by 12% and were higher in all operations, driven largely by the contribution from the expanded mining product line (the former Bucyrus International Inc. business).
- New equipment sales were 25% below Q2 2012 levels, impacted by slower mining activity across all regions.
- EBIT increased by 2% to $123 million reflecting higher gross profit from product support. Consolidated EBIT margin improved to 7.6% from 6.8% in Q2 2012 driven by a higher EBIT margin in Canada.
- Basic EPS was $0.48 compared to $0.46 in Q2 2012 and included a $0.03 per share gain from previously unrecognized tax losses.

Vancouver, B.C. – Finning International Inc. (TSX: FTT) reported quarterly revenues of $1.6 billion, 8% below Q2 2012. The decline in new equipment sales led to lower total revenues in Canada and the UK & Ireland, which was partly offset by higher revenues in South America. Product support increased in all operations and was up 12% over Q2 2012. Quarterly earnings before finance costs and income taxes (EBIT) rose by 2% to $123 million, primarily due to higher gross profit from product support. Quarterly EBIT margin was 7.6%, up from 6.8% in Q2 2012, reflecting an improvement in operating results in Canada. Basic earnings per share (EPS) increased by 4% to $0.48, which included a tax benefit of approximately $6 million or $0.03 per share related to previously unrecognized tax losses.

"I've spent my first eight weeks at Finning visiting all our regions and meeting with employees, customers and representatives from Caterpillar. Those discussions have reaffirmed my confidence that we have a strong foundation, highly committed employees and the right priorities in place," said Scott Thomson, president and CEO, Finning International. "To deliver on Finning's full potential, my priority will be to accelerate the progress underway to optimize profitability through the business cycle, improve the customer experience and increase market share."

"Finning's second quarter results highlight the challenges ahead of us. Revenues increased relative to the first quarter, but we need to translate that into greater profitability. Although first half revenues are down relative to 2012, we expect strong equipment deliveries and continued growth in product support in the second half of the year that should allow us to modestly increase annual revenues relative to 2012, albeit to the very low end of the previously disclosed 0 to 10% range. I am encouraged that there are significant opportunities to increase profitability, particularly in Canada. However, improvements will take time and I am not expecting Canada's profitability to improve in the second half of 2013 relative to the first half given the pace of operational improvements and higher equipment sales anticipated for the balance of the year. We will see improved free cash flow performance in the second half of the year given a projected decrease in our inventories. As we go through the remainder of the year, we will have a better sense of 2014 activity, but we are encouraged by the order intake in Q2 which was higher in all of our regions relative to Q1, driven primarily by the non-mining market segments," added Mr. Thomson.

Q2 2013 FINANCIAL SUMMARY

	Three months ended Jun 30		
C$ millions, except per share amounts (unaudited)	**2013**	2012 (7)	% change
Revenue	**1,620**	1,764	(8)
Earnings before finance costs and income taxes (EBIT)	**123**	120	2
EBIT margin	***7.6%***	*6.8%*	
Net income	**83**	79	5
Basic EPS	**0.48**	0.46	4
Earnings before finance costs, income taxes, depreciation and amortization (EBITDA)(1)	**176**	175	0
Free cash flow(1)(2)	**6**	(31)	121

- Revenues declined by 8% from Q2 2012 to $1.6 billion due to lower revenues in Canada and the UK & Ireland. New equipment sales were down 25% compared to Q2 2012 with reduced volumes in all regions, particularly Canada. However, product support revenues rose by 12% driven primarily by the expanded mining product line (former Bucyrus business). Used equipment sales declined by 9%, while rental revenues rose by 2% compared to Q2 2012.

- Gross profit was 1% higher and gross profit margin increased to 31.7% from 28.9% earned in Q2 2012, reflecting a shift in revenue mix to higher margin product support. Product support contributed 49.5% to total revenue compared to 40.7% in Q2 2012, while new equipment sales accounted for 40.3%, down from 49.6% last year.

- Selling, general and administrative (SG&A) expenses were comparable to Q2 of last year. The significantly lower system development and implementation costs related to the Enterprise Resource Planning (ERP) system were offset by a full quarter of costs related to the expanded mining product line in all operations and the newly constructed service facility in Fort McKay in Canada. SG&A expenses as a percentage of revenue were 24.2% compared to 22.1% in Q2 2012, due to the lower revenue base.

- EBIT rose by 2% to $123 million driven by higher gross profit from product support compared to Q2 of last year. Consolidated EBIT margin rose to 7.6% from 6.8% in Q2 2012, primarily due to improved EBIT margin in Canada.

- Net income increased by 5% to $83 million and basic EPS was $0.48, up from $0.46 in Q2 2012. The second quarter results benefitted from approximately $6 million or $0.03 per share gain related to previously unrecognized tax losses, partially offset by higher finance costs.

- EBITDA of $176 million was comparable to Q2 2012. Quarterly free cash flow was $6 million, compared to $31 million use of cash in Q2 2012, driven by lower rental and capital expenditures which were partially offset by higher working capital spend.

- The Company's net debt to total capital ratio(5) was 50.6% at the end of June, similar to the end of March. Free cash flow is expected to continue to improve and the net debt to total capital ratio is projected to be within the 35-45% target range by the end of 2013.

- Order backlog was $1.1 billion at the end of June, unchanged from the end of March. Order intake improved in all operations compared to the first quarter of 2013, with a larger proportion from non-mining customers. There were no unusual order cancellations in any of the Company's operations in the second quarter.

Q2 2013 HIGHLIGHTS BY OPERATION

Canada

- Revenues decreased by 19% compared to Q2 2012 due to a 43% decline in new equipment sales, which reflected reduced demand for equipment from mining customers, including oil sands operations. Product support revenues rose by 5% driven by an increase of approximately $39 million from the expanded mining product line which was acquired in Q4 2012.

- Canada's EBIT of $61 million was comparable to last year and included approximately $5 million in additional EBIT from the expanded mining product line. EBIT margin improved to 7.9% from 7.5% in Q1 2013 and 6.4% in Q2 2012. The year over year increase was largely driven by a higher gross profit margin resulting from a significant shift in revenue mix to product support which contributed 51% to total revenue compared to 40% a year ago.

- While Finning Canada continues to execute its operational excellence strategy to achieve sustainable improvement in EBIT margin performance, it will take time to achieve the full benefits anticipated. The key areas of focus are increasing service efficiency, improving supply chain and managing SG&A costs, while delivering superior customer service to the broad range of industries the Company supports.

South America

- Revenues increased by 10% from Q2 2012 (up 8% in functional currency - USD), reflecting growth in product support. Product support revenues rose by 21% (up 20% in functional currency) driven primarily by mining, including the expanded mining product line. New equipment sales declined by 3% (down 4% in functional currency) due to lower volumes in the construction sector.

- EBIT increased by 5% to $59 million. EBIT margin of 9.5% was slightly below 9.8% in Q2 2012 due to late delivery penalties, higher SG&A costs, and about $6 million lower contribution from the expanded mining product line. The increase in SG&A costs was driven primarily by a full quarter of costs for the expanded mining product line and unfavourable adjustments to certain projects.

- South American operations are focused on capturing equipment opportunities in a softening market environment and growing product support business from the large equipment population in our territories. The business is implementing operational excellence initiatives related to supply chain and cost reduction.

United Kingdom and Ireland

- Revenues declined by 10% from Q2 2012 (down 8% in functional currency - GBP), reflecting reduced equipment sales. New equipment sales decreased by 14% (down 12% in functional currency) due to slower market activity compared to last year. However, the UK & Ireland operations achieved an 11% growth in product support revenues over Q2 2012 (up 13% in functional currency) driven by higher parts sales.

- EBIT of $13 million was 7% below Q2 2012, while EBIT margin improved to 5.7% from 5.5% a year ago reflecting higher gross profit margins due to a shift in revenue mix to product support.

- The UK and Ireland operations remain focused on sustaining solid financial performance in a challenging market by capturing value-added opportunities in Equipment Solutions and Power Systems, growing market share and controlling costs.

Q2 2013 FINANCIAL SUMMARY – SEQUENTIAL REVIEW

C$ millions, except per share amounts (unaudited)	**Q2/13**	Q1/13	% change
Revenue	**1,620**	1,560	4
Earnings before finance costs and income taxes (EBIT)	**123**	117	5
EBIT margin	***7.6%***	*7.5%*	
Net income	**83**	73	13
Basic EPS	**0.48**	0.43	12
Earnings before finance costs, income taxes, depreciation and amortization (EBITDA)(1)	**176**	169	4
Free cash flow(1)(2)	**6**	(93)	107

- Revenues increased by 4% to $1.6 billion, with higher revenues in all operations compared to the first quarter, which is historically a seasonal low for revenues.

  - New equipment sales rose by just over 1%. Higher sales in Canada and UK and Ireland were partly offset by lower volumes in South America, where mining activity has slowed compared to the first three months of the year.

  - Product support revenues were up 5% driven primarily by South America. In Canada, product support revenues were unchanged from the first quarter, despite softness in the mining sector.

- Gross profit increased by 3% driven by higher revenues. Gross profit margin of 31.7% was comparable to the first quarter as revenue mix remained largely unchanged, with product support contributing 49.5% to total revenue compared to 48.8% in the prior quarter.

- Selling, general and administrative (SG&A) expenses were 3% above the preceding quarter. SG&A expenses as a percentage of revenue were 24.2%, comparable to 24.5% in the first quarter.

- EBIT rose by 5% to $123 million and was up in all operations, particularly in Canada. EBIT margin also improved in all regions relative to the preceding quarter. The Canadian improvement was driven by the operating efficiencies implemented at the OEM Remanufacturing facility. Consolidated EBIT margin was 7.6% compared 7.5% in Q1 2013.

- Net income increased by 13% to $83 million and basic EPS was $0.48, up from $0.43 in the first quarter. The second quarter results included a tax benefit of $6 million or $0.03 per share related to previously unrecognized tax losses, partially offset by higher finance costs.

- EBITDA of $176 million was up 4%. The free cash flow was $6 million, compared to $93 million use of cash in the first quarter, driven by lower capital expenditures and lower working capital spend.

CORPORATE AND BUSINESS DEVELOPMENTS

Dividend

The Board of Directors has approved a quarterly dividend of $0.1525 per share, payable on September 5, 2013 to shareholders of record on August 22, 2013. This dividend will be considered an eligible dividend for Canadian income tax purposes.

Board of Directors Membership Changes

On June 17, 2013, Mr. Scott Thomson was appointed to Finning's Board of Directors. Mr. Thomson joined Finning as president and CEO effective the same date. Scott Thomson also serves as a director of Interfor (International Forest Products Limited).

During the second quarter, for personal reasons, Mr. Bruce Turner announced his resignation from the Board of Directors. The Board thanks Mr. Turner for his valued contributions to the Board.

Financing Activities

In May 2013, the Company refinanced its 5.625% £70 million Eurobond, due May 30, 2013 with an issuance of unsecured senior notes of £70 million in the U.S. private placement market. The 3.40% Senior Notes are due May 22, 2023.

In July 2013, the Company exercised its right to early redeem its 5.16% $250 million Medium Term Notes (MTN) due September 3, 2013. The redemption was financed with an issuance on July 3, 2013 of $200 million principal amount of unsecured 3.232% MTN due July 3, 2020 and commercial paper drawn on the Company's global operating credit facility.

SELECTED CONSOLIDATED FINANCIAL INFORMATION
(C$ millions, except per share amounts)

	Three months ended Jun 30			Six months ended Jun 30		
Revenue	**2013**	2012[7]	% change	**2013**	2012[7]	% change
New equipment	**652.9**	875.2	(25)	**1,296.9**	1,506.6	(14)
Used equipment	**69.9**	77.1	(9)	**129.9**	150.5	(14)
Equipment rental	**92.8**	91.3	2	**185.9**	182.5	2
Product support	**802.5**	718.8	12	**1,563.8**	1,393.8	12
Other	**2.0**	2.1	(4)	**3.6**	2.9	26
Total revenue	**1,620.1**	1,764.5	(8)	**3,180.1**	3,236.3	(2)
Gross profit	**513.4**	509.2	1	**1,011.8**	953.7	6
Gross profit margin[3]	***31.7%***	*28.9%*		***31.8%***	*29.5%*	
SG&A	**(391.9)**	(390.6)	(0)	**(773.8)**	(737.8)	(5)
SG&A as a percentage of revenue	***(24.2)%***	*(22.1)%*		***(24.3)%***	*(22.8)%*	
Equity earnings	**3.6**	3.4		**6.3**	5.3	
Other income (expenses)	**(2.6)**	(1.7)		**(4.7)**	(4.1)	
EBIT	**122.5**	120.3	2	**239.6**	217.1	10
EBIT margin[4]	***7.6%***	*6.8%*		***7.5%***	*6.7%*	
Net income	**82.7**	78.7	5	**156.1**	143.0	9
Basic earnings per share (EPS)	**0.48**	0.46	4	**0.91**	0.83	10
EBITDA[1]	**176.2**	175.5	0	**345.5**	320.3	8
Free Cash Flow[1][2]	**6.6**	(30.7)	121	**(86.9)**	(253.4)	66

	Jun 30, 13	Dec 31, 12
Total assets	**5,301.6**	5,118.0
Total shareholders' equity	**1,701.0**	1,566.6
Net debt to total capital[1][5]	**50.6%**	50.0%
Return on equity[1][6]	**21.8%**	22.8%

To download Finning's complete Q2 2013 results in PDF, please open the following link:
http://media3.marketwire.com/docs/FinningQ213results.pdf

Q2 2013 RESULTS INVESTOR CALL

The Company will hold an investor conference call on Thursday, August 8 at 9:00 am Eastern Time. Dial-in numbers: 1-866-225-0198 (anywhere within Canada and the U.S.) or 416-340-8061 (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 11:00 am Eastern Time on August 8 until August 15. The pass code to access the playback recording is 4463383 followed by the number sign.

ABOUT FINNING

Finning International Inc. (TSX: FTT) is the world's largest Caterpillar equipment dealer delivering unrivalled service to customers for 80 years. 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, as well as in the United Kingdom and Ireland.

CONTACT INFORMATION

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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 and Additional GAAP Measures" in the Company's management discussion and analysis that accompanies the second quarter consolidated financial statements.

(2) Free cash flow is defined as cash flow provided by (used in) operating activities less net additions to property, plant and equipment and intangible assets as disclosed in the Company's Consolidated Statements of Cash Flow.

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

(4) EBIT margin is defined as earnings before finance costs and income 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).

(6) Return on equity is calculated as net income divided by the weighted average of shareholders' equity, both for the last twelve month period.

(7) Prior year comparative figures have been restated to reflect the Company's adoption of the amendments to International Accounting Standard (IAS) 19, *Employee Benefits*, which became effective on January 1, 2013.

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 Finning makes is forward-looking when it uses what the Company knows and expects 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, project, 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; expected revenue and SG&A levels and EBIT margin growth; anticipated generation of free cash flow and its expected use; and the expected target range of the Company's 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 Finning's expectations at August 7, 2013. Except as may be required by Canadian securities laws, Finning does 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 the expectations expressed in or implied by such forward-looking statements and that Finning's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, Finning 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 these forward-looking statements include: general economic and market conditions; risks associated with the conduct of business in foreign jurisdictions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, Finning's products and services; Finning's dependence on the continued market acceptance of Caterpillar's products and Caterpillar's timely supply of parts and equipment; Finning's ability to continue to improve productivity and operational efficiencies while continuing to maintain customer service; Finning's ability to manage cost pressures as growth in revenues occur; Finning's ability to reduce costs in response to slowing activity levels; Finning's ability to attract sufficient skilled labour resources to meet growing product support demand; Finning's ability to negotiate and renew collective bargaining agreements with satisfactory terms for Finning's employees and the Company; the intensity of competitive activity; Finning's ability to realize expected benefits of acquisitions; Finning's ability to raise the capital needed to implement its business plan; regulatory initiatives or proceedings, litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments for operations; the integrity, reliability, and availability of information technology and the data processed by that technology; expected operational benefits from the new ERP system. 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 Finning's 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 Finning believed were reasonable on the day the Company made the forward-looking statements. Refer in particular to the 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 current Annual Information Form (AIF) in Section 4.

Finning cautions readers that the risks described in the AIF are not the only ones that could impact the Company. Additional risks and uncertainties not currently known to the Company or that are currently deemed to be immaterial may also have a material adverse effect on Finning's business, financial condition, or results of operations.

Except as otherwise indicated, 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. Finning therefore cannot describe the expected impact in a meaningful way or in the same way Finning presents known risks affecting its business.

MANAGEMENT'S DISCUSSION AND ANALYSIS

August 7, 2013

This discussion and analysis of the financial results of Finning International Inc. (Finning or the Company) should be read in conjunction with the interim condensed consolidated financial statements and accompanying notes. The results reported herein have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting* and are presented in Canadian dollars unless otherwise stated. Additional information relating to the Company, including its current Annual Information Form (AIF), can be found on the SEDAR (System for Electronic Document Analysis and Retrieval) website at www.sedar.com.

Results of Operations and Significant Developments

The comparative results described in this Management's Discussion and Analysis (MD&A) have been restated to reflect the Company's adoption of the amendments to IAS 19, *Employee Benefits*, which became effective on January 1, 2013. The impact of these amendments on the first two quarters of 2012 results was a reduction to net income of $5.3 million with a corresponding increase in other comprehensive income. Additional information relating to these amendments and their impact on the Company's comparative results can be found in the New Accounting Pronouncements section of this MD&A.

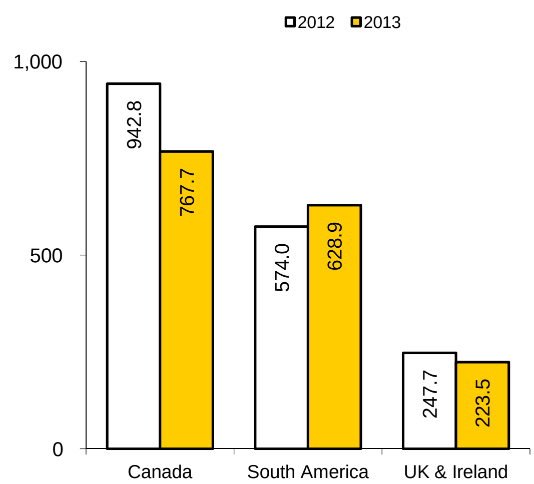
In the second quarter of 2012, the Company acquired the former Bucyrus International Inc. (Bucyrus) distribution and support business from Caterpillar Inc. (Caterpillar) in its dealership territories in South America and in the U.K. In the fourth quarter of 2012, the Company's Canadian operations completed the acquisition of the former Bucyrus distribution and support business in its territories. The Company now refers to this business as the expanded mining product line. The results described in this MD&A include those of acquired businesses from the acquisition dates.

Second Quarter Overview

	Q2 2013	Q2 2012 (Restated)	**Q2 2013**	Q2 2012 (Restated)
	($ millions)		(% of revenue)	
Revenue	**$ 1,620.1**	$ 1,764.5		
Gross profit	**513.4**	509.2	**31.7%**	28.9%
Selling, general & administrative expenses (SG&A)	**(391.9)**	(390.6)	**(24.2)%**	(22.1)%
Equity earnings of joint venture and associate	**3.6**	3.4	**0.2%**	0.1%
Other income/(expenses)	**(2.6)**	(1.7)	**(0.1)%**	(0.1)%
Earnings before finance costs and income taxes (EBIT)	**122.5**	120.3	**7.6%**	6.8%
Finance costs	**(24.3)**	(21.2)	**(1.5)%**	(1.2)%
Provision for income taxes	**(15.5)**	(20.4)	**(1.0)%**	(1.1)%
Net income	**$ 82.7**	$ 78.7	**5.1%**	4.5%
Basic earnings per share (EPS)	**$ 0.48**	$ 0.46		
Earnings before finance costs, income taxes, depreciation, and amortization (EBITDA) (1)	**$ 176.2**	$ 175.5	**10.9%**	9.9%
Free Cash Flow (1)	**$ 6.6**	$ (30.7)		

(1) These amounts do not have a standardized meaning under IFRS, which are also referred to herein as generally accepted accounting principles (GAAP). For a reconciliation of these amounts to net income and cash flow from operating activities, see the heading "Description of Non-GAAP and Additional GAAP Measures" later in this MD&A.

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



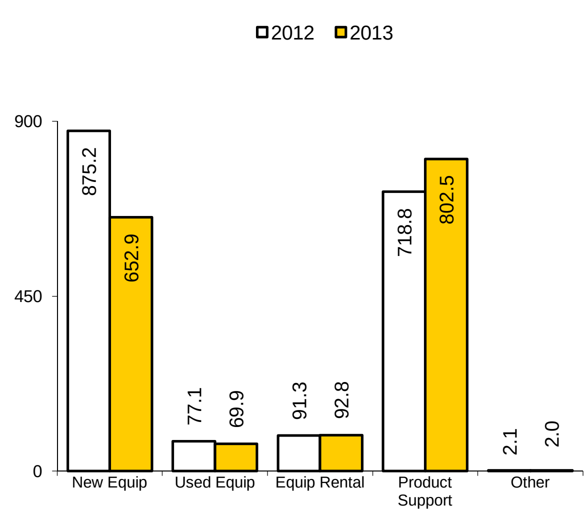
Second quarter 2013 consolidated revenues of $1.6 billion were down 8.2% from the comparable quarter in 2012, primarily due to a 25.4% decrease in new equipment revenues. This decrease was partially offset by higher product support revenues in each of the Company's operations, which were up 11.6% on a consolidated basis over the same period in 2012, driven largely by an increase of approximately $60 million from the expanded mining product line.

Revenues from the Company's Canadian operations decreased 18.6% in the second quarter of 2013 compared with the same period last year. This was primarily due to lower new equipment revenues, which were 42.6% lower than the comparative quarter in 2012. Demand for new equipment has slowed in the mining sector as customers continue to closely monitor their capital budgets. Partially offsetting the reduction in new equipment sales was a 4.7% increase in product support revenues over the comparative quarter in 2012, primarily due to the contribution from the expanded mining product line, which was acquired in the fourth quarter of 2012 in the Company's Canadian operations.

Revenues from the Company's operations in South America increased 9.6% over the second quarter of 2012 and increased 8.3% in functional currency (the U.S. dollar). Higher product support revenues drove the increase, up 19.8% in functional currency, largely due to sales in Chile's mining sector, including sales from the expanded mining product line, which was acquired during the second quarter of 2012 in the Company's South American territories. Partially offsetting the increase in product support revenues was a reduction in new equipment revenues, down 3.9% in functional currency, primarily driven by decreased sales in the construction industry across South America.

Revenues from the UK and Ireland operations were down 9.8% compared to the second quarter of 2012 and were down 8.2% in functional currency (the U.K. pound sterling). The decrease was primarily due to lower new and used equipment sales (lower by 12.0% and 44.3% respectively, in functional currency) where the comparative quarter in 2012 saw particularly strong sales in the mining industry, including a significant shovel sale from the expanded mining product line. Although equipment sales decreased relative to the comparative period, product support revenues increased (12.9% higher in functional currency), driven primarily by higher parts sales across numerous industries.

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



The Company reported higher consolidated product support revenues, up 11.6% compared with the same quarter last year, driven by increases in all operations and reflecting sales from the expanded mining product line.

New equipment sales were down 25.4% compared with the second quarter of 2012, driven by decreased revenues in all the Company's operations, but most notably in Canada where mining customers have slowed their capital spending.

Used equipment revenues were 9.4% lower compared to the prior year's second quarter, driven by a decrease in the UK and Ireland operations where the comparative period had particularly strong sales across numerous sectors.

Overall, rental revenues were slightly higher than the second quarter of 2012, up marginally in all operations.

Finning's global order book or backlog (the retail value of new equipment units ordered by customers for future deliveries) was $1.1 billion at the end of the second quarter of 2013, unchanged from March 2013. The Company did experience higher order intake by customers in all operations during the second quarter compared to the first quarter of 2013, with a larger proportion from non-mining customers.

Earnings Before Finance Costs and Income Taxes (EBIT)

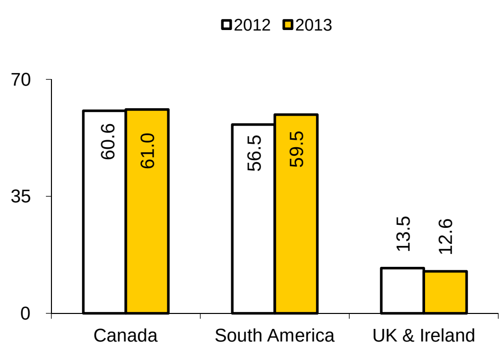
On a consolidated basis, EBIT was $122.5 million in the second quarter of 2013, up slightly from the EBIT of $120.3 million in the second quarter of 2012 reflecting higher gross profit from product support.

Gross profit of $513.4 million in the second quarter of 2013 was up slightly compared to the second quarter of 2012. Quarterly gross profit margin (gross profit as a percentage of revenue) of 31.7% was higher than the prior year's second quarter margin of 28.9% reflecting a shift in revenue mix toward more product support. Product support revenues typically earn a higher margin relative to new equipment sales and in the second quarter of 2013 made up 49.5% of total revenues, up from 40.7% in the comparative period, while new equipment revenues represented 40.3% of total revenues, down from 49.6% in the second quarter of 2012.

SG&A costs were $391.9 million, comparable to the second quarter of 2012. SG&A as a percentage of revenue was 24.2%, compared to 22.1% in the second quarter of 2012 due to the lower revenue base. The Company's Canadian operations reported significantly lower system development and implementation costs related to the Enterprise Resource Planning (ERP) system than in the comparative period (Q2 2012: $16.8 million) but those savings were offset by a full quarter of costs related to the expanded mining product line in all operations and the newly constructed service facility in Fort McKay in the Company's Canadian operations.

As a result of the Argentinean government's efforts to balance imports and exports and to manage access to foreign exchange, the Company's South American operations began to export agricultural products from Argentina in the third quarter of 2012. This ensures the Company can continue to import goods into Argentina to satisfy customer demand, while meeting government's expectations. As these activities are not related to the core business of the Company, income and expenses related to these exports have been reported in other income and other expense, and comparative periods have been adjusted accordingly.

EBIT by Operations [1]
($ millions)
Three months ended June 30



(1) Excluding other operations – corporate head office

The Company's EBIT margin (EBIT divided by revenues) of 7.6% in the second quarter of 2013 was up slightly from 7.5% in the first quarter of 2013. The second quarter 2013 EBIT margin was also up from 6.8% in the second quarter of 2012, primarily driven by the EBIT margin improvements in the Company's Canadian operations.

Earnings Before Finance Costs, Income Taxes, Depreciation, and Amortization (EBITDA) and Free Cash Flow

EBITDA, which management views as an indicator of the Company's cash operating performance, was $176.2 million in the second quarter of 2013 compared to $175.5 million in the second quarter of 2012.

The Company's Free Cash Flow was a generation of cash of $6.6 million compared to a $30.7 million use of cash in the comparative quarter of the prior year. Lower spending in rental and capital expenditures, partially offset by higher working capital spend were the main contributors to the improved cash generation in the second quarter of 2013 compared to the same period in 2012. The higher working capital in the three months ended June 30, 2013 was primarily driven by increased new equipment inventories in the Company's Canadian operations, which reflected certain equipment being prepared for delivery in the third quarter of 2013, as well as delayed deliveries due to the recent floods in Alberta. Also contributing to the higher working capital spend was higher payments to suppliers, partially offset by lower parts inventories and higher collections from customers. Inventory levels are expected to decline in the second half of 2013. The Company remains focused on reducing working capital levels and expects to generate a positive Free Cash Flow in 2013.

Finance Costs

Finance costs for the three months ended June 30, 2013 were $24.3 million, compared to the $21.2 million reported in the second quarter of 2012. In the three month period ended June 30, 2013 the Company recorded $1.5 million in costs related to the early redemption of its 5.16% $250 million Medium Term Notes (MTN) due September 3, 2013, which were redeemed subsequent to quarter end on July 5, 2013. The redemption was financed with an issuance of unsecured 3.232% $200 million MTN, due July 3, 2020 and commercial paper drawn on the Company's global operating credit facility. In addition, in the comparative quarter a foreign exchange gain of $3.3 million was recorded, related to settlement of a foreign currency forward contract.

During the second quarter of 2013, the Company refinanced its 5.625% £70 million Eurobond, due May 30, 2013, with an issuance of unsecured senior notes of 3.40% £70 million in the U.S. private placement market, due May 22, 2023.

Provision for Income Taxes

The effective income tax rate for the second quarter of 2013 was 15.8% compared to 20.6% in the comparable period of the prior year. The lower effective income tax rate was primarily due to a $6 million benefit of previously unrecognized tax losses to offset taxable amounts related to foreign exchange gains realized on the settlement of the Company's 5.625% £70 million Eurobond in the current quarter.

Net Income

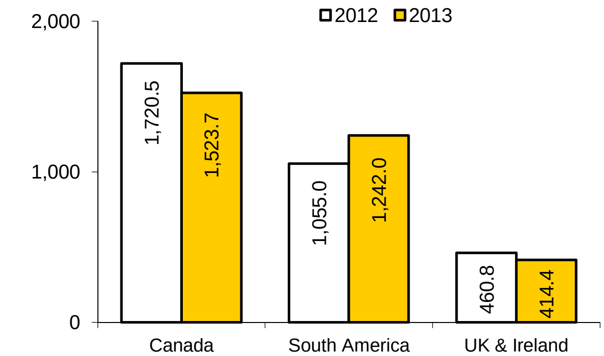
Finning's net income was $82.7 million in the second quarter of 2013 compared with $78.7 million in the same period last year.

Basic EPS was $0.48 per share compared with $0.46 per share in the comparative period last year. The increase was driven by the higher EBIT noted above, combined with an approximate $0.03 per share favourable impact from the benefit of previously unrecognized tax losses, partially offset by higher finance costs in the second quarter of 2013.

Year-to-Date Overview

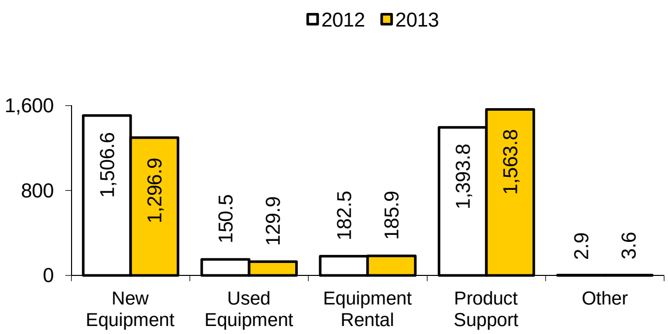
	YTD 2013	YTD 2012	**YTD 2013**	YTD 2012
	($ millions)		(% of revenue)	
Revenue	**$ 3,180.1**	$ 3,236.3		
Gross profit	**1,011.8**	953.7	**31.8%**	29.5%
Selling, general & administrative expenses (SG&A)	**(773.8)**	(737.8)	**(24.3)%**	(22.8)%
Equity earnings of joint venture and associate	**6.3**	5.3	**0.2%**	0.1%
Other income/ (expenses)	**(4.7)**	(4.1)	**(0.2)%**	(0.1)%
Earnings before finance costs and income taxes (EBIT)	**239.6**	217.1	**7.5%**	6.7%
Finance costs	**(45.9)**	(37.2)	**(1.4)%**	(1.2)%
Provision for income taxes	**(37.6)**	(36.9)	**(1.2)%**	(1.1)%
Net income	**$ 156.1**	$ 143.0	**4.9%**	4.4%
Basic earnings per share (EPS)	**$ 0.91**	$ 0.83		
Earnings before finance costs, income taxes, depreciation, and amortization (EBITDA)	**$ 345.5**	$ 320.3	**10.9%**	9.9%
Free Cash Flow	**$ (86.9)**	$ (253.4)		

Revenue from Operations
($ millions)
Six months ended June 30



For the six months ended June 30, 2013, revenues of $3.2 billion decreased 1.7% over the same period last year. New equipment sales were down 13.9% compared to the first half of the prior year due to decreases in the Canadian and UK and Ireland operations, partially offset by an increase in the South American operations. Product support revenues increased by 12.2% from the first six months of 2012, up in all operations, driven primarily by an increase of approximately $145 million from the expanded mining product line.

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



As mentioned above, on a consolidated basis, new equipment sales were 13.9% lower than the first half of 2012 primarily due to decreased sales in the Company's Canadian operations where mining customers are reducing capital spending, and in the Company's UK and Ireland operations where the economic environment continues to be challenging. Product support revenues were 12.2% higher than the first half of the prior year, up significantly in the South American and Canadian operations. Used equipment sales decreased by 13.7% compared to the first half of 2012, down in all operations, while rental revenues increased by 1.8% over the same period last year, up in all operations.

Earnings Before Finance Costs and Taxes (EBIT)

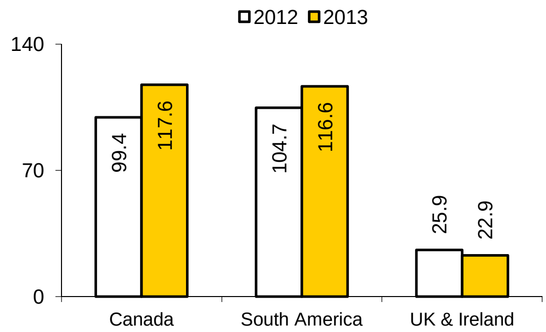
On a consolidated basis, EBIT was $239.6 million in the first half of 2013, 10.4% higher than the $217.1 million earned in the first half of the prior year. Although revenues were lower in 2013, a higher mix of product support revenues, as well as improved profit margins in certain lines of business and an increase of approximately $10 million from a full six months of the expanded mining product line, drove the higher EBIT.

Gross profit of $1.0 billion in the first six months of the year increased 6.1% over the same period last year and gross profit as a percentage of revenue was 31.8%, up compared with 29.5% in the first half of 2012. The increase was primarily due to the shift in revenue mix to higher margin product support revenues. Product support revenues made up 49.2% of total revenues in the first half of 2013, compared with 43.1% of total revenues in the same period last year, while new equipment sales accounted for 40.8% of total revenues in the first half of 2013, compared with 46.6% of total revenues in the same period last year.

SG&A costs were $773.8 million or 4.9% higher than the first six months of 2012, reflecting similar trends noted earlier for the second quarter.

Results for the first half of 2013 included net costs of $2.0 million related to exports in Argentina compared to no exports in the same period last year.

EBIT from Operations (1)
($ millions)
Six months ended June 30



(1) Excluding other operations – corporate head office

The Company's EBIT margin was 7.5% in the first half of 2013, up from 6.7% in the first six months of 2012 primarily due to the improved EBIT margin in the Company's Canadian operations.

Earnings Before Finance Costs, Income Taxes, Depreciation, and Amortization (EBITDA) and Free Cash Flow

EBITDA was $345.5 million in the first six months of 2013 compared to $320.3 million in the first six months of 2012.

The Company's Free Cash Flow was $86.9 million use of cash compared to $253.4 million use of cash in the comparative first half of the prior year. Lower rental and capital expenditures, as well as lower working capital were the main contributors to the reduced level of cash usage in the first half of 2013 compared to the same period in 2012. The Company remains focused on reducing working capital levels and expects to generate a positive Free Cash Flow in 2013.

Finance Costs

Finance costs for the six months ended June 30, 2013 were $45.9 million compared with $37.2 million in the first half of 2012. The increase was primarily due to the issuance of debt in 2012 to fund the acquisition of the expanded mining product line, early redemption costs related to the Company's 5.16% $250 million MTN, as well as the foreign exchange gain of $3.3 million that was recorded in the second quarter of the prior year.

Provision for Income Taxes

The effective income tax rate for the first half of 2013 was 19.4% compared to 20.5% in the comparable period of the prior year. The lower effective income tax rate in 2013 is primarily due to the benefit of previously unrecognized tax losses to offset taxable amounts recorded in the second quarter of 2013.

Net Income

Finning's net income was $156.1 million in the first six months of 2013, up compared to $143.0 million in the same period last year.

Basic EPS for the six months ended June 30, 2013 was $0.91 per share compared with $0.83 per share in the same period last year. The results for the first half of 2013 reflected higher EBIT as noted above, partially offset by higher finance costs.

Foreign Exchange

Translation

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 different currencies. The most significant currencies in which the Company transacts business are the U.S. dollar, the Canadian dollar, the U.K. pound sterling, and the Chilean peso. Changes in the Canadian dollar / U.S. dollar and Canadian dollar / U.K. pound sterling relationship affect reported results on the translation of the financial statements of the Company's South American and UK and Ireland operations as well as U.S. dollar based earnings of the Company's Canadian operations. In addition, the results of the Company's South American operations, whose functional currency is the U.S. dollar, are affected by changes in the U.S. dollar / Chilean peso and U.S. dollar / Argentinean peso relationship.

Foreign denominated net asset or liability positions may exist on an operation's statement of financial position. The Company does not fully hedge balance sheet exposure so this may result in unrealized foreign exchange gains or losses until the net position is settled.

The exchange rates of the Canadian dollar against the following foreign currencies were as follows:

Exchange rate	**June 30, 2013**	December 31, 2012	June 30, 2012
U.S. dollar	**1.0512**	0.9949	1.0191
U.K. pound sterling	**1.5987**	1.6178	1.5984

Three months ended June 30 **Average exchange rates**	**2013**	2012
U.S. dollar	**1.0231**	1.0105
U.K. pound sterling	**1.5714**	1.5985
Six months ended June 30 **Average exchange rates**	**2013**	2012
U.S. dollar	**1.0159**	1.0057
U.K. pound sterling	**1.5678**	1.5857

Foreign exchange translation had minimal impact in the three and six months ended June 30, 2013.

The Canadian dollar has historically correlated fairly well to commodity prices. If commodity prices strengthen, the Canadian dollar is likely to strengthen. In this scenario, the Company's resource industry customers may be able to increase production which can result in increased demand for equipment and services. However, the Company is negatively impacted when U.S. dollar based revenues and earnings are translated into lower Canadian dollar reported revenues and earnings due to the stronger Canadian dollar, although lags may occur.

The impact of foreign exchange due to the value of the Canadian dollar relative to the U.S. dollar, U.K. pound sterling, and Chilean peso is expected to continue to affect Finning's results. 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.

Investment in Foreign Operations

Assets and liabilities of the Company's foreign operations, which have functional currencies other than the Canadian dollar, are translated into Canadian dollars using the exchange rates in effect at the statement of financial position dates. Any unrealized translation gains and losses are recorded as an item of other comprehensive income and accumulated other comprehensive income.

Currency translation adjustments arise as a result of fluctuations in foreign currency exchange rates at the period reporting date compared to the previous period reporting date. The unrealized currency translation gain of $81.0 million recorded in the first six months of 2013 resulted primarily from the weakening of the Canadian dollar against the U.S. dollar at June 30, 2013 compared to December 31, 2012. This was partially offset by $38.8 million (after-tax) of unrealized foreign exchange losses on net investment hedges. For more details, refer to the Interim Condensed Consolidated Statements of Comprehensive Income.

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, engines, and related products in various markets worldwide as noted below. Finning's reporting segments are as follows:

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

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

Three months ended June 30, 2013 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consolidated**	**Revenue percentage**
New equipment	**$ 261.8**	**$ 259.0**	**$ 132.1**	**$ 652.9**	**40.3%**
Used equipment	**44.6**	**12.1**	**13.2**	**69.9**	**4.3%**
Equipment rental	**66.5**	**19.0**	**7.3**	**92.8**	**5.7%**
Product support	**393.4**	**338.2**	**70.9**	**802.5**	**49.5%**
Other	**1.4**	**0.6**	**—**	**2.0**	**0.2%**
Total	**$ 767.7**	**$ 628.9**	**$ 223.5**	**$ 1,620.1**	**100.0%**
Revenue percentage by operations	**47.4%**	**38.8%**	**13.8%**	**100.0%**	

Three months ended June 30, 2012 ($ millions)	Canada	South America	UK & Ireland	Consolidated	Revenue percentage
New equipment	$ 456.1	$ 266.4	$ 152.7	$ 875.2	49.6%
Used equipment	43.9	9.2	24.0	77.1	4.4%
Equipment rental	65.8	18.4	7.1	91.3	5.2%
Product support	375.9	279.0	63.9	718.8	40.7%
Other	1.1	1.0	—	2.1	0.1%
Total	$ 942.8	$ 574.0	$ 247.7	$ 1,764.5	100.0%
Revenue percentage by operations	53.4%	32.5%	14.1%	100.0%	

Six months ended June 30, 2013 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consolidated**	**Revenue percentage**
New equipment	**$ 514.3**	**$ 542.1**	**$ 240.5**	**$ 1,296.9**	**40.8%**
Used equipment	**86.7**	**18.8**	**24.4**	**129.9**	**4.1%**
Equipment rental	**133.6**	**37.4**	**14.9**	**185.9**	**5.8%**
Product support	**786.8**	**642.4**	**134.6**	**1,563.8**	**49.2%**
Other	**2.3**	**1.3**	**—**	**3.6**	**0.1%**
Total	**$ 1,523.7**	**$ 1,242.0**	**$ 414.4**	**$ 3,180.1**	**100.0%**
Revenue percentage by operations	**47.9%**	**39.1%**	**13.0%**	**100.0%**	

Six months ended June 30, 2012 ($ millions)	Canada	South America	UK & Ireland	Consolidated	Revenue percentage
New equipment	$ 771.2	$ 460.4	$ 275.0	$ 1,506.6	46.6%
Used equipment	89.1	24.1	37.3	150.5	4.7%
Equipment rental	131.6	36.9	14.0	182.5	5.6%
Product support	727.5	531.8	134.5	1,393.8	43.1%
Other	1.1	1.8	—	2.9	—
Total	$ 1,720.5	$ 1,055.0	$ 460.8	$ 3,236.3	100.0%
Revenue percentage by operations	53.2%	32.6%	14.2%	100.0%	

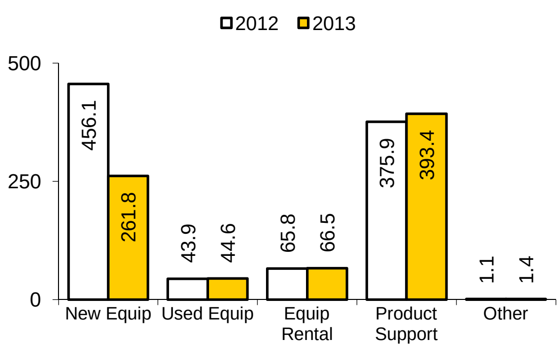
Canadian Operations

The Canadian operating segment includes Finning (Canada), the Company's interest in OEM Remanufacturing Company Inc. (OEM), and a 25% interest in PipeLine Machinery International (PLM). Finning (Canada) sells, services, and rents mainly Caterpillar equipment and engines in British Columbia, Alberta, Yukon, Northwest Territories, and a portion of Nunavut. The Company's markets include mining (including the oil sands), construction, conventional oil and gas, forestry, and power systems.

The table below provides details of the results from the Canadian operations:

($ millions)	Three months ended June 30 **2013**	Three months ended June 30 2012 (Restated)	Six months ended June 30 **2013**	Six months ended June 30 2012 (Restated)
Revenue from external sources	**$ 767.7**	$ 942.8	**$ 1,523.7**	$ 1,720.5
Operating costs	**(681.1)**	(853.9)	**(1,356.7)**	(1,566.0)
Depreciation and amortization	**(28.2)**	(31.6)	**(54.5)**	(60.6)
	58.4	57.3	**112.5**	93.9
Equity earnings of joint venture	**2.6**	3.3	**5.1**	5.5
Earnings before finance costs and income taxes (EBIT)	**$ 61.0**	$ 60.6	**$ 117.6**	$ 99.4
EBIT				
- as a percentage of revenue	**7.9%**	6.4%	**7.7%**	5.8%
- as a percentage of consolidated EBIT	**49.8%**	50.4%	**49.1%**	45.8%

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



Second quarter 2013 revenues of $767.7 million decreased 18.6% compared to the second quarter of 2012, due to lower new equipment sales.

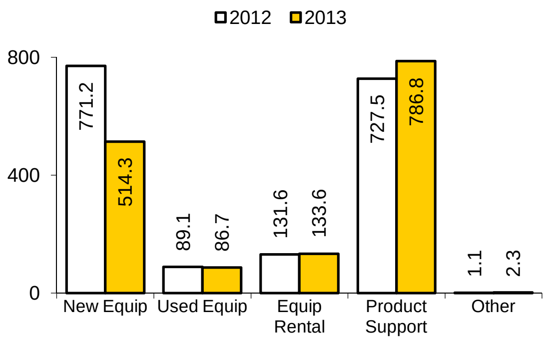
New equipment revenues in the second quarter of 2013 were 42.6% lower than the comparative quarter, primarily due to reduced capital spending by mining customers. Product support revenues were 4.7% higher compared to the same period last year, driven by an increase of approximately $39 million from the expanded mining product line.

Gross profit in absolute dollars from the Canadian operations decreased on lower volumes compared to the second quarter of 2012, however, gross profit as a percentage of revenue increased primarily due to a significantly higher mix of product support revenues, which typically return higher margins than new equipment sales. Product support revenues made up 51.2% of total revenues in the second quarter of 2013, compared to 39.9% in the prior year quarter, while new equipment revenues comprised only 34.1% of second quarter 2013 total revenues relative to 48.4% in the second quarter of 2012.

SG&A costs in the second quarter of 2013 decreased relative to the comparative period, driven by cost reductions related to process improvements and significant efficiency gains in freight and warehousing costs. In addition, there were lower costs associated with the ERP and operating improvements in OEM. These cost savings were partially offset by increased costs from the expanded mining product line, which was acquired in the fourth quarter of 2012 in the Company's Canadian operations, and costs related to the new service facility in Fort McKay. Despite the overall reduction in SG&A costs, SG&A costs as a percentage of revenues increased versus the second quarter of the prior year as a result of reduced revenues.

EBIT totalled $61.0 million in the second quarter of 2013, comparable to the $60.6 million earned in the same period of 2012, and included approximately $5 million in additional EBIT from the expanded mining product line. EBIT margin was 7.9%, up from 7.5% in the first quarter of 2013 and up from 6.4% in the second quarter of 2012.

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



Revenues for the six months ended June 30, 2013 decreased 11.4% to $1.5 billion compared to the same period last year, primarily driven by lower new equipment revenues as a result of reduced capital spending by mining customers as noted above. New equipment revenues in the first six months of 2013 were down 33.3% compared with the same period in 2012. Product support revenues were 8.1% higher than the first half of 2012, driven by an increase of approximately $79 million contributed by the expanded mining product line.

SG&A costs for the first half of 2013 were lower in absolute dollar terms but higher as a percentage of revenue compared to the first half of 2012, for the same reasons as noted above for the second quarter. The Canadian operations contributed EBIT of $117.6 million for the six months ended June 30, 2013, 18.3% higher than the prior year, including approximately $11 million from the expanded mining product line. EBIT margin in the first half of 2013 was 7.7%, up from 5.8% in the same period in 2012.

Other Developments

The collective agreement between the Company and the International Association of Machinists and Aerospace Workers (IAM) – Local Lodge 99, which represents unionized employees in Alberta and Northwest Territories, expired on April 30, 2013. Negotiations for a new collective agreement are continuing with the union. The Company is committed to the collective bargaining process and concluding a fair contract for its employees and Finning.

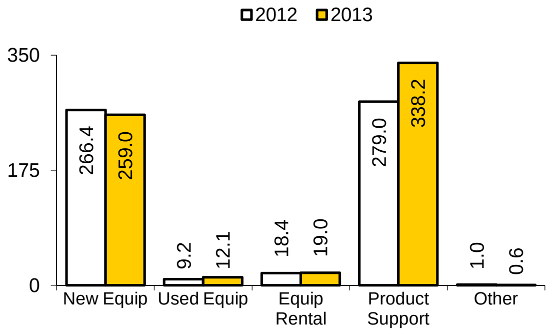
South American Operations

Finning's South American operation sells, services, and rents mainly Caterpillar equipment and engines in Chile, Argentina, Uruguay and Bolivia. The Company's markets include mining, construction, and power systems.

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

	Three months ended June 30		**Six months ended June 30**	
($ millions)	**2013**	2012 (Restated)	**2013**	2012 (Restated)
Revenue from external sources	**$ 628.9**	$ 574.0	**$ 1,242.0**	$ 1,055.0
Operating costs	**(549.2)**	(501.1)	**(1,086.2)**	(921.2)
Depreciation and amortization	**(18.0)**	(15.4)	**(35.2)**	(27.1)
	61.7	57.5	**120.6**	106.7
Other income/(expenses)				
Argentina export income	**52.7**	—	**77.3**	—
Argentina export costs	**(53.9)**	—	**(79.3)**	—
Other costs	**(1.0)**	(1.0)	**(2.0)**	(2.0)
Earnings before finance costs and income taxes (EBIT)	**$ 59.5**	$ 56.5	**$ 116.6**	$ 104.7
EBIT				
- as a percentage of revenue	**9.5%**	9.8%	**9.4%**	9.9%
- as a percentage of consolidated EBIT	**48.5%**	47.0%	**48.7%**	48.2%

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



Finning South America reported revenues of $628.9 million in the second quarter of 2013, up 9.6% over the second quarter of 2012 (up 8.3% in functional currency, the U.S. dollar) on higher product support revenues.

Second quarter 2013 revenues, in functional currency, reflected higher quarterly product support revenues, up 19.8% from the comparative period, but lower new equipment sales, down 3.9% from the same period last year. Increased product support revenues were driven by higher sales in the mining sector, including approximately $20 million in incremental revenues from the expanded mining product line. New equipment revenues decreased primarily due to lower sales in the construction sector in both Chile and Argentina, partially offset by higher revenues from Chile's mining sector.

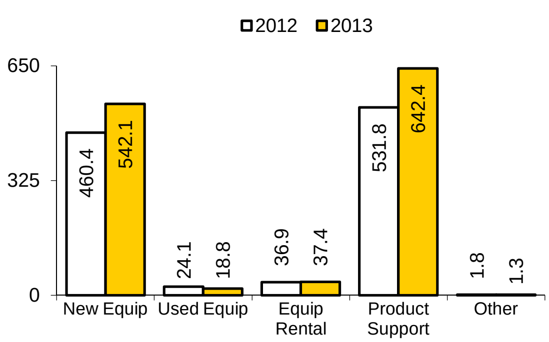
In functional currency, gross profit in the second quarter of 2013 was higher in absolute dollars compared to the second quarter of 2012 and gross profit margin was slightly higher. New equipment revenues represented 41.2% of total revenues in the second quarter of 2013 versus 46.4% in the prior year comparative period, while product support accounted for 53.8% of total revenues in 2013 in the second quarter, compared to 48.6% in the same quarter in 2012. The benefit in gross margin due to the shift in revenue mix to a larger proportion of higher margin product support revenues was partly offset by lower margins in new equipment sales, largely due to late delivery penalties.

SG&A costs, in functional currency, increased in absolute dollars compared to the same period last year. The increased costs were driven primarily by a full quarter of costs for the expanded mining product line, as well as unfavourable adjustments to certain projects. As a percentage of revenues, SG&A increased from the comparative period.

As a result of the Argentinean government's efforts to balance imports and exports and to manage access to foreign exchange, the Company's South American operations began to export agricultural products from Argentina in the third quarter of 2012. This ensures the Company can continue to import goods into Argentina to satisfy customer demand, while meeting government's expectations. As these activities are not related to the core business of the Company, the income and expenses related to these exports have been reported in other income and other expense and comparative periods have been adjusted accordingly.

EBIT from the South America operations totalled $59.5 million in the second quarter of 2013 and was 5.3% higher than the second quarter of 2012. In functional currency, EBIT increased 4.3% over the same period of the prior year. EBIT as a percentage of revenue was 9.5%, up from 9.3% in the first quarter of 2013 but lower than the 9.8% reported in the second quarter of the prior year. The results from the second quarter of 2013 included approximately $6 million lower EBIT from the expanded mining product line largely due to lower revenues and higher than expected start-up costs on certain contracts, as well as the costs associated with the Argentina exports.

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



For the six months ended June 30, 2013, revenues increased 17.7% to $1.2 billion. In functional currency, revenues were up 16.5% compared with the first half of 2012, reflecting higher product support revenues (including approximately $65 million in incremental revenues from the expanded mining product line) and new equipment sales.

SG&A costs were higher in the first half of 2013 compared with the same period of 2012 due to the expanded mining product line, which was acquired during the second quarter of 2012, as well as unfavourable adjustments to certain projects.

For the first half of 2013, EBIT of $116.6 million was 11.4% higher compared to the same period last year (up 10.4% in functional currency), reflecting the quarterly trends already noted. EBIT as a percentage of revenue for the South

American operations was 9.4% for the first half of 2013, lower than the EBIT margin of 9.9% achieved in the same period in 2012, reflecting the higher expenses associated with the expanded mining product line and the costs related to the exports in Argentina.

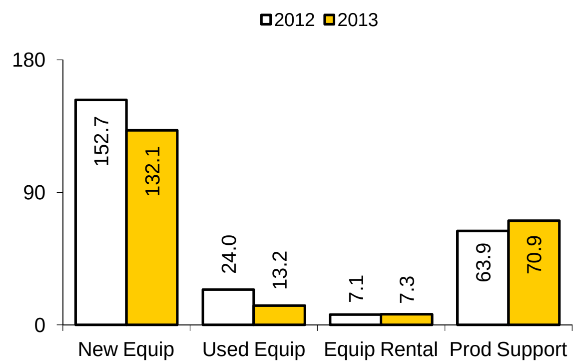
United Kingdom (UK) and Ireland Operations

The Company's UK and Ireland operations sell, service, and rent mainly Caterpillar equipment and engines in England, Scotland, Wales, Northern Ireland, and the Republic of Ireland. The Company's markets include mining, quarrying, construction and power systems.

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

	Three months ended June 30		Six months ended June 30	
($ millions)	**2013**	2012 (Restated)	**2013**	2012 (Restated)
Revenue from external sources	**$ 223.5**	$ 247.7	**$ 414.4**	$ 460.8
Operating costs	**(203.0)**	(225.6)	**(374.7)**	(417.9)
Depreciation and amortization	**(7.5)**	(8.2)	**(16.1)**	(15.5)
	13.0	13.9	**23.6**	27.4
Other expenses	**(0.4)**	(0.4)	**(0.7)**	(1.5)
Earnings before finance costs and income taxes (EBIT)	**$ 12.6**	$ 13.5	**$ 22.9**	$ 25.9
EBIT				
- as a percentage of revenue	**5.7%**	5.5%	**5.5%**	5.6%
- as a percentage of consolidated EBIT	**10.3%**	11.2%	**9.6%**	11.9%

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

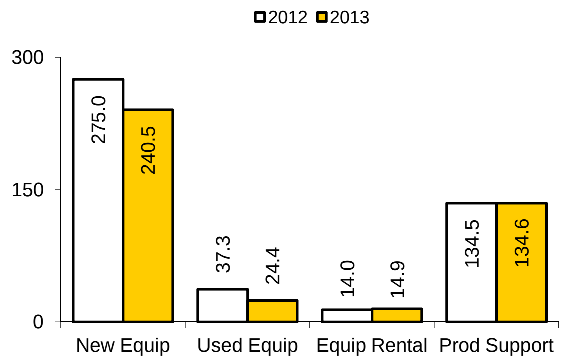


Revenues from the UK and Ireland operations for the second quarter of 2013 were $223.5 million, down 9.8% from the same period last year (down 8.2% in functional currency, the U.K. pound sterling). The decrease was primarily due to a reduction in new and used equipment sales, down 12.0% and 44.3% respectively, in functional currency. The second quarter of 2012 included a significant sale of shovels from the expanded mining product line that was not repeated in 2013, and used equipment sales were particularly strong in the second quarter of 2012. Despite the challenging economic environment in the UK and Ireland, product support revenues rose 11.0% (12.9% in functional currency) relative to the prior year comparative period, mainly driven by higher parts sales across multiple sectors.

Gross profit in the second quarter of 2013 was slightly lower compared to the second period of 2012 however, gross profit as a percentage of revenues was higher, driven by a higher mix of product support revenues. Product support revenues made up 31.8% of total revenues in the second quarter of 2013 compared to 25.8% in the comparative prior year period, while new equipment revenues represented 59.1% of second quarter 2013 total revenues compared to 61.7% a year earlier. SG&A costs in the second quarter of 2013 were slightly lower than the same period in the prior year. Due to the lower revenue base, SG&A as a percentage of revenues was higher in the second quarter of 2013 compared to the second quarter of 2012.

The UK and Ireland operations reported EBIT of $12.6 million in the second quarter of 2013, down from $13.5 million in the second quarter of 2012, primarily due to lower revenues noted above. UK and Ireland's EBIT margin (EBIT as a percentage of revenue) of 5.7% was higher than the 5.5% reported in the same period last year.

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



For the six months ended June 30, 2013, revenues of $414.4 million were 10.1% lower than the same period in the prior year. In functional currency, total revenues were 9.0% lower compared to that reported in the first six months of 2012. The decrease was primarily due to lower new and used equipment sales, primarily in the mining sectors.

For the first half of 2013, EBIT of $22.9 million was 11.6% lower compared to the same period last year (down 10.5% in functional currency) driven by lower revenues. EBIT margin of 5.5% was comparable to the 5.6% earned in the same period last year.

Corporate and Other Operations

($ millions)	Three months ended June 30		Six months ended June 30	
	2013	2012 (Restated)	**2013**	2012 (Restated)
Operating costs - corporate	**$ (6.2)**	$ (4.9)	**$ (12.2)**	$ (10.7)
Long-term incentive plan (LTIP)	**(5.4)**	(5.2)	**(6.4)**	(1.4)
Depreciation and amortization	**—**	—	**(0.1)**	—
	(11.6)	(10.1)	**(18.7)**	(12.1)
Equity gain/(loss) of associate	**1.0**	0.1	**1.2**	(0.2)
Other expenses	—	(0.3)	—	(0.6)
Loss before finance costs and income taxes	**$ (10.6)**	$ (10.3)	**$ (17.5)**	$ (12.9)

Corporate operating costs for the three and six month periods ended June 30, 2013 were slightly higher than the comparative period of 2012.

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. In the second quarter of 2013, the Company's share price decreased by 14.5%, similar to the decrease in share price in the second quarter of 2012. As a result, the costs associated with the LTIP units and the hedge were relatively unchanged from the comparative period. For the six month period ended June 30, 2013, the Company's share price decreased by 11.9% compared with an increase of 6.6% in the first six months of 2012, which resulted in higher costs related to LTIP in the first half of 2013.

The equity gain/(loss) of associate for the three and six months ended June 30, 2013 and 2012 relates to the Company's investment in Energyst B.V. The Company's equity investment in Energyst increased to 27.9% from 27.3% in February 2013.

Liquidity and Capital Resources

Operating Activities

For the three months ended June 30, 2013, cash provided by operations after changes in operating assets and liabilities and interest and income tax paid was $61.6 million (year-to-date 2013: cash inflows of $5.1 million), compared with cash inflows of $105.9 million during the same period in 2012 (year-to-date 2012: cash outflows of $65.9 million). The lower cash generation in the second quarter of 2013 compared to the same period a year earlier reflected higher working capital usage in the three months ended June 30, 2013, which was primarily driven by increased new equipment inventories in the Company's Canadian operations. The increase in new equipment inventory in the Canadian operations reflected certain equipment being prepared for delivery in the third quarter of 2013, as well as delayed deliveries due to the recent floods in Alberta. Also contributing to the higher working capital spend was higher payments to suppliers, partially offset by lower parts inventories and higher collections from customers.

In the second quarter of 2013, the Company invested $41.6 million in rental assets, net of disposals (year-to-date 2013: $51.4 million), which was lower than the investment of $59.4 million in rental assets, net of disposals in the same quarter of 2012 (year-to-date 2012: $73.2 million).

As a result of these items, cash flow generated from operating activities was $19.9 million in the second quarter of 2013 (year-to-date 2013: $46.3 million use of cash), lower than the $46.6 million cash flow from operating activities in the comparative period of 2012 (year to date 2012: $139.0 million use of cash).

EBITDA was $176.2 million in the second quarter of 2013 (year-to-date 2013: $345.5 million), comparable to $175.5 million in the second quarter of 2012 (year-to-date 2012: $320.3 million).

Investing Activities

Net cash used in investing activities for the three months ended June 30, 2013 totalled $13.3 million (year-to-date 2013: $45.1 million) compared with $378.5 million in the second quarter of 2012 (year-to-date 2012: $424.1 million). The primary use of cash in the second quarter of 2013 related to additions to property, plant and equipment and intangible assets for $15.8 million (year-to-date 2013: $43.2 million), lower than the $77.5 million invested in the comparable period in 2012 (year-to-date 2012: $116.7 million).

The higher cash usage in the second quarter of last year for investing activities was driven primarily by the acquisition of the expanded mining product line in the Company's South American and UK and Ireland operations from Caterpillar. Higher spend in the second quarter of 2012 also reflected the construction of the new service facilities in the Company's Canadian operations at Fort McKay, as well as capital spending related to a payment made to negotiate a four-year collective agreement with certain unions in the Company's South American operations.

In the six month period ended June 30, 2013, the Company invested $4.5 million to increase its investment in Energyst B.V. from 27.3% to 27.9%. In the comparative period of 2012, the Company invested $2.8 million in Energyst B.V.

In the second quarter of 2012, the Company received $6.4 million as partial payment of a £20 million 5-year note receivable from the purchaser of Hewden Stuart Limited, the Company's U.K. rental equipment business that was sold in 2010.

Financing Activities

To complement the internally generated funds from operating and investing activities, as at June 30, 2013, the Company has approximately $1.8 billion in unsecured credit facilities. Included in this amount, Finning has committed bank facilities totalling approximately $1.2 billion with various Canadian, U.S., and South American financial institutions. The largest of these, the $1.0 billion global operating credit facility, matures in September 2015. At June 30, 2013, approximately $0.6 billion was available under these committed facilities. Based on the availability of these facilities, the Company's business operating plans, and the discretionary nature of some of the cash outflows such as rental and capital expenditures, the Company believes it continues to have sufficient liquidity to meet operational needs.

Longer term capital resources are provided by direct access to capital markets and in April 2013, the Company's long-term debt rating was re-confirmed at BBB+ by Standard & Poor's (S&P).

In May 2013, the Company refinanced the 5.625% £70 million Eurobond, due May 30, 2013 with an issuance of unsecured 3.40% senior notes of £70 million due May 23, 2023 in the U.S. private placement market.

Subsequent to the second quarter of 2013, in July 2013 the Company exercised its right to early redeem its 5.16% $250 million MTN due September 3, 2013. The resulting early redemption fees of approximately $1.5 million have been reflected in finance costs in the three month period ended June 30, 2013. The redemption was financed with an issuance on July 3, 2013 of unsecured 3.232% $200 million MTN due July 3, 2020 and commercial paper drawn on the Company's global operating credit facility.

In the first six months of 2012, the Company issued U.S. $200 million senior notes to repay commercial paper borrowings and for general corporate purposes; U.S. $300 million senior notes to fund the acquisition of the expanded mining product line in its South American and UK and Ireland operations; and $150 million MTN to fund the acquisition of the expanded mining product line in the Canadian operations.

Dividends paid to shareholders in the second quarter of 2013 were $26.2 million, up 9% compared to the second quarter of 2012, reflecting the $0.0125 per common share increase to a quarterly dividend of $0.1525 per share announced in May 2013. Dividends paid to shareholders for the first half of 2013 increased 8% to $50.3 million compared to the first half of 2012.

Debt Ratio and Return on Equity

The Company views Debt Ratio (net debt to total capitalization ratio) and Return on Equity (ROE) as key measures of its capital resources. The Debt Ratio at June 30, 2013 was 50.6%, compared with 51.1% at March 31, 2013 and 50.0% at December 31, 2012. The Debt Ratio is temporarily above the Company's target range of 35-45%, and reflects higher debt levels to fund the purchase of the expanded mining product line in 2012. The Company targets to consistently achieve at least 18% ROE and in the second quarter of 2013 reported 21.8%. For a definition of the Debt Ratio and ROE, please see the heading "Description of Non-GAAP and Additional GAAP Measures" later in this MD&A.

Outlook

New equipment order intake in the second quarter was higher than in the preceding quarter, driven by the construction sector, and similar to equipment delivery levels. On a consolidated basis, compared to the prior year, the Company expects lower new equipment sales to be more than offset by growth in product support revenues. The Company continues to operate with caution and monitor market activity closely.

In Western Canada, demand for mining equipment and product support is expected to be weaker in 2013 compared to 2012. While mining equipment utilization rates are expected to remain solid, pressure continues on producers and contractors to reduce costs. Capital expenditures in the heavy construction and forestry sectors are expected to be up slightly over 2012. The Company continues to successfully build market share and grow customer loyalty in these market segments. The number of infrastructure projects under consideration will be a positive for heavy construction activity for the next few years. Market conditions in the conventional oil and gas segments remain weak. Demand for rental equipment remains strong across all sectors.

In South America, market conditions are softening. In mining, producers are becoming concerned about the price of copper and their operating costs. While mining customers are maintaining production and equipment utilization levels, they are delaying equipment purchasing decisions. Consequently, new order intake for mining has been reduced and growth in the product support business is expected to slow. The slowdown in the mining sector is impacting the power systems and construction equipment markets, where machine utilization levels and product support activity have been reduced, particularly in northern Chile.

As a result of the Argentinean government's efforts to balance imports and exports and to manage access to foreign exchange, the Company's South American operations began to export agricultural products from Argentina in the third quarter of 2012. This ensures the Company can continue to import goods into Argentina to satisfy customer demand, while meeting government's expectations.

In the U.K. and Ireland, the economy remains soft. In Equipment Solutions, the coal mining sector remains very weak and there has been some consolidation of customers. This is also affecting demand for product support. The heavy construction sector is impacted by low infrastructure project activity levels. Quarrying and aggregates are currently the most active markets for core products. The Company is seeing steady order intake in Power Systems and Equipment Solutions.

The Company aims to improve operating profitability through advancing a number of operational excellence initiatives focused on streamlining the supply chain and increasing service efficiency throughout the operations. The Company targets to consistently achieve higher profitability levels over historical margins. The timing and magnitude of the sustainable earnings improvement will depend on the Company's ability to successfully execute its operational excellence strategy, and may also be influenced by market conditions.

Although first half 2013 revenues are down relative to 2012, the Company expects strong equipment deliveries and continued growth in product support in the second half of the year that should allow it to modestly increase annual revenues relative to 2012, albeit to the very low end of the previously disclosed 0 to 10% range. Management believes that there are significant opportunities to increase profitability, particularly in Canada. However, improvements will take time and management is not expecting the profitability of the Company's Canadian operations to improve in the second half of 2013 relative to the first half given the pace of operational improvements and higher equipment sales anticipated for the balance of the year. The Company will see improved free cash flow performance in the second half of the year given a projected decrease in its inventories, and expects the net debt to total capital ratio to decline to the 35 to 45% target range by the end of 2013.

Description of Non-GAAP and Additional GAAP Measures

EBIT is defined herein as earnings before finance costs and income taxes. EBITDA is defined as earnings before finance costs, income taxes, depreciation, and amortization. Free Cash Flow is defined as cash flow provided by (used in) operating activities less net additions to property, plant, and equipment and intangible assets, as disclosed in the Company's consolidated statement of cash flow. ROE is defined as net income divided by the weighted average of shareholders' equity, both for the last twelve month period. Net income adjusted for items not affecting cash is defined as net income adjusted for the effects of transactions of a non-cash nature and items of income or expense associated with investing or financing cash flows. Debt Ratio (net debt to total capitalization) is calculated as short-term 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 shareholders' equity (share capital, contributed surplus, accumulated other comprehensive loss, and retained earnings). EBIT, EBITDA, Free Cash Flow, ROE, net income adjusted for items not affecting cash and Debt Ratio are measures of performance utilized by management to measure and evaluate the financial performance of its operating segments. EBITDA and Free Cash Flow are measures commonly reported and widely used by investors as an indicator of a company's cash operating performance and ability to raise and service debt. EBITDA is also commonly regarded as an indirect measure of operating cash flow, a significant indicator of success for many businesses and is a common valuation metric.

Management believes that these measures provide important information regarding the operational performance of the Company's business. By considering these measures in combination with the comparable IFRS (also referred to as generally accepted accounting principles, or GAAP) measures set out below, management believes that shareholders are provided 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. EBITDA, Free Cash Flow, ROE and Debt Ratio 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 EBITDA and net income is as follows:

	Three months ended June 30		**Six months ended June 30**	
($ millions)	**2013**	2012 (Restated)	**2013**	2012 (Restated)
Earnings before finance costs, income taxes, depreciation, and amortization (EBITDA)	**$ 176.2**	$ 175.5	**$ 345.5**	$ 320.3
Depreciation and amortization	**(53.7)**	(55.2)	**(105.9)**	(103.2)
Earnings before finance costs and income taxes (EBIT)	**122.5**	120.3	**239.6**	217.1
Finance costs	**(24.3)**	(21.2)	**(45.9)**	(37.2)
Provision for income taxes	**(15.5)**	(20.4)	**(37.6)**	(36.9)
Net income	**$ 82.7**	$ 78.7	**$ 156.1**	$ 143.0

A reconciliation of Free Cash Flow is as follows:

($ millions)	Three months ended June 30 2013	Three months ended June 30 2012	Six months ended June 30 2013	Six months ended June 30 2012
Cash flow provided by/(used in) operating activities	**$ 19.9**	$ 46.6	**$ (46.3)**	$ (139.0)
Additions to property, plant, and equipment and intangible assets	**(15.8)**	(77.6)	**(43.2)**	(116.7)
Proceeds on disposal of property, plant, and equipment	**2.5**	0.3	**2.6**	2.3
Free Cash Flow	**$ 6.6**	$ (30.7)	**$ (86.9)**	$ (253.4)

The calculation of the Company's Debt Ratio is as follows:

As at ($ millions, except as noted)	June 30 2013	December 31 2012
Components of Debt Ratio		
Cash and cash equivalents	**$ (115.0)**	$ (114.9)
Short-term debt	**454.2**	303.3
Current portion of long-term debt	**250.5**	363.6
Long-term debt	**1,152.4**	1,012.2
Net debt	**1,742.1**	1,564.2
Shareholders' equity	**1,701.0**	1,566.6
Total capitalization	**$ 3,443.1**	$ 3,130.8
Net debt to total capitalization	**50.6%**	50.0%

Risk Management

Finning and its subsidiaries are exposed to market, financial, operating and other risks in the normal course of their business activities. The Company's Enterprise Risk Management (ERM) process is designed to ensure that such risks are identified, managed, and reported. 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 Company discloses all of its key risks in its most recent AIF with key financial risks also included in the Company's Annual 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. Also 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, 2012.

There have been no significant changes to existing risk factors and no new key risks identified from the key risks disclosed in the Company's current AIF for the year ended December 31, 2012, 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 main types of foreign exchange risk of the Company are translation exposure and transaction exposure. These are explained further in the Foreign Exchange Risk section in the 2012 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, 2013 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, 2013 month end rates		Net income $ millions
CAD/USD	**1.0512**	**$**	**(34)**
CAD/GBP	**1.5987**	**$**	**(1)**
CAD/CLP	**0.0021**	**$**	**2**
CAD/ARS	**0.1951**	**$**	**2**

A 5% weakening of the Canadian dollar against the above currencies relative to the June 30, 2013 month end rates would have an equivalent but opposite effect on the above accounts in the amounts shown on the basis that all other variables are unchanged.

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 takes into account annual forecasted 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 to prevent insider trading and the handling of confidential information.
- A Disclosure Committee, consisting of senior management and external legal counsel, reviews 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 has 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 IFRS. There has been no change in the design of the Company's internal control over financial reporting during the quarter ended June 30, 2013, that would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting. Since the implementation of a new ERP system in the third quarter of 2011 in the Company's Canadian operations, management has employed additional procedures to ensure key financial internal controls remained in place. Management also performed additional account reconciliations and other analytical and substantive procedures to mitigate any financial risks from the introduction of the new system.

Regular involvement of the Company's internal audit function and quarterly reporting to the Audit Committee assist 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, they are aware that 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)	2013 Q2	2013 Q1	2012 (Restated) Q4	2012 (Restated) Q3	2012 (Restated) Q2	2012 (Restated) Q1	2011 (Restated) Q4	2011 (Restated) Q3
Revenue from operations (1)								
Canada	**$ 767.7**	$ 756.0	$ 788.2	$ 768.9	$ 942.8	$ 777.7	$ 990.9	$ 607.7
South America (4)	**628.9**	613.0	740.3	601.9	574.0	481.0	592.7	528.1
UK & Ireland	**223.5**	190.9	217.2	222.9	247.7	213.1	227.0	193.3
Total revenue	**$1,620.1**	$1,559.9	$1,745.7	$1,593.7	$1,764.5	$1,471.8	$1,810.6	$1,329.1
Net income (1) (2)	**$ 82.7**	$ 73.4	$ 102.6	$ 81.3	$ 78.7	$ 64.3	$ 68.6	$ 33.3
Earnings Per Share (1) (2)								
Basic EPS	**$ 0.48**	$ 0.43	$ 0.60	$ 0.47	$ 0.46	$ 0.37	$ 0.40	$ 0.20
Diluted EPS	**$ 0.48**	$ 0.43	$ 0.60	$ 0.47	$ 0.46	$ 0.37	$ 0.40	$ 0.20
Total assets (1)	**$5,301.6**	$5,194.4	$5,118.0	$4,994.0	$5,110.5	$4,530.0	$4,085.4	$4,086.8
Long-term debt								
Current	**$ 250.5**	$ 358.3	$ 363.6	$ 361.3	$ 112.3	$ 0.5	$ 0.5	$ 262.3
Non-current	**1,152.4**	1,022.5	1,012.2	1,076.1	1,344.7	952.4	762.6	778.5
Total long-term debt (3)	**$1,402.9**	$1,380.8	$1,375.8	$1,437.4	$1,457.0	$ 952.9	$ 763.1	$1,040.8
Cash dividends paid per common share	**15.25¢**	14¢	14¢	14¢	14¢	13¢	13¢	13¢
Common shares outstanding (000's)	**171,999**	171,971	171,910	171,905	171,880	171,849	171,574	171,571
Options outstanding (000's)	**5,643**	4,708	5,060	5,118	5,235	4,595	5,411	5,411

1) In February 2012, the Company acquired Damar, an engineering company specializing in the water utility sector in the U.K. In May 2012, the Company acquired the former Bucyrus distribution and support business in its dealership territories of South America and in the U.K. In October 2012, the Company acquired the former Bucyrus distribution and support business in its Canadian dealership territory.

   The results of operations and financial position of these acquired businesses have been included in the figures above since the date of acquisition.

2) The results for the second half of 2011 and all of 2012 were negatively impacted by the ERP system implementation issues experienced in the Company's Canadian operations. The ERP system implementation and the five-week B.C. union strike in the third quarter of 2011 reduced earnings by approximately $0.25 per share; the fourth quarter of 2011 and the first, second, third and fourth quarters of 2012 included costs associated with the ERP system issues of $0.12, $0.09, $0.07, $0.05 and $0.04 respectively.

3) In September 2011, the Company entered into a $1.0 billion committed unsecured syndicated operating credit facility. This facility replaced the previous $800 million global credit facility, which was set to expire in December 2011. The new committed facility matures in September 2015.

   In December 2011, the Company repaid its $150 million MTN on maturity. Repayment of the notes was funded by the issuance of commercial paper under the Company's commercial paper program.

   In January 2012, the Company issued unsecured senior notes in the U.S. private placement market of U.S. $200 million. Proceeds from the notes were used to repay commercial paper borrowings and for general corporate purposes.

   In April 2012, the Company issued unsecured senior notes in the U.S. private placement market of U.S. $300 million. Proceeds from the notes were used to fund the acquisition of Bucyrus in the Company's South American operations.

   In June 2012, the Company issued $150 million MTN, due June 13, 2042. Proceeds from the MTN were used to fund the purchase of Bucyrus in the Company's Canadian operations on October 1, 2012.

4) As a result of the Argentinean government's efforts to control imports and manage access to foreign exchange, the Company's South American operations began to export agricultural products from Argentina in the third quarter of 2012. This ensures the Company can continue to import goods into Argentina in order to satisfy customer demand. Income and expenses associated with the exports have been recorded in other income / (expenses) beginning in Q3-12 and comparative periods adjusted accordingly.

New Accounting Pronouncements

Amended Standards Adopted by the Company for the financial year beginning January 1, 2013

- The Company has applied the amendments to IAS 19, *Employee Benefits* in the current year. The amendments provide new requirements for the accounting for defined benefit pension plans. Most notably, the amendments mandate the immediate recognition of actuarial gains and losses in other comprehensive income, and require companies to use the same rate for both the discount rate applied to determine the interest cost related to the defined benefit obligation and the expected return on assets when calculating the net interest component of pension expense. The Company previously recognized all actuarial gains and losses immediately through other comprehensive income; consequently this element of the amendments does not impact the Company. With respect to the second change, in the determination of net income, the effect is that the defined benefit plan expense concepts of "interest cost" and "expected return on plan assets" is replaced with the concept of "net interest". The amendments do not prescribe where in the results of operations the net interest amount is to be presented, but the Company elected to present the net interest amount as a component of finance costs upon the application of the amended standard.

  As the discount rate is lower than an expected long-term rate of return on plan assets the effect of the amended standard is a decrease in net income and associated per share amounts. The variance, if any, between the actual return on the defined benefit plan assets and the amount determined using the discount rate is included in other comprehensive income as a remeasurement.

  With the adoption of the amendments to IAS 19 on January 1, 2013, the Company has restated the prior year comparative period consolidated statement of income, consolidated statement of cash flows, consolidated statement of comprehensive income, and consolidated statement of shareholders' equity. The impact of the amendments to IAS 19 is as follows:

($ thousands)	Three months ended June 30, 2012	Six months ended June 30, 2012	Year ended December 31, 2012
Increase in selling, general, and administrative expense	$ (1,972)	$ (3,927)	$ (7,902)
Increase in finance costs	(1,586)	(3,161)	(6,383)
Decrease in provision for income taxes	874	1,741	3,440
Decrease in net income	$ (2,684)	$ (5,347)	$ (10,845)
Increase in other comprehensive income, net of tax	$ 2,684	$ 5,347	$ 10,845
Decrease in basic and diluted earnings per share	$ (0.015)	$ (0.03)	$ (0.06)

  The amendments do not affect the Company's consolidated statement of financial position. The Company will provide additional disclosures in the notes to the annual consolidated financial statements with the adoption of the amendments to IAS 19.

- The Company has applied the amendments to IAS 1, *Presentation of Financial Statements*. The amendments require that elements of other comprehensive income that may subsequently be reclassified through profit and loss be differentiated from those items that will not be reclassified.

- The Company has applied IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements*, IFRS 12, *Disclosure of Interests in Other Entities*, and consequential revisions to IAS 27, *Separate Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures*. The new standards provide revised guidance on the accounting treatment and associated disclosure requirements for joint arrangements and associates, and a revised definition of 'control' for identifying entities which are to be consolidated. The adoption of this new standard had no impact on the Company's financial position but disclosures will be enhanced for the annual consolidated financial statements.

- The Company has applied IFRS 13, *Fair Value Measurement*. The new standard provides guidance on fair value measurement and disclosure requirements. The adoption of this new standard had no impact on the Company's financial position but disclosures are enhanced for the interim consolidated financial statements and will be further enhanced for the annual consolidated financial statements.

Future Accounting Pronouncements

The Company has not applied the following new and revised IFRS that have been issued but are not yet effective at August 7, 2013:

- IFRS 9, *Financial Instruments* (effective January 1, 2015) introduces new requirements for the classification and measurement of financial assets and financial liabilities. Management is currently assessing the impact of the issued and proposed changes to IFRS 9.
- Amendments to IAS 32, *Financial Instruments: Presentation* (effective January 1, 2014) clarifies existing application issues relating to offsetting requirements. These amendments are not expected to have a significant effect on the Company's accounting policies or financial statements.
- IFRIC 21, *Levies* (effective January 1, 2014) provides guidance on the recognition for liabilities on levies imposed by governments, other than income taxes, in its financial statements. Management is currently assessing the impact on its financial statements.

Outstanding Share Data

As at July 31, 2013	
Common shares outstanding	171,999,437
Options outstanding	5,640,836

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 Finning makes is forward-looking when it uses what the Company knows and expects 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, project, 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; expected revenue and SG&A levels and EBIT margin growth; anticipated generation of free cash flow and its expected use; the impact of new and revised IFRS that have been issued but are not yet effective; and the expected target range of the Company's 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 Finning's expectations at August 7, 2013. Except as may be required by Canadian securities laws, Finning does 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 the expectations expressed in or implied by such forward-looking statements and that Finning's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, Finning 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 these forward-looking statements include: general economic and market conditions; risks associated with the conduct of business in foreign jurisdictions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, Finning's products and services; Finning's dependence on the continued market acceptance of Caterpillar's products and Caterpillar's timely supply of parts and equipment; Finning's ability to continue to improve productivity and operational efficiencies while continuing to maintain customer service; Finning's ability to manage cost pressures as growth in revenues occur; Finning's ability to reduce costs in response to slowing activity levels; Finning's ability to attract sufficient skilled labour resources to meet growing product support demand; Finning's ability to negotiate and renew collective bargaining agreements with satisfactory terms for Finning's employees and the Company; the intensity of competitive activity; Finning's ability to realize expected benefits of acquisitions; Finning's ability to raise the capital needed to implement its business plan; regulatory initiatives or proceedings, litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments for operations; the integrity, reliability, and availability of information technology and the data processed by that technology; expected operational benefits from the new ERP system. 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 Finning's 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 Finning believed were reasonable on the day the Company made the forward-looking statements. Refer in particular to the 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 current Annual Information Form (AIF) in Section 4.

Finning cautions readers that the risks described in the AIF are not the only ones that could impact the Company. Additional risks and uncertainties not currently known to the Company or that are currently deemed to be immaterial may also have a material adverse effect on Finning's business, financial condition, or results of operations.

Except as otherwise indicated, 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. Finning therefore cannot describe the expected impact in a meaningful way or in the same way Finning presents known risks affecting its business.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian $ thousands)	June 30, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	**$ 115,041**	$ 114,924
Accounts receivable	**951,388**	876,908
Service work in progress	**123,243**	119,824
Inventories	**1,978,189**	1,930,114
Income tax recoverable	**20,075**	22,014
Derivative assets (Note 4)	**4,805**	7,390
Other assets	**270,627**	246,058
Total current assets	**3,463,368**	3,317,232
Property, plant, and equipment	**670,275**	658,072
Rental equipment	**425,662**	408,995
Intangible assets	**86,257**	94,795
Distribution network	**317,442**	305,602
Goodwill	**110,833**	109,481
Investment in and advances to joint venture and associate	**74,701**	66,633
Finance assets	**38,943**	42,033
Deferred tax assets	**62,684**	59,713
Other assets	**51,403**	55,467
	$ 5,301,568	$ 5,118,023
LIABILITIES		
Current liabilities		
Short-term debt (Note 3)	**$ 454,197**	$ 303,346
Accounts payable and accruals	**937,945**	996,260
Income tax payable	**8,473**	16,855
Provisions	**101,153**	101,171
Deferred revenue	**383,763**	454,778
Derivative liabilities (Note 4)	**20,324**	14,230
Current portion of long-term debt (Note 3)	**250,529**	363,590
Total current liabilities	**2,156,384**	2,250,230
Long-term debt (Note 3)	**1,152,382**	1,012,214
Long-term obligations	**245,810**	236,581
Provisions	**4,345**	4,164
Derivative liabilities (Note 4)	**1,179**	—
Deferred revenue	**12,678**	26,957
Deferred tax liabilities	**27,775**	21,323
Total liabilities	**3,600,553**	3,551,469
SHAREHOLDERS' EQUITY		
Share capital	**572,988**	571,100
Contributed surplus	**36,976**	36,046
Accumulated other comprehensive loss	**(13,228)**	(50,474)
Retained earnings	**1,104,279**	1,009,882
Total shareholders' equity	**1,701,015**	1,566,554
	$ 5,301,568	$ 5,118,023

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Canadian $ thousands, except share and per share amounts)	Three months ended June 30 2013	Three months ended June 30 2012 (Restated Note 1a)	Six months ended June 30 2013	Six months ended June 30 2012 (Restated Note 1a)
Revenue				
New equipment	**$ 652,955**	$ 875,096	**$ 1,296,845**	$ 1,506,593
Used equipment	**69,866**	77,105	**129,943**	150,514
Equipment rental	**92,791**	91,343	**185,832**	182,515
Product support	**802,495**	718,780	**1,563,815**	1,393,768
Other	**2,037**	2,112	**3,635**	2,878
Total revenue	**1,620,144**	1,764,436	**3,180,070**	3,236,268
Cost of sales	**(1,106,717)**	(1,255,196)	**(2,168,224)**	(2,282,572)
Gross profit	**513,427**	509,240	**1,011,846**	953,696
Selling, general, and administrative expenses	**(391,889)**	(390,727)	**(773,845)**	(737,863)
Equity earnings of joint venture and associate	**3,577**	3,440	**6,321**	5,350
Other income (Note 2)	**52,751**	—	**77,300**	—
Other expenses (Note 2)	**(55,322)**	(1,722)	**(82,004)**	(4,112)
Earnings before finance costs and income taxes	**122,544**	120,231	**239,618**	217,071
Finance costs (Note 3)	**(24,343)**	(21,215)	**(45,882)**	(37,234)
Income before provision for income taxes	**98,201**	99,016	**193,736**	179,837
Provision for income taxes	**(15,496)**	(20,394)	**(37,643)**	(36,904)
Net income	**$ 82,705**	$ 78,622	**$ 156,093**	$ 142,933
Earnings per share (Note 6)				
Basic	**$ 0.48**	$ 0.46	**$ 0.91**	$ 0.83
Diluted	**$ 0.48**	$ 0.46	**$ 0.91**	$ 0.83
Weighted average number of shares outstanding				
Basic	**171,984,337**	171,862,741	**171,960,188**	171,772,358
Diluted	**172,323,186**	172,402,369	**172,383,329**	172,440,625

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Canadian $ thousands)	Three months ended June 30 2013	Three months ended June 30 2012 (Restated Note 1a)	Six months ended June 30 2013	Six months ended June 30 2012 (Restated Note 1a)
Net income	**$ 82,705**	$ 78,622	**$ 156,093**	$ 142,933
Other comprehensive income (loss), net of income tax				
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustments	**63,929**	28,516	**81,006**	14,111
Unrealized loss on net investment hedges	**(33,834)**	(20,596)	**(42,408)**	(15,996)
Income tax recovery on net investment hedges	**3,072**	2,388	**3,655**	1,345
Foreign currency translation and gain (loss) on net investment hedges, net of income tax	**33,167**	10,308	**42,253**	(540)
Unrealized gain (loss) on cash flow hedges	**(6,061)**	(665)	**(4,507)**	6,650
Realized gain on cash flow hedges, reclassified to earnings	**(122)**	(2,315)	**(1,690)**	(2,690)
Income tax recovery (expense) on cash flow hedges	**1,214**	829	**1,190**	(998)
Gain (loss) on cash flow hedges, net of income tax	**(4,969)**	(2,151)	**(5,007)**	2,962
Items that will not be reclassified subsequently to profit or loss:				
Actuarial loss (Note 8)	**(10,890)**	(4,560)	**(15,243)**	(16,947)
Income tax recovery on actuarial loss	**2,426**	1,140	**3,849**	3,817
Actuarial loss, net of income tax	**(8,464)**	(3,420)	**(11,394)**	(13,130)
Total comprehensive income	**$ 102,439**	$ 83,359	**$ 181,945**	$ 132,225

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Canadian $ thousands, except share amounts)	Share Capital: Shares	Share Capital: Amount	Contributed Surplus	Accumulated Other Comprehensive Income (Loss): Foreign Currency Translation and Gain / (Loss) on Net Investment Hedges	Accumulated Other Comprehensive Income (Loss): Gain / (Loss) on Cash Flow Hedges	Retained Earnings	Total
Balance, January 1, 2012	171,573,752	$ 566,452	$ 35,812	$ (28,758)	$ (9,435)	$ 780,883	$1,344,954
Net income (restated – Note 1a)	—	—	—	—	—	142,933	142,933
Other comprehensive income (loss) (restated – Note 1a)	—	—	—	(540)	2,962	(13,130)	(10,708)
Total comprehensive income (loss)	—	—	—	(540)	2,962	129,803	132,225
Issued on exercise of share options	306,565	4,144	(3,934)	—	—	—	210
Stock option expense	—	—	2,125	—	—	—	2,125
Dividends on common shares	—	—	—	—	—	(46,396)	(46,396)
Balance, June 30, 2012	171,880,317	$ 570,596	$ 34,003	$ (29,298)	$ (6,473)	$ 864,290	$1,433,118
Balance, January 1, 2013	**171,909,758**	**$ 571,100**	**$ 36,046**	**$ (43,868)**	**$ (6,606)**	**$1,009,882**	**$1,566,554**
Net income	**—**	**—**	**—**	**—**	**—**	**156,093**	**156,093**
Other comprehensive income (loss)	**—**	**—**	**—**	**42,253**	**(5,007)**	**(11,394)**	**25,852**
Total comprehensive income (loss)	**—**	**—**	**—**	**42,253**	**(5,007)**	**144,699**	**181,945**
Issued on exercise of share options	**89,679**	**1,888**	**(1,825)**	**—**	**—**	**—**	**63**
Stock option expense	**—**	**—**	**2,755**	**—**	**—**	**—**	**2,755**
Dividends on common shares	**—**	**—**	**—**	**—**	**—**	**(50,302)**	**(50,302)**
Balance, June 30, 2013	**171,999,437**	**$ 572,988**	**$ 36,976**	**$ (1,615)**	**$ (11,613)**	**$1,104,279**	**$1,701,015**

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Three months ended June 30		Six months ended June 30	
(Canadian $ thousands)	2013	2012 (Restated Note 1a)	2013	2012 (Restated Note 1a)
OPERATING ACTIVITIES				
Net income	**$ 82,705**	$ 78,622	**$ 156,093**	$ 142,933
Add items not affecting cash:				
Depreciation and amortization	**54,368**	55,957	**107,284**	104,623
Gain on sale of property, plant, and equipment and rental equipment	**(10,203)**	(8,438)	**(12,800)**	(20,364)
Deferred taxes	**1,827**	1,675	**9,354**	1,114
Share-based payments	**7,363**	6,643	**10,498**	6,384
Other	**(5,356)**	(6,976)	**(8,100)**	(7,777)
Net income adjusted for items not affecting cash	**130,704**	127,483	**262,329**	226,913
Changes in operating assets and liabilities (Note 7)	**(36,822)**	5,173	**(190,397)**	(237,026)
Interest paid	**(31,202)**	(17,939)	**(43,031)**	(26,079)
Income tax paid	**(1,090)**	(8,793)	**(23,787)**	(29,661)
Cash provided by (used in) operations after changes in operating assets and liabilities and interest and income tax paid	**61,590**	105,924	**5,114**	(65,853)
Additions to rental equipment	**(87,272)**	(122,942)	**(133,565)**	(191,026)
Proceeds on disposal of rental equipment	**45,695**	63,565	**82,149**	117,797
Equipment leased to customers, net of disposals	**(140)**	47	**—**	57
Cash flow provided by (used in) operating activities	**19,873**	46,594	**(46,302)**	(139,025)
INVESTING ACTIVITIES				
Additions to property, plant and equipment and intangible assets	**(15,762)**	(77,544)	**(43,171)**	(116,683)
Proceeds on disposal of property, plant and equipment	**2,454**	283	**2,610**	2,291
Proceeds from sale of Hewden Stuart	**—**	6,430	**—**	6,430
Investment in equity investment	**—**	(2,784)	**(4,542)**	(2,784)
Net payments for acquisitions	**—**	(304,925)	**—**	(313,353)
Cash used in investing activities	**(13,308)**	(378,540)	**(45,103)**	(424,099)
FINANCING ACTIVITIES				
Increase (decrease) in short-term debt	**13,316**	(150,002)	**135,003**	(85,974)
Issue of senior notes (Note 3a)	**108,389**	—	**108,389**	—
Repayment of Eurobond (Note 3a)	**(109,725)**	—	**(109,725)**	—
Issue of Medium Term Notes	**—**	149,239	**—**	149,239
Issue of U.S. senior notes	**—**	295,825	**—**	496,559
Increase in long-term debt	**670**	47,858	**537**	37,439
Issue of common shares on exercise of stock options	**—**	—	**63**	210
Dividends paid	**(26,230)**	(24,061)	**(50,302)**	(46,396)
Cash flow provided by (used in) financing activities	**(13,580)**	318,859	**83,965**	551,077
Effect of currency translation on cash balances	**5,856**	1,591	**7,557**	620
Increase (decrease) in cash and cash equivalents	**(1,159)**	(11,496)	**117**	(11,427)
Cash and cash equivalents, beginning of period	**116,200**	122,814	**114,924**	122,745
Cash and cash equivalents, end of period (Note 7)	**$ 115,041**	$ 111,318	**$ 115,041**	$ 111,318

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

1. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim condensed consolidated financial statements (Interim Statements) of the Company and its subsidiaries were prepared in accordance with IAS 34, *Interim Financial Reporting,* as issued by the International Accounting Standard Board (IASB). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed, and therefore should be read in conjunction with the December 31, 2012 audited annual consolidated financial statements and the notes below.

These Interim Statements are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective as of August 7, 2013, the date these financial statements are authorized by the Board, and follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements, except for the impact of the changes in accounting policy disclosed below:

(a) Change in Accounting Policy

The Company has adopted the following new and revised IFRS for the financial year beginning January 1, 2013:

- The Company has applied the amendments to IAS 19, *Employee Benefits* in the current year. The amendments provide new requirements for the accounting for defined benefit pension plans. Most notably, the amendments mandate the immediate recognition of actuarial gains and losses in other comprehensive income, and require companies to use the same rate for both the discount rate applied to determine the interest cost related to the defined benefit obligation and the expected return on assets when calculating the net interest component of pension expense. The Company previously recognized all actuarial gains and losses immediately through other comprehensive income; consequently this element of the amendments does not impact the Company. With respect to the second change, in the determination of net income, the effect is that the defined benefit plan expense concepts of “interest cost” and “expected return on plan assets” is replaced with the concept of “net interest”. The amendments do not prescribe where in the results of operations the net interest amount is to be presented, but the Company elected to present the net interest amount as a component of finance costs upon the application of the amended standard.

  As the discount rate is lower than an expected long-term rate of return on plan assets the effect of the amended standard is a decrease in net income and associated per share amounts. The variance, if any, between the actual return on the defined benefit plan assets and the amount determined using the discount rate is included in other comprehensive income as a remeasurement.

  With the adoption of the amendments to IAS 19 on January 1, 2013, the Company has restated the prior year comparative period consolidated statement of income, consolidated statement of cash flows, consolidated statement of comprehensive income, and consolidated statement of shareholders’ equity. The impact of the amendments to IAS 19 is as follows:

($ thousands)		Three months ended June 30, 2012		Six months ended June 30, 2012		Year ended December 31, 2012
Increase in selling, general, and administrative expense	$	(1,972)	$	(3,927)	$	(7,902)
Increase in finance costs		(1,586)		(3,161)		(6,383)
Decrease in provision for income taxes		874		1,741		3,440
Decrease in net income	$	(2,684)	$	(5,347)	$	(10,845)
Increase in other comprehensive income, net of tax	$	2,684	$	5,347	$	10,845
Decrease in basic and diluted earnings per share	$	(0.015)	$	(0.03)	$	(0.06)

  The amendments do not affect the Company’s consolidated statement of financial position. The Company will provide additional disclosures in the notes to the 2013 annual consolidated financial statements with the adoption of the amendments to IAS 19.

- The Company has applied the amendments to IAS 1, *Presentation of Financial Statements*. The amendments require that elements of other comprehensive income that may subsequently be reclassified through profit and loss be differentiated from those items that will not be reclassified.

- The Company has applied IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements*, IFRS 12, *Disclosure of Interests in Other Entities*, and consequential revisions to IAS 27, *Separate Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures*. The new standards provide revised guidance on the accounting treatment and associated disclosure requirements for joint arrangements and associates, and a revised definition of 'control' for identifying entities which are to be consolidated. The adoption of this new standard had no impact on the Company's financial position but disclosures will be enhanced for the annual consolidated financial statements.
- The Company has applied IFRS 13, *Fair Value Measurement*. The new standard provides guidance on fair value measurement and disclosure requirements. The adoption of this new standard had no impact on the Company's financial position but disclosures are enhanced for the interim consolidated financial statements and will be further enhanced for the annual consolidated financial statements.

(b) Future Accounting Pronouncements

The Company has not applied the following new and revised IFRS that have been issued but are not yet effective at August 7, 2013:

- IFRS 9, *Financial Instruments* (effective January 1, 2015) introduces new requirements for the classification and measurement of financial assets and financial liabilities. Management is currently assessing the impact of the issued and proposed changes to IFRS 9.
- Amendments to IAS 32, *Financial Instruments: Presentation* (effective January 1, 2014) clarifies existing application issues relating to offsetting requirements. These amendments are not expected to have a significant effect on the Company's accounting policies or financial statements.
- IFRIC 21, *Levies* (effective January 1, 2014) provides guidance on the recognition of liabilities to pay levies to government bodies in accordance with legislation. Management is currently assessing the impact of the proposed changes on its financial statements.

2. Other Income and Other Expenses

Other income includes the following items:

	Three months ended June 30		Six months ended June 30	
($ thousands)	**2013**	2012	**2013**	2012
Exportation of agricultural products income (a)	**$ 52,751**	$ —	**$ 77,300**	$ —
	$ 52,751	$ —	**$ 77,300**	$ —

Other expenses include the following items:

	Three months ended June 30		Six months ended June 30	
($ thousands)	**2013**	2012	**2013**	2012
Exportation of agricultural products costs (a)	**$ 53,943**	$ —	**$ 79,341**	$ —
Project costs (b)	**1,379**	1,391	**2,663**	2,954
Acquisition costs (c)	**—**	331	**—**	1,158
	$ 55,322	$ 1,722	**$ 82,004**	$ 4,112

(a) As a result of the Argentinean government's efforts to balance imports and exports and to manage access to foreign exchange, the Company's South American operations began to export agricultural products from Argentina in the third quarter of 2012. These activities are not related to the Company's core business.

(b) Project costs relate to the implementation of a new Enterprise Resource Planning (ERP) system for the Company's global operations. Implementations are planned for the U.K. and South American operations and costs related to their implementation are classified as other expenses.

(c) Acquisition costs incurred in 2012 relate to the Company's acquisition of the distribution and support business formerly operated by Bucyrus International Inc (Bucyrus) and the acquisition of the Damar Group Ltd.

3. Short-term and Long-term Debt and Finance Costs

($ thousands)	June 30, 2013	December 31, 2012
Short-term debt	**$ 454,197**	$ 303,346
Long-term debt:		
Medium Term Notes		
5.16%, $250 million, due September 3, 2013 (b)	**249,964**	249,864
6.02%, $350 million, due June 1, 2018	**349,080**	348,987
5.077% $150 million, due June 13, 2042	**149,132**	149,117
5.625% £70 million Eurobond, due May 30, 2013 (a)	**—**	113,172
3.98% U.S. $100 million, due January 19, 2022, Series A	**104,619**	98,964
4.08% U.S. $100 million, due January 19, 2024, Series B	**104,550**	98,955
4.18% U.S. $50 million, due April 3, 2022, Series C	**52,342**	49,513
4.28% U.S. $50 million, due April 3, 2024, Series D	**52,337**	49,510
4.53% U.S. $200 million, due April 3, 2027, Series E	**209,315**	198,016
3.40% £70 million senior notes, due May 22, 2023 (a)	**111,404**	—
Other term loans	**20,168**	19,706
	1,402,911	1,375,804
Less current portion of long-term debt	**(250,529)**	(363,590)
Total long-term debt	**$ 1,152,382**	$ 1,012,214

(a) In May 2013, the Company refinanced the 5.625% £70 million Eurobond, due May 30, 2013 with an issuance of unsecured senior notes of £70 million ($108.9 million) in the U.S. private placement market. The 3.40% Senior Notes are due May 22, 2023.

(b) Subsequent to the second quarter of 2013, on July 2, 2013, the Company issued unsecured 3.232% $200 million Medium Term Notes. Proceeds from this issuance were used to early redeem on July 5, 2013, the Company's 5.16% $250 million Medium Term Notes due September 3, 2013. The resulting early redemption fees of approximately $1.5 million have been recorded in finance costs in the second quarter of 2013.

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

($ thousands)	Three months ended June 30 2013	Three months ended June 30 2012 (Restated Note 1a)	Six months ended June 30 2013	Six months ended June 30 2012 (Restated Note 1a)
Interest on debt securities:				
Short-term debt	**$ 1,930**	$ 2,164	**$ 3,554**	$ 3,152
Long-term debt	**17,180**	15,947	**34,389**	27,666
	19,110	18,111	**37,943**	30,818
Gain on foreign exchange derivatives	**—**	(3,344)	**—**	(3,344)
Loss on interest rate derivatives	**319**	370	**686**	741
Net interest on pension and other post-employment benefit obligations	**1,206**	1,586	**2,436**	3,161
Other finance related expenses	**3,838**	5,217	**5,052**	7,305
	24,473	21,940	**46,117**	38,681
Less:				
Borrowing costs capitalized to property, plant, and equipment	**(130)**	(725)	**(235)**	(1,447)
Finance costs	**$ 24,343**	$ 21,215	**$ 45,882**	$ 37,234

4. Financial Instruments

Fair Values

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – quoted prices in active markets for identical securities
Level 2 – significant observable inputs other than quoted prices included in Level 1
Level 3 – significant unobservable inputs

June 30, 2013 ($ thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value				
Foreign currency forward contracts	**$ —**	**$ 4,805**	**$ —**	**$ 4,805**
Total	**$ —**	**$ 4,805**	**$ —**	**$ 4,805**
Financial liabilities at fair value				
Foreign currency forward contracts	**$ —**	**$ 2,558**	**$ —**	**$ 2,558**
Variable rate share forward	**—**	**18,945**	**—**	**18,945**
Total	**$ —**	**$ 21,503**	**$ —**	**$ 21,503**

December 31, 2012 ($ thousands)	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Foreign currency forward contracts	$ —	$ 7,390	$ —	$ 7,390
Total	$ —	$ 7,390	$ —	$ 7,390
Financial liabilities at fair value				
Foreign currency forward contracts	$ —	$ 71	$ —	$ 71
Variable rate share forward	—	14,159	—	14,159
Total	$ —	$ 14,230	$ —	$ 14,230

The Company did not move any instruments between levels of the fair value hierarchy during the six months ended June 30, 2013 and year ended December 31, 2012.

Variable rate share forward (Level 2)

The fair value of the variable rate share forward is determined based on the present value of future cash flows required to settle the share forward which are derived from the current share price, actual interest accrued to date and future estimated interest cost to termination of the share forward. Future interest cost is derived from market observable forward interest rates and contractual interest spreads.

Other derivative instruments (Level 2)

The fair value of foreign currency forward contracts is determined by discounting contracted future cash flows using a discount rate derived from swap curves for comparable assets and liabilities. Contractual cash flows are calculated using a forward price at maturity date derived from observed forward prices.

The fair value of accounts receivable, instalment notes receivable, short-term debt, and accounts payable approximates their recorded values due to the short-term maturities of these instruments.

Long-Term Debt

The fair value of the Company's long-term debt is estimated as follows:

	June 30, 2013		December 31, 2012	
($ thousands)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Long-term debt	**$ 1,402,911**	**$ 1,432,540**	$ 1,375,804	$ 1,479,889

The fair value of the Company's long-term debt is based on the present value of future cash flows required to settle the debt which is derived from the actual interest accrued to date and future estimated interest cost to the maturity of the long-term debt. Future interest cost is derived from market observable forward interest rates and contractual interest spreads.

5. SHARE BASED PAYMENTS

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

Share Options

Details of the share option plans are as follows:

	Six months ended June 30, 2013		Twelve months ended December 31, 2012	
	Options	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price
Options outstanding, beginning of period	**5,060,053**	**$ 25.53**	5,410,606	$ 24.47
Granted	**1,358,310**	**$ 22.20**	790,040	$ 25.46
Exercised[1]	**(383,066)**	**$ 18.99**	(952,253)	$ 18.54
Forfeited	**(391,958)**	**$ 30.11**	(188,340)	$ 30.28
Options outstanding, end of period	**5,643,339**	**$ 24.85**	5,060,053	$ 25.53
Exercisable at period end	**3,621,519**	**$ 25.61**	3,786,730	$ 25.69

(1) Stock options exercised in 2013 comprised both cash and cashless exercises. Under the 2005 Stock Option Plan, exercises generally utilize the cashless method, whereby the actual number of shares issued is represented by the premium between the fair market value at exercise time and the grant value, and the equivalent value of the number of options up to the grant value is withheld. 383,066 options were exercised in 2013 under the 2005 Stock Option Plan resulting in 89,679 common shares issued; 293,387 options were withheld and returned to the option pool for future issues/grants.

In 2013 and 2012, long-term incentives for executives and senior management were a combination of share options, performance share units, and deferred share units. In the second quarter of 2013, the Company granted 1,358,310 common share options to senior executives and management of the Company (Q2 2012: 763,210 common share options). The Company's practice is to grant and price share options only when it is felt that all material information has been disclosed to the market.

The fair value of the options granted in 2013 has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Dividend yield	2.24%
Expected volatility [1]	36.83%
Risk-free interest rate	1.50%
Expected life	5.67 years

(1) Expected volatility is based on historical share price volatility

The weighted average grant date fair value of options granted during the period was $6.36 (2012: $7.34).

Other Share-Based Compensation Plans

The Company has other share-based compensation plans in the form of deferred share units and performance share units that use notional common share units. Details of the plans with significant changes subsequent to December 31, 2012 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 38,627 share units in May 2013 (Q2 2012: 23,735 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)

Executives of the Company were allocated a total of 455,630 performance share units in 2013, based on 100% vesting (Q2 2012: 278,730 performance share units).

The specified levels and respective vesting percentages for the 2013 grant are as follows:

Performance Level	Average Return on Equity (over three-year period)	Proportion of PSUs Vesting
Below Threshold	< 15%	Nil
Threshold	15%	50%
Target	18%	100%
Maximum	22% or more	200%

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 EPS is determined by dividing net income available to common shareholders by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which comprise share options granted to employees.

($ thousands,	Three months ended June 30			Six months ended June 30		
except share and per share amounts) 2013	**Income**	**Shares**	**Per Share**	**Income**	**Shares**	**Per Share**
Basic EPS:						
Net income	**$ 82,705**	**171,984,337**	**$ 0.48**	**$ 156,093**	**171,960,188**	**$ 0.91**
Effect of dilutive securities: stock options	—	**338,849**	—	—	**423,141**	—
Diluted EPS:						
Net income and assumed conversions	**$ 82,705**	**172,323,186**	**$ 0.48**	**$ 156,093**	**172,383,329**	**$ 0.91**
2012 (Restated Note 1a)						
Basic EPS:						
Net income	$ 78,622	171,862,741	$ 0.46	$ 142,933	171,772,358	$ 0.83
Effect of dilutive securities: stock options	—	539,628	—	—	668,267	—
Diluted EPS:						
Net income and assumed conversions	$ 78,622	172,402,369	$ 0.46	$ 142,933	172,440,625	$ 0.83

7. Supplemental Cash Flow Information

Changes in operating assets and liabilities

($ thousands)	Three months ended June 30 2013	Three months ended June 30 2012 (Restated Note 1a)	Six months ended June 30 2013	Six months ended June 30 2012 (Restated Note 1a)
Accounts receivable and other assets	**$ 20,813**	$ (79,240)	**$ (62,560)**	$ (173,577)
Service work in progress	**9,303**	10,885	**(1,494)**	14,214
Inventories – on-hand equipment	**(62,394)**	29,100	**44,540**	(184,268)
Inventories – parts and supplies	**23,781**	(69,983)	**(54,625)**	(181,556)
Accounts payable and accruals and other liabilities	**(44,039)**	110,470	**(143,881)**	262,081
Income tax recoverable/payable	**11,703**	15,411	**21,681**	35,244
Other	**4,011**	(11,470)	**5,942**	(9,164)
Changes in operating assets and liabilities	**$ (36,822)**	$ 5,173	**$ (190,397)**	$ (237,026)

Components of cash and cash equivalents

June 30 ($ thousands)	2013	2012
Cash	**$ 111,500**	$ 88,247
Short-term investments	**3,541**	23,071
Cash and cash equivalents	**$ 115,041**	$ 111,318

8. Employee Benefits

The significant actuarial assumptions used in the valuations of the Company's defined benefit pension plans are as follows:

	June 30, 2013		December 31, 2012		June 30, 2012	
	Canada	**UK**	Canada	UK	Canada	UK
Discount rate – obligation	**4.50%**	**4.70%**	4.10%	4.60%	4.10%	4.50%
Discount rate – expense (1)	**4.10%**	**4.60%**	4.30%	4.80%	4.30%	4.80%
Retail price inflation – obligation	**n/a**	**3.50%**	n/a	3.00%	n/a	3.00%
Retail price inflation – expense (1)	**n/a**	**3.00%**	n/a	3.10%	n/a	3.10%

(1) Used to determine the net interest cost and expense for the three months ended June 30, 2013 and June 30, 2012, and the year ended December 31, 2012.

At June 30, 2013 the net defined benefit obligation recognized in long term obligations in the consolidated statement of financial position in respect of the Company's defined benefit plans is $114.1 million (December 31, 2012: $109.0 million).

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

For the three months ended	**June 30, 2013**			June 30, 2012 (Restated – Note 1a)		
($ thousands)	**Canada**	**UK & Ireland**	**Total**	Canada	UK & Ireland	Total
Defined contribution plans						
Net benefit cost	**$ 8,201**	**$ 1,675**	**$ 9,876**	$ 7,384	$ 1,616	$ 9,000
Defined benefit plans						
Current service cost and administration costs, net of employee contributions	**2,504**	**302**	**2,806**	2,164	254	2,418
Net interest cost	**510**	**429**	**939**	850	462	1,312
Net benefit cost	**3,014**	**731**	**3,745**	3,014	716	3,730
Net benefit cost recognized in net income	**$ 11,215**	**$ 2,406**	**$ 13,621**	$ 10,398	$ 2,332	$ 12,730
Actuarial loss (gain) on plan assets	**$ 11,519**	**$ 15,129**	**$ 26,648**	$ (870)	$ (1,105)	$ (1,975)
Actuarial loss (gain) on plan liabilities	**(23,435)**	**7,677**	**(15,758)**	5,074	1,461	6,535
Total actuarial (gain) / loss recognized in other comprehensive income	**$ (11,916)**	**$ 22,806**	**$ 10,890**	$ 4,204	$ 356	$ 4,560

For the six months ended	**June 30, 2013**			June 30, 2012 (Restated – Note 1a)		
($ thousands)	**Canada**	**UK & Ireland**	**Total**	Canada	UK & Ireland	Total
Defined contribution plans						
Net benefit cost	**$ 18,449**	**$ 3,341**	**$ 21,790**	$ 15,770	$ 2,266	$ 18,036
Defined benefit plans						
Current service cost and administration costs, net of employee contributions	**5,003**	**341**	**5,344**	4,327	1,464	5,791
Net interest cost	**1,020**	**855**	**1,875**	1,700	917	2,617
Net benefit cost	**6,023**	**1,196**	**7,219**	6,027	2,381	8,408
Net benefit cost recognized in net income	**$ 24,472**	**$ 4,537**	**$ 29,009**	$ 21,797	$ 4,647	$ 26,444
Actuarial loss (gain) on plan assets	**$ 4,044**	**$ (10,971)**	**$ (6,927)**	$ (5,020)	$ (6,698)	$ (11,718)
Actuarial loss on plan liabilities	**4,239**	**17,931**	**22,170**	8,415	20,250	28,665
Total actuarial loss recognized in other comprehensive income	**$ 8,283**	**$ 6,960**	**$ 15,243**	$ 3,395	$ 13,552	$ 16,947

9. Segmented Information

The Company and its subsidiaries have operated primarily in one principal business during the year, that being the selling, servicing, and renting of heavy equipment, engines, and related products. The reportable operating segments are:

Three months ended June 30, 2013 ($ thousands)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consolidated**
Revenue from external sources	**$ 767,732**	**$ 628,900**	**$ 223,512**	**$ —**	**$ 1,620,144**
Operating costs	**(681,135)**	**(549,161)**	**(203,040)**	**(11,590)**	**(1,444,926)**
Depreciation and amortization	**(28,161)**	**(18,012)**	**(7,488)**	**(19)**	**(53,680)**
	58,436	**61,727**	**12,984**	**(11,609)**	**121,538**
Equity earnings	**2,563**	**—**	**—**	**1,014**	**3,577**
Other income	**—**	**52,751**	**—**	**—**	**52,751**
Other expenses	**—**	**(54,987)**	**(335)**	**—**	**(55,322)**
Earnings (loss) before finance costs and taxes	**$ 60,999**	**$ 59,491**	**$ 12,649**	**$ (10,595)**	**$ 122,544**
Finance costs					**(24,343)**
Provision for income taxes					**(15,496)**
Net income					**$ 82,705**
Identifiable assets	**$ 2,534,784**	**$ 2,204,482**	**$ 509,185**	**$ 53,117**	**$ 5,301,568**
Capital, rental equipment, and goodwill (1)	**$ 833,545**	**$ 651,035**	**$ 125,657**	**$ 232**	**$ 1,610,469**
Gross capital expenditures (2)	**$ 11,344**	**$ 4,835**	**$ 317**	**$ —**	**$ 16,496**
Gross rental asset expenditures	**$ 68,712**	**$ 15,619**	**$ 2,941**	**$ —**	**$ 87,272**

Three months ended June 30, 2012 ($ thousands) (Restated – Note 1a)	Canada	South America	UK & Ireland	Other	Consolidated
Revenue from external sources	$ 942,743	$ 573,991	$ 247,702	$ —	$ 1,764,436
Operating costs	(853,743)	(501,120)	(225,576)	(10,237)	(1,590,676)
Depreciation and amortization	(31,645)	(15,383)	(8,199)	(20)	(55,247)
	57,355	57,488	13,927	(10,257)	118,513
Equity earnings	3,262	—	—	178	3,440
Other expenses	—	(989)	(402)	(331)	(1,722)
Earnings (loss) before finance costs and taxes	$ 60,617	$ 56,499	$ 13,525	$ (10,410)	$ 120,231
Finance costs					(21,215)
Provision for income taxes					(20,394)
Net income					$ 78,622
Identifiable assets	$ 2,338,476	$ 2,117,078	$ 596,592	$ 58,315	$ 5,110,461
Capital, rental equipment, and goodwill (1)	$ 691,598	$ 629,330	$ 143,337	$ 185	$ 1,464,450
Gross capital expenditures (2)	$ 26,932	$ 59,232	$ 668	$ —	$ 86,832
Gross rental asset expenditures	$ 106,793	$ 13,925	$ 2,225	$ —	$ 122,943

(1) Capital includes property, plant, and equipment, intangibles, and distribution network
(2) Includes finance leases and borrowing costs capitalized

9. SEGMENTED INFORMATION (CONTINUED)

The Company and its subsidiaries have operated primarily in one principal business during the year, that being the selling, servicing, and renting of heavy equipment, engines, and related products. The reportable operating segments are:

Six months ended June 30, 2013 ($ thousands)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consolidated**
Revenue from external sources	**$ 1,523,700**	**$ 1,241,987**	**$ 414,383**	**$ —**	**$ 3,180,070**
Operating costs	**(1,356,706)**	**(1,086,096)**	**(374,682)**	**(18,730)**	**(2,836,214)**
Depreciation and amortization	**(54,467)**	**(35,248)**	**(16,102)**	**(38)**	**(105,855)**
	112,527	**120,643**	**23,599**	**(18,768)**	**238,001**
Equity earnings	**5,121**	**—**	**—**	**1,200**	**6,321**
Other income	**—**	**77,300**	**—**	**—**	**77,300**
Other expenses	**—**	**(81,320)**	**(684)**	**—**	**(82,004)**
Earnings (loss) before finance costs and taxes	**$ 117,648**	**$ 116,623**	**$ 22,915**	**$ (17,568)**	**$ 239,618**
Finance costs					**(45,882)**
Provision for income taxes					**(37,643)**
Net income					**$ 156,093**
Identifiable assets	**$ 2,534,784**	**$ 2,204,482**	**$ 509,185**	**$ 53,117**	**$ 5,301,568**
Capital, rental equipment, and goodwill (1)	**$ 833,545**	**$ 651,035**	**$ 125,657**	**$ 232**	**$ 1,610,469**
Gross capital expenditures (2)	**$ 23,383**	**$ 12,622**	**$ 916**	**$ 125**	**$ 37,046**
Gross rental asset expenditures	**$ 104,670**	**$ 24,908**	**$ 3,987**	**$ —**	**$ 133,565**

Six months ended June 30, 2012 ($ thousands) (Restated – Note 1a)	Canada	South America	UK & Ireland	Other	Consolidated
Revenue from external sources	$ 1,720,452	$ 1,054,994	$ 460,822	$ —	$ 3,236,268
Operating costs	(1,565,845)	(921,255)	(417,957)	(12,130)	(2,917,187)
Depreciation and amortization	(60,636)	(27,117)	(15,456)	(39)	(103,248)
	93,971	106,622	27,409	(12,169)	215,833
Equity earnings (loss)	5,472	—	—	(122)	5,350
Other expenses	—	(1,971)	(1,473)	(668)	(4,112)
Earnings (loss) before finance costs and taxes	$ 99,443	$ 104,651	$ 25,936	$ (12,959)	$ 217,071
Finance costs					(37,234)
Provision for income taxes					(36,904)
Net income					$ 142,933
Identifiable assets	$ 2,338,476	$ 2,117,078	$ 596,592	$ 58,315	$ 5,110,461
Capital, rental equipment, and goodwill (1)	$ 691,598	$ 629,330	$ 143,337	$ 185	$ 1,464,450
Gross capital expenditures (2)	$ 52,464	$ 72,121	$ 3,187	$ 3	$ 127,775
Gross rental asset expenditures	$ 156,783	$ 27,714	$ 6,665	$ —	$ 191,162

(1) Capital includes property, plant, and equipment, intangibles, and distribution network
(2) Includes finance leases and borrowing costs capitalized