FINNING

Q3 2013 EARNINGS RELEASE **November 14, 2013**

Finning Reports Q3 2013 Results

Q3 2013 HIGHLIGHTS

- Revenues rose by 12% to $1.8 billion. Higher revenues in Canada more than offset relatively flat revenues in South America and the UK and Ireland compared to Q3 2012.
- Product support revenues increased in all operations and were 14% higher on a consolidated basis, partly attributable to approximately $50 million additional contribution from the expanded mining product line (the former Bucyrus business).
- Strong deliveries in Canada drove new equipment sales up 8% and contributed to a lower gross profit margin compared to Q3 of last year. The decline in the gross profit margin in Canada was partly offset by an improved gross profit margin in South America with more product support in the revenue mix relative to Q3 2012.
- EBIT rose by 10% to $136 million, driven primarily by Canada. Consolidated EBIT margin of 7.6% was slightly lower than in Q3 2012, largely due to increased mining new equipment sales.
- Compared to the second quarter of 2013, EBIT increased by 11% as higher EBIT in Canada more than offset a decline in EBIT in South America and the UK and Ireland. Consolidated EBIT margin of 7.6% was comparable to Q2 2013, despite a significant shift in revenue mix to new equipment sales in Canada.
- Basic EPS was $0.50 compared to $0.47 in Q3 2012 and $0.48 in the previous quarter.
- The Company generated $163 million of free cash flow in Q3 2013, driven by stronger cash flow from operations and improved working capital. The Company's net debt to total capital ratio declined to 48% at the end of September from 51% at the end of June.
- The order backlog stands at $1.0 billion, down 7% from the end of June, as very strong equipment deliveries during the quarter exceeded an 11% increase in order intake over Q2 2013.

Vancouver, B.C. – Finning International Inc. (TSX: FTT) reported quarterly revenues of $1.8 billion, a 12% increase over Q3 2012. Revenues grew in all lines of business: the increase in new equipment sales was driven by Canada, while product support revenues rose across all operations compared to Q3 of last year. Quarterly earnings before finance costs and income taxes (EBIT) grew by 10% to $136 million due to improved EBIT results in Canada and the UK and Ireland. Quarterly EBIT margin was 7.6%, which was comparable to the previous quarter and down slightly from 7.8% in Q3 2012. Basic earnings per share (EPS) increased by 6% to $0.50 relative to Q3 2012.

"In the third quarter, we delivered results that were in line with our expectations as strong equipment deliveries in Canada and increased revenue from product support in all of our regions resulted in an increase in EBIT. Our ability to deliver these results in an uncertain economic environment speaks to the strength of Finning's business model and the resiliency of the product support business. The mining sector, particularly in South America, is under pressure and we are actively managing our cost structure so that it remains in line with expected business levels," said Scott Thomson, president and chief executive officer of Finning International Inc. "I am pleased with our third quarter free cash flow generation and we are on track to achieve approximately a 45% net debt to capital ratio by the end of the year, which is at the high end of our targeted range. Operational excellence remains our top agenda item and I look forward to providing a progress update along with our 2014 outlook at our investor meeting next month."

Q3 2013 FINANCIAL SUMMARY

C$ millions, except per share amounts (unaudited)	Three months ended Sep 30		
	2013	2012[7]	% change
Revenue	**1,780**	1,594	12
Earnings before finance costs and income taxes (EBIT)	**136**	124	10
EBIT margin	***7.6%***	*7.8%*	
Net income	**86**	81	6
Basic EPS	**0.50**	0.47	6
Earnings before finance costs, income taxes, depreciation and amortization (EBITDA)[1]	**191**	178	7
Free cash flow[1][2]	**163**	(29)	

- Revenues rose by 12% from Q3 2012 to $1.8 billion, driven by Canada. Revenues from South America and the UK and Ireland were comparable to Q3 of last year. New equipment sales were up 8% with strong deliveries in Canada compensating for reduced sales volumes in other regions compared to Q3 2012. Product support revenues grew by 14%, including about $50 million in additional contribution from the expanded mining product line, and were higher across all operations. Used equipment sales were very strong in all territories and increased by 45% on a consolidated basis. Rental revenues rose by 8% compared to Q3 2012. An appreciation of the US dollar relative to the Canadian dollar had a positive impact on revenues of approximately $50 million compared to Q3 2012.
- Gross profit increased by 5% from higher revenues, however, gross profit margin declined to 28.9% from 30.7% in Q3 2012 due to a lower gross profit margin in Canada, largely as the result of increased mining new equipment sales. This was partly offset by a higher gross profit margin in South America where the revenue mix was more heavily weighted to product support compared to Q3 2012.
- Selling, general and administrative (SG&A) expenses were 3% above last year due to higher SG&A costs in South America, while SG&A expenses in Canada were flat despite strong revenue growth. As a percentage of revenue, SG&A expenses declined to 21.3% from 23.1% in Q3 of last year.
- EBIT rose by 10% to $136 million, primarily reflecting higher revenues in Canada. Consolidated EBIT margin was 7.6%, similar to the second quarter of 2013 and down slightly from 7.8% achieved in Q3 2012.
- Net income and basic EPS increased by 6% to $86 million and $0.50, respectively, reflecting the higher EBIT described above, partly offset by an increase in the effective tax rate to 23.4% from 18.4% in Q3 2012, primarily due to foreign exchange impacts in Argentina.
- EBITDA was up 7% to $191 million. Quarterly free cash flow was $163 million, compared to $6 million in the previous quarter and $29 million use of cash in Q3 2012, driven by stronger cash flow from operations and improved working capital.
- The Company's net debt to total capital ratio[5] was 47.8% at the end of September, down from 50.6% at the end of June. The Company expects strong free cash flow in Q4 2013 and the net debt to total capital ratio to decline to approximately 45% by the end of 2013, which is at the high end of the 35-45% target range.
- Order backlog was $1.0 billion at the end of September, down from $1.1 billion at the end of June, mostly due to significant deliveries in Canada in Q3. Order intake improved in Canada and South America compared to the first two quarters of 2013 and continued to be at good levels in the UK and Ireland. The order intake in Q3 was driven by demand from non-mining customers. There were no significant order cancellations in any of the Company's operations in the third quarter.

Q3 2013 HIGHLIGHTS BY OPERATION

Canada

- Canada achieved very strong revenues in Q3, up 25% from a year ago, driven by equipment sales and contribution from the expanded mining product line which was acquired in Q4 2012. New equipment sales rose by 35% reflecting significant mining deliveries in the quarter, including $18 million from the expanded mining product line, as well as increased sales in construction and forestry. While cost containment measures by commodity producers in the oil sands have negatively impacted the product support business in the mining sector, product support revenues were up 17%, largely due to the $46 million contribution from the expanded mining product line.
- The gross profit margin declined, reflecting a high proportion of lower margin mining equipment in the sales mix. SG&A costs decreased marginally, despite higher revenues, as a result of supply chain efficiencies and operating improvements at the OEM Remanufacturing facility. EBIT increased by 29% to $76 million, driven by significantly higher revenues and $7 million of additional EBIT from the expanded mining product line, acquired in the fourth quarter of 2012. EBIT margin improved to 7.9% from 7.7% in Q3 2012, and was similar to the second quarter of 2013.
- Finning Canada has significant opportunities to improve performance and will remain focused on executing on its operational excellence agenda, which includes: gaining market share in non-mining segments, optimizing supply chain, increasing service profitability and improving asset utilization. .

South America

- Revenues declined slightly, by under 1%, but were down 5% in functional currency (USD) due to lower new equipment sales compared to Q3 2012. New equipment sales decreased by 20% in functional currency, reflecting slower construction activity in Chile and Argentina, as well as reduced mining deliveries. While copper prices have remained healthy and production levels held steady, increased focus on cost containment has resulted in slower pace of equipment replacement and fleet additions for brownfield projects. Product support revenues grew by 7% in functional currency driven by mining. Cost reductions by mining customers have resulted in a slower pace of growth in product support, including the expanded mining product line. However, the parts business for the expanded mining product line showed significant sequential improvement through 2013.
- In Argentina, the Company continued to be restricted with respect to the importation of equipment and parts. The Company has adjusted its cost structure in Argentina to align with lower revenue levels and mitigate the financial impact of the restrictions.
- EBIT of $56 million was 3% below Q3 2012 and was down 8% in functional currency due to approximately $5 million lower EBIT from the expanded mining product line, as well as higher SG&A costs, which were primarily the result of charges on a specific power systems contract and costs associated with a workforce reduction. As a result, the EBIT margin declined to 9.4% from 9.6% a year ago.
- South American operations are well positioned to capture equipment and product support opportunities. As demand from mining and construction has slowed in the region, the business is focused on controlling costs and implementing supply chain improvement initiatives.

United Kingdom and Ireland

- Revenues were similar to Q3 2012 level (down 3% in functional currency - GBP), as lower new equipment sales and rental revenues were mostly offset by growth in product support and used equipment sales compared to last year. New equipment sales decreased by 10% in functional currency due to slow economic conditions and reduced market activity in mining compared to last year. Product support revenues rose by 3% driven by higher service revenues across multiple sectors.
- EBIT was up by 17% to $12 million (up 14% in functional currency) and EBIT margin improved to 5.3% from 4.6% a year ago, reflecting lower depreciation expense and a higher gross profit margin partly due to more product support in the revenue mix compared to Q3 of last year.
- The UK and Ireland operations continue to successfully capture value-added opportunities in Equipment Solutions and Power Systems during challenging market conditions. The operations remain focused on controlling costs and improving efficiencies to achieve solid financial performance and maintain excellent customer loyalty scores.

CORPORATE AND BUSINESS DEVELOPMENTS

Dividend

The Board of Directors has approved a quarterly dividend of $0.1525 per share, payable on December 12, 2013 to shareholders of record on November 28, 2013. This dividend will be considered an eligible dividend for Canadian income tax purposes.

Finning Canada and Alberta Union reach memorandum of agreement for new collective agreement

On November 7, the Company announced that Finning Canada and the International Association of Machinists and Aerospace Workers - Local Lodge 99 (IAMAW) representing Finning's hourly employees in Alberta and the Northwest Territories reached a memorandum of agreement on a new three-year collective agreement. The agreement is subject to a ratification vote by the union membership, which is expected to be concluded in approximately one month. The union bargaining committee is recommending that its members accept the agreement. The previous collective agreement, governing 2,100 hourly Finning workers in Alberta and the Northwest Territories, expired on April 30, 2013.

Finning South America Announces Significant Contract with Codelco

On November 12, Finning announced that its South American operation was awarded a contract valued at US$190 million with Codelco, Chile’s state owned copper mining company. Under this contract, Finning will supply 10 Caterpillar 797F trucks to Codelco’s Ministro Hales mine in Calama, Chile. Finning will begin delivering this equipment in 2013. In addition, Finning has been awarded a ten-year maintenance services contract for the trucks.

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

	Three months ended Sep 30			Nine months ended Sep 30		
Revenue	**2013**	2012[7]	% change	**2013**	2012[7]	% change
New equipment	**777.0**	722.9	8	**2,073.9**	2,229.5	(7)
Used equipment	**91.3**	63.0	45	**221.2**	213.5	4
Equipment rental	**103.8**	96.0	8	**289.7**	278.5	4
Product support	**805.7**	709.6	14	**2,369.4**	2,103.4	13
Other	**2.4**	2.2	3	**6.0**	5.1	16
Total revenue	**1,780.2**	1,593.7	12	**4,960.2**	4,830.0	3
Gross profit	**514.3**	489.9	5	**1,526.2**	1,443.6	6
Gross profit margin[3]	***28.9%***	*30.7%*		***30.8%***	*29.9%*	
SG&A	**(378.9)**	(368.5)	(3)	**(1,152.8)**	(1,106.4)	(4)
SG&A as a percentage of revenue	***(21.3)%***	*(23.1)%*		***(23.3)%***	*(22.9)%*	
Equity earnings	**2.6**	2.3		**9.0**	7.6	
Other income (expenses)	**(2.4)**	0.1		**(7.2)**	(4.0)	
EBIT	**135.6**	123.8	10	**375.2**	340.8	10
EBIT margin[4]	***7.6%***	*7.8%*		***7.6%***	*7.1%*	
Net income	**86.2**	81.2	6	**242.3**	224.2	8
Basic earnings per share (EPS)	**0.50**	0.47	6	**1.41**	1.30	8
EBITDA[1]	**190.7**	177.7	7	**536.2**	498.0	8
Free Cash Flow[1][2]	**162.6**	(28.8)		**75.8**	(282.2)	

	Sep 30, 13	Dec 31, 12
Total assets	**5,138.6**	5,118.0
Total shareholders' equity	**1,746.0**	1,566.6
Net debt to total capital[1][5]	**47.8%**	50.0%
Return on equity[1][6]	**21.2%**	22.8%

Q3 2013 RESULTS INVESTOR CALL

The Company will hold an investor conference call on Thursday, November 14 at 11:00 am Eastern Time. Dial-in numbers: 1-866-226-1793 (anywhere within Canada and the U.S.) or 416-340-2218 (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 1:00 pm Eastern Time on November 14 until November 21. 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 third 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; 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 November 13, 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, availability and benefits from information technology and the data processed by that technology. 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

November 13, 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 results for the first three quarters of 2012 was a reduction to net income of $8.1 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.

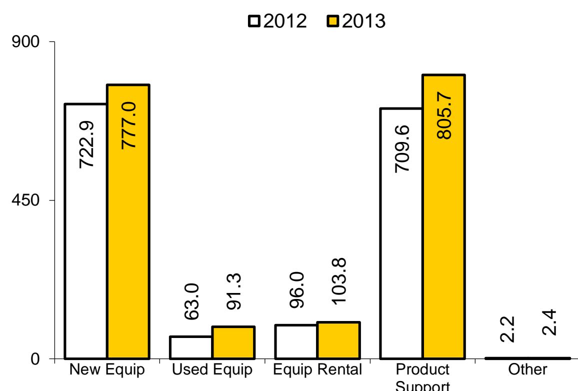
In the second quarter of 2012, the Company acquired the former Bucyrus International Inc. (Bucyrus) distribution and support business from Caterpillar Inc. (Caterpillar) in its dealership territories in South America and in the U.K. In the fourth quarter of 2012, the Company's Canadian operations completed 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.

Third Quarter Overview

	Q3 2013	Q3 2012 (Restated)	**Q3 2013**	Q3 2012 (Restated)
	($ millions)		(% of revenue)	
Revenue	**$ 1,780.2**	$ 1,593.7		
Gross profit	**514.3**	489.9	**28.9%**	30.7%
Selling, general & administrative expenses (SG&A)	**(378.9)**	(368.5)	**(21.3)%**	(23.1)%
Equity earnings of joint venture and associate	**2.6**	2.3	**0.1%**	0.1%
Other income (expenses)	**(2.4)**	0.1	**(0.1)%**	0.1%
Earnings before finance costs and income taxes (EBIT)	**135.6**	123.8	**7.6%**	7.8%
Finance costs	**(23.0)**	(24.3)	**(1.3)%**	(1.5)%
Provision for income taxes	**(26.4)**	(18.3)	**(1.5)%**	(1.2)%
Net income	**$ 86.2**	$ 81.2	**4.8%**	5.1%
Basic earnings per share (EPS)	**$ 0.50**	$ 0.47		
Earnings before finance costs, income taxes, depreciation, and amortization (EBITDA) [(1)]	**$ 190.7**	$ 177.7	**10.7%**	11.1%
Free Cash Flow [(1)]	**$ 162.6**	$ (28.8)		

(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 Line of Business
($ millions)
Three months ended September 30



Third quarter 2013 consolidated revenues of $1.8 billion were up 11.7% from the comparable quarter in 2012, with strong product support revenues and an appreciation of the U.S. dollar relative to the Canadian dollar.

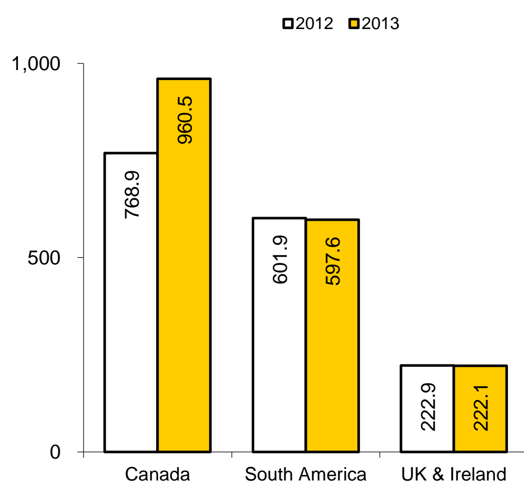
The Company reported higher consolidated product support revenues, up 13.5% compared with the same quarter last year, driven by increases in all operations and reflecting an increase of approximately $50 million from the expanded mining product line.

New equipment sales were up 7.5% compared with the third quarter of 2012, driven primarily by the near record new equipment unit deliveries in Canada during the period. This was partially offset by a decrease in new equipment sales in the Company's South American operations, primarily resulting from a softening of the mining and construction sectors in Chile and ongoing export restrictions imposed by the Argentinean government that reduced construction equipment sales.

Used equipment revenues were 44.9% higher compared to the prior year's third quarter, with increased sales in each of the Company's operations across numerous sectors. Rental revenues were slightly higher overall than the third quarter of 2012, with the Canadian operations contributing the majority of the increase.

Finning's global order book or order backlog (the retail value of new equipment units ordered by customers for future deliveries) was $1.0 billion at the end of the third quarter of 2013, down from $1.1 billion at the end of the second quarter of 2013. The Company experienced higher order intake by customers in the Canadian and South American operations during the third quarter compared to the second quarter of 2013, with the increase offset by a greater number of deliveries in the Canadian operations during the quarter.

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



Revenues from the Company's Canadian operations increased 24.9% in the third quarter of 2013 compared with the same period last year. This was driven by near record new equipment unit deliveries, with new equipment sales up 34.6% from deliveries in the mining, construction and forestry sectors. The Company's Canadian operations also recorded strong quarterly product support revenues, largely driven by a contribution of approximately $46 million from the expanded mining product line.

Revenues from the Company's operations in South America remained relatively flat over the third quarter of 2012 and decreased 4.9% in functional currency (the U.S. dollar). The decrease in functional currency revenues was largely caused by a 19.9% decline in new equipment sales, discussed above. Partially offsetting the decrease in new equipment revenues was an increase in product support revenues, up 6.6% in functional currency, primarily driven by increased parts sales to the mining industry.

Revenues from the UK and Ireland operations were also level compared to the third quarter of 2012 and were down 2.6% in functional currency (the U.K. pound sterling). The decrease, in functional currency, was due to 9.9% lower new equipment sales, reflecting the continuing slow economic environment in the U.K. and Ireland. This decrease was partially offset by higher used equipment sales and product support revenues (up 65.3% and 2.8%, respectively, in functional currency).

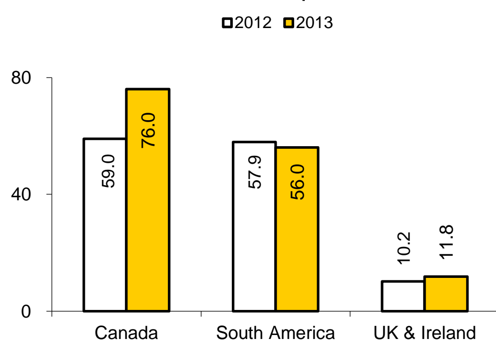
Earnings Before Finance Costs and Income Taxes (EBIT)

On a consolidated basis, EBIT was $135.6 million in the third quarter of 2013, up 9.6% from the EBIT of $123.8 million in the third quarter of 2012 reflecting higher sales in all lines of business and improved results from the Company's Canadian operations.

Gross profit of $514.3 million in the third quarter of 2013 was up 5.0% compared to the third quarter of 2012. Quarterly gross profit margin (gross profit as a percentage of revenue) of 28.9% was lower than the prior year's third quarter margin of 30.7% reflecting lower margins in the Company's Canadian operations, largely driven by a higher proportion of lower margin mining equipment in the sales mix. While the consolidated revenue mix was relatively flat, a greater proportion of product support revenues in the Company's South American operations were offset by a greater proportion of new equipment sales in the Company's Canadian operations.

SG&A costs were $378.9 million, up from $368.5 million in the third quarter of 2012. SG&A as a percentage of revenue was 21.3%, compared to 23.1% in the third quarter of 2012 due to the higher revenue base. The increase in SG&A was partly the result of severance associated with workforce reductions in all operations. In addition, the Company's South American operations reported an increase in SG&A costs, primarily driven by a loss provision on a specific power systems contract and an appreciation of the U.S. dollar against the Canadian dollar. SG&A costs in the Company's Canadian operations were flat in the third quarter of 2013 compared to the same period of 2012, as the operating improvements more than offset the volume-related increases and additional costs associated with the expanded mining product line.

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



(1) Excluding other operations – corporate head office

The Company's EBIT margin (EBIT as a percentage of revenue) of 7.6% in the third quarter of 2013 was slightly down from 7.8% in the third quarter of 2012, partly driven by lower gross margins in the Company's Canadian operations and higher SG&A in the Company's South American operations noted above.

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

Management views EBITDA and Free Cash Flow as indicators of the Company's cash operating performance. EBITDA was $190.7 million in the third quarter of 2013 compared to $177.7 million in the third quarter of 2012, up 7.3% reflecting the increase in EBIT discussed above.

The Company's Free Cash Flow was a generation of cash of $162.6 million compared to a use of cash of $28.8 million in the comparative quarter of the prior year. Lower working capital spend was the main contributor to the improved cash generation in the third quarter of 2013 compared to the same period in 2012, primarily driven by lower payments to suppliers and lower new equipment inventories in the Company's Canadian operations, which reflects the near record unit deliveries during the quarter. The Company remains focused on reducing working capital levels and expects to maintain a positive Free Cash Flow for the remainder of 2013.

Finance Costs

Finance costs for the three months ended September 30, 2013 were $23.0 million, down slightly compared to the $24.3 million reported in the third quarter of 2012.

Provision for Income Taxes

The effective income tax rate for the third quarter of 2013 was 23.4% compared to 18.4% in the comparable period of the prior year. The higher effective tax rate was primarily the result of foreign exchange impacts in Argentina. Although the Argentinean peso depreciated against the U.S. dollar in the third quarter of 2012, the magnitude of the depreciation was significantly greater in the third quarter of 2013 driving greater foreign exchange impacts and thus, a higher effective tax rate. The effective tax rate in the third quarter of 2012 was reduced by one-time permanent differences.

Net Income

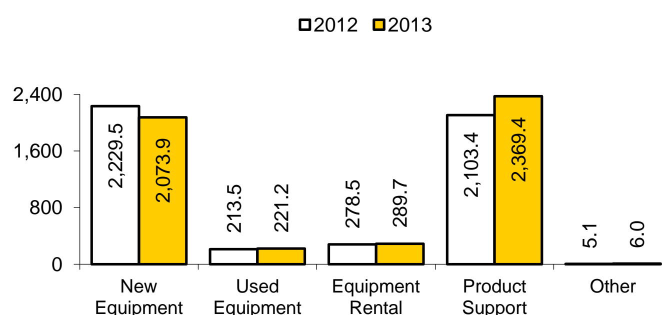
Finning's net income was $86.2 million in the third quarter of 2013 compared with $81.2 million in the same period last year, an increase of 6.2%. The increase in net income was mainly driven by the Company's Canadian operations, discussed above.

Basic EPS was $0.50 per share compared with $0.47 per share in the comparative period last year, an increase of 6.4%. The increase was driven by the higher EBIT noted above, partially offset by higher income tax expense in the third quarter of 2013.

Year-to-Date Overview

	YTD 2013	YTD 2012	**YTD 2013**	YTD 2012
	($ millions)		(% of revenue)	
Revenue	**$ 4,960.2**	$ 4,830.0		
Gross profit	**1,526.2**	1,443.6	**30.8%**	29.9%
Selling, general & administrative expenses (SG&A)	**(1,152.8)**	(1,106.4)	**(23.3)%**	(22.9)%
Equity earnings of joint venture and associate	**9.0**	7.6	**0.2%**	0.2%
Other income (expenses)	**(7.2)**	(4.0)	**(0.1)%**	(0.1)%
Earnings before finance costs and income taxes (EBIT)	**375.2**	340.8	**7.6%**	7.1%
Finance costs	**(68.9)**	(61.5)	**(1.4)%**	(1.3)%
Provision for income taxes	**(64.0)**	(55.1)	**(1.3)%**	(1.2)%
Net income	**$ 242.3**	$ 224.2	**4.9%**	4.6%
Basic earnings per share (EPS)	**$ 1.41**	$ 1.30		
Earnings before finance costs, income taxes, depreciation, and amortization (EBITDA)	**$ 536.2**	$ 498.0	**10.8%**	10.3%
Free Cash Flow	**$ 75.8**	$ (282.2)		

Revenue by Line of Business
($ millions)
Nine months ended September 30



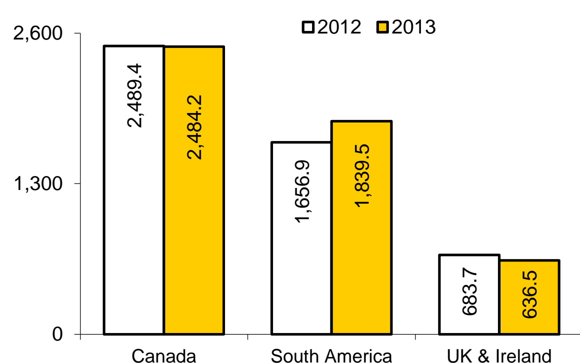
For the nine months ended September 30, 2013, revenues increased 2.7% to $5.0 billion over the same period last year, driven primarily by a 12.6% increase in product support revenues.

Product support revenues increased in all operations, primarily driven by approximately $200 million higher revenues from the expanded mining product line.

New equipment sales were down 7.0% compared to the first nine months of the prior year primarily due to decreases in the Canadian operations, particularly in mining, and the UK and Ireland operations, where the economic environment continues to be challenging. The decrease was partially offset by an increase in the South American operations.

Used equipment sales and rental revenues increased by 3.6% and 4%, respectively, compared to the same period of 2012, driven primarily by the Company's Canadian operations.

Revenue from Operations
($ millions)
Nine months ended September 30



Revenues in the Company's South American operations were up 11.0% largely due to an increase in product support revenues. This increase was partially offset by an 8.7% decrease in the UK and Ireland operations, primarily due to a decrease in new equipment sales.

Revenue in the Company's Canadian operations was relatively flat compared to the same period last year.

Earnings Before Finance Costs and Taxes (EBIT)

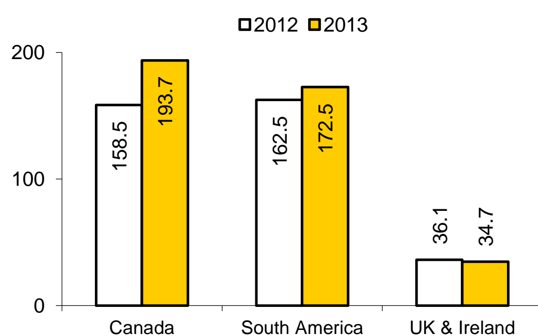
On a consolidated basis, EBIT was $375.2 million in the first nine months of 2013, 10.1% higher than the $340.8 million earned in the first nine months of the prior year, driven primarily by improved results in the Company's Canadian operations. The increase in EBIT was driven by a greater proportion of product support revenues, including approximately $14 million additional EBIT from the expanded mining product line and improved gross profit in most lines of business.

Gross profit of $1.5 billion in the first nine months of the year increased 5.7% over the same period last year and gross profit as a percentage of revenue was 30.8%, up from 29.9% in the first nine months of 2012. The increase was primarily due to the shift in revenue mix to higher margin product support revenues. Product support revenues made up 47.8% of total revenues in the first nine months of 2013, compared with 43.5% of total revenues in the same period last year, while new equipment sales accounted for 41.8% of total revenues in the first nine months of 2013, compared with 46.2% of total revenues in the same period last year.

SG&A costs were $1.2 billion or 4.2% higher than the first nine months of 2012, primarily due to approximately $35 million in additional expenses from the expanded mining product line and higher employee-related costs, partially offset by supply chain efficiencies and operating improvements in OEM.

Other income (expenses) for the first nine months of 2013 included net costs of $3.2 million related to exports from Argentina compared to $0.9 million in the same period last year.

EBIT from Operations [(1)]
($ millions)
Nine months ended September 30



(1) Excluding other operations – corporate head office

The Company's EBIT margin was 7.6% in the first nine months of 2013, up from 7.1% in the first nine months of 2012 primarily due to the improved EBIT in the Company's Canadian operations.

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

EBITDA was $536.2 million in the first nine months of 2013 compared to $498.0 million in the first nine months of 2012, an increase of 7.7% reflecting the increase in EBIT discussed above.

The Company's Free Cash Flow was a generation of cash of $75.8 million compared to a use of cash of $282.2 million in the comparative first nine months of the prior year. Lower capital expenditures and lower working capital were the main contributors to the reduced level of cash usage in the first nine months of 2013 compared to the same period in 2012. The Company remains focused on reducing working capital levels and expects to achieve a positive Free Cash Flow in 2013.

Finance Costs

Finance costs for the nine months ended September 30, 2013 were $68.9 million compared with $61.5 million in the first nine months of 2012. The increase was primarily due to higher debt in 2013, reflecting the issuances in 2012 to fund the acquisition of the expanded mining product line and early redemption costs related to the Company's 5.16% $250 million Medium Term Notes (MTN) redeemed in July 2013. The Company also recognized a foreign exchange gain of $3.3 million recognized on the settlement of a foreign currency forward in the second quarter of 2012.

Provision for Income Taxes

The effective income tax rate for the first nine months of 2013 was 20.9% compared to 19.8% in the comparable period of the prior year. The higher effective tax rate for the nine month period was primarily the result of foreign exchange impacts in Argentina, partially offset by 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 $242.3 million in the first nine months of 2013, an increase of 8.1% from $224.2 million earned in the same period last year.

Basic EPS for the nine months ended September 30, 2013 was $1.41 per share compared with $1.30 per share in the same period last year, an increase of 8.5%. The results for the first nine months of 2013 reflected higher EBIT as noted above, partially offset by higher income taxes and finance costs.

Foreign Exchange

Translation

The Company's reporting currency is the Canadian dollar. The geographical diversity of the Company's operations results in a significant portion of revenue and operating expenses transacting in different currencies. The most significant currencies in which the Company transacts business are the U.S. dollar (USD), the Canadian dollar (CAD), the U.K. pound sterling (GBP) and the Chilean peso (CLP). Changes in the CAD/USD and CAD/GBP 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 USD/CLP and USD/Argentinean peso (ARS) 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	**September 30, 2013**	December 31, 2012	September 30, 2012
U.S. dollar	**1.0285**	0.9949	0.9837
U.K. pound sterling	**1.6639**	1.6178	1.5869

Three months ended September 30 **Average exchange rates**	**2013**	2012
U.S. dollar	**1.0386**	0.9953
U.K. pound sterling	**1.6107**	1.5723

Nine months ended September 30 **Average exchange rates**	**2013**	2012
U.S. dollar	**1.0235**	1.0023
U.K. pound sterling	**1.5822**	1.5813

Foreign exchange translation had a positive impact on consolidated revenues in the third quarter of 2013 of approximately $50 million (year-to-date: approximately $70 million) primarily due to a 4.4% weaker Canadian dollar relative to the U.S. dollar (year-to-date: 1.3% weaker), compared to the third quarter of 2012. EBIT was higher by approximately $6 million in the third quarter of 2013 (year-to-date: approximately $9 million) primarily due to a 21.1% weakening of the Argentine peso relative to the U.S. dollar (year-to-date: 18.2% weakening).

The Canadian dollar has historically been positively correlated commodity prices. 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 fluctuation in 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 $57.9 million recorded in the first nine months of 2013 resulted primarily from the weakening of the Canadian dollar against the U.S. dollar at September 30, 2013 compared to December 31, 2012. This was partially offset by $27.0 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 September 30, 2013 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consolidated**	**Revenue percentage**
New equipment	**$ 424.6**	**$ 224.9**	**$ 127.5**	**$ 777.0**	**43.7%**
Used equipment	**53.5**	**19.0**	**18.8**	**91.3**	**5.1%**
Equipment rental	**78.4**	**18.5**	**6.9**	**103.8**	**5.8%**
Product support	**402.6**	**334.2**	**68.9**	**805.7**	**45.3%**
Other	**1.4**	**1.0**	**—**	**2.4**	**0.1%**
Total	**$ 960.5**	**$ 597.6**	**$ 222.1**	**$ 1,780.2**	**100.0%**
Revenue percentage by operations	**53.9%**	**33.6%**	**12.5%**	**100.0%**	

Three months ended September 30, 2012 ($ millions)	Canada	South America	UK & Ireland	Consolidated	Revenue percentage
New equipment	$ 315.4	$ 268.8	$ 138.7	$ 722.9	45.4%
Used equipment	38.5	13.5	11.0	63.0	4.0%
Equipment rental	70.1	18.1	7.8	96.0	6.0%
Product support	343.8	300.4	65.4	709.6	44.5%
Other	1.1	1.1	—	2.2	0.1%
Total	$ 768.9	$ 601.9	$ 222.9	$ 1,593.7	100.0%
Revenue percentage by operations	48.2%	37.8%	14.0%	100.0%	

Nine months ended September 30, 2013 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consolidated**	**Revenue percentage**
New equipment	**$ 939.0**	**$ 766.9**	**$ 368.0**	**$ 2,073.9**	**41.8%**
Used equipment	**140.2**	**37.8**	**43.2**	**221.2**	**4.5%**
Equipment rental	**212.0**	**55.9**	**21.8**	**289.7**	**5.8%**
Product support	**1,189.3**	**976.6**	**203.5**	**2,369.4**	**47.8%**
Other	**3.7**	**2.3**	**—**	**6.0**	**0.1%**
Total	**$ 2,484.2**	**$ 1,839.5**	**$ 636.5**	**$ 4,960.2**	**100.0%**
Revenue percentage by operations	**50.1%**	**37.1%**	**12.8%**	**100.0%**	

Nine months ended September 30, 2012 ($ millions)	Canada	South America	UK & Ireland	Consolidated	Revenue percentage
New equipment	$ 1,086.6	$ 729.2	$ 413.7	$ 2,229.5	46.2%
Used equipment	127.6	37.6	48.3	213.5	4.4%
Equipment rental	201.7	55.0	21.8	278.5	5.8%
Product support	1,071.3	832.2	199.9	2,103.4	43.5%
Other	2.2	2.9	—	5.1	0.1%
Total	$ 2,489.4	$ 1,656.9	$ 683.7	$ 4,830.0	100.0%
Revenue percentage by operations	51.5%	34.3%	14.2%	100.0%	

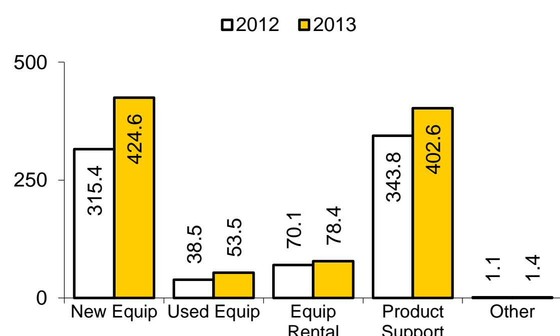
Canadian Operations

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 Canadian operation'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 September 30 2013	Three months ended September 30 2012 (Restated)	Nine months ended September 30 2013	Nine months ended September 30 2012 (Restated)
Revenue from external sources	**$ 960.5**	$ 768.9	**$ 2,484.2**	$ 2,489.4
Operating costs	**(856.9)**	(683.5)	**(2,213.6)**	(2,249.4)
Depreciation and amortization	**(30.2)**	(27.5)	**(84.7)**	(88.1)
	73.4	57.9	**185.9**	151.9
Equity earnings of joint venture	**2.6**	1.1	**7.8**	6.6
Earnings before finance costs and income taxes (EBIT)	**$ 76.0**	$ 59.0	**$ 193.7**	$ 158.5
EBIT				
- as a percentage of revenue	**7.9%**	7.7%	**7.8%**	6.4%
- as a percentage of consolidated EBIT	**56.1%**	47.7%	**51.6%**	46.5%

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



Driven by near record new equipment unit deliveries during the third quarter of 2013 and revenue increases across all lines of business, third quarter revenues reached $960.5 million, representing a 24.9% increase compared to the third quarter of 2012.

New equipment revenues were 34.6% higher in the third quarter of 2013 than the comparative quarter of 2012, driven primarily by demand from the mining, construction and forestry sectors, and included approximately $18 million from the expanded mining product line.

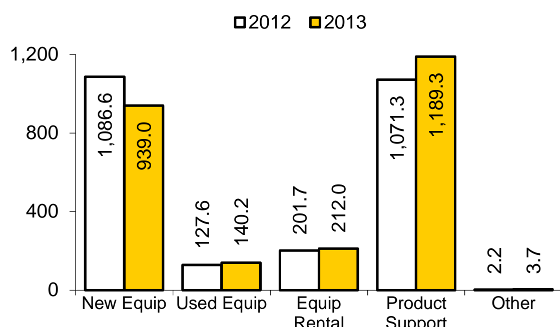
Product support revenues were 17.1% higher compared to the same period last year. Parts and service revenues of approximately $46 million from the expanded mining product line, along with an increased demand for parts across all market units, drove the increase.

Gross profit increased in absolute dollars compared to the third quarter of 2012 as a result of higher sales volumes, however, gross profit margin decreased. The gross profit margin declined, reflecting a higher mix of new equipment sales, including a high proportion of lower margin mining equipment. New equipment revenues comprised 44.2% of total revenues for the third quarter of 2013, relative to 41.0% in the third quarter of 2012, while product support revenues were 41.9% of total revenues in the third quarter of 2013, down from 44.7% in the prior year quarter.

SG&A costs decreased marginally, despite higher revenues, in the third quarter of 2013 relative to the comparative period of 2012. The decrease was driven by a continued focus on cost reductions through process improvements, significant efficiency gains in freight and warehousing costs and operating improvements in OEM. These improvements were partially offset by volume-related expenses associated with the increase in revenue, higher employee-related expenses and increased costs from the expanded mining product line.

EBIT totalled $76.0 million in the third quarter of 2013, which included approximately $7 million in EBIT from the expanded mining product line resulting from the acquisition of Bucyrus in the fourth quarter of 2012. This represents a 28.7% increase when compared to EBIT of $59.0 million earned in the same period of 2012, primarily driven by an improved gross profit margin and lower SG&A, discussed above. EBIT margin increased to 7.9%, up from 7.7% in the third quarter of 2012, largely due to the effectiveness of the cost containment measures implemented by the Company's Canadian operations.

Canada – Revenue by Line of Business
($ millions)
Nine months ended September 30



Revenues for the nine months ended September 30, 2013 of $2.5 billion was comparable to the same period last year. Lower new equipment revenues, as a result of reduced capital spending by mining customers, was offset by an increase in product support revenues.

New equipment revenues in the first nine months of 2013 were down 13.6% compared with the same period in 2012. The contribution of approximately $120 million from the expanded mining product line drove the increase in product support revenues, up 11% over the first nine months of 2012. The shift in revenue mix to a higher proportion of product support revenues resulted in an increase to gross profit in absolute dollars and as a percentage of revenues.

SG&A costs for the first nine months of 2013 were marginally lower in absolute dollar terms and as a percentage of revenue compared to the first nine months of 2012, for the same reasons as noted above for the third quarter.

The Canadian operations contributed EBIT of $193.7 million for the nine months ended September 30, 2013, a 22.2% increase when compared to the same period 2012, of which approximately $18 million was attributable to the expanded mining product line. EBIT margin in the first nine months of 2013 was 7.8%, up from 6.4% in the same period in 2012.

<u>Other Developments</u>

On November 7, 2013, the Company announced that its Canadian division and the International Association of Machinists and Aerospace Workers - Local Lodge 99 (IAMAW) representing hourly employees in Alberta and the Northwest Territories reached a memorandum of agreement on a new three-year collective agreement. The agreement is subject to a ratification vote by the union membership, which the Company expects to be concluded in approximately one month. The union bargaining committee is recommending that its members accept the agreement. The collective agreement between the Company and the IAMAW expired on April 30, 2013.

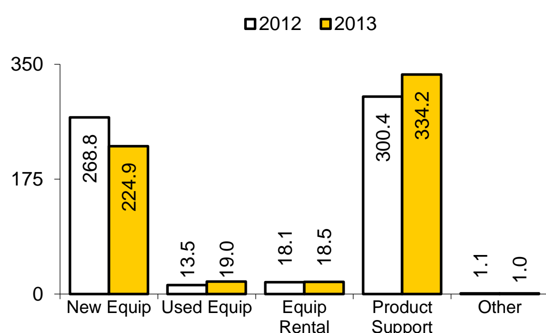
South American Operations

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

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

($ millions)	Three months ended September 30 2013	Three months ended September 30 2012 (Restated)	Nine months ended September 30 2013	Nine months ended September 30 2012 (Restated)
Revenue from external sources	**$ 597.6**	$ 601.9	**$ 1,839.5**	$ 1,656.9
Operating costs	**(522.0)**	(525.9)	**(1,608.1)**	(1,447.1)
Depreciation and amortization	**(17.5)**	(16.3)	**(52.7)**	(43.5)
	58.1	59.7	**178.7**	166.3
Other income (expenses)				
Export of agricultural product	**42.4**	12.7	**119.7**	12.7
Costs of export of agricultural product	**(43.5)**	(13.6)	**(122.9)**	(13.6)
Other expenses	**(1.0)**	(0.9)	**(3.0)**	(2.9)
Earnings before finance costs and income taxes (EBIT)	**$ 56.0**	$ 57.9	**$ 172.5**	$ 162.5
EBIT				
- as a percentage of revenue	**9.4%**	9.6%	**9.4%**	9.8%
- as a percentage of consolidated EBIT	**41.2%**	46.8%	**46.0%**	47.7%

South America – Revenue by Line of Business
($ millions)



Revenue for the third quarter of 2013 was $597.6 million, down slightly from the third quarter of 2012 (down 4.9% in functional currency, the U.S. dollar).

In functional currency, the decrease in new equipment sales of 19.9%, compared to the third quarter of 2012 was partially offset by an increase in product support revenues, up 6.6% from the comparative period. The increase in product support revenues was driven by higher parts sales in the mining sector. New equipment revenues were negatively impacted by macroeconomic factors, including a slowdown in the mining and construction sectors in Chile and government imposed export restrictions in Argentina.

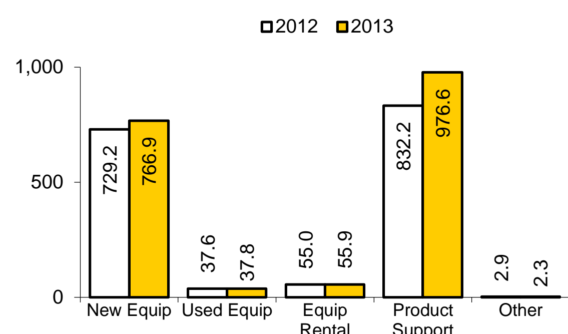
Gross profit increased 4.1% over the third quarter of 2012, compared to a minor decrease in functional currency terms. Gross profit margin increased compared to the third quarter of 2012 reflecting the shift in revenue mix to a larger proportion of higher margin product support revenues, partly offset by lower margins in new equipment sales due to market conditions. New equipment revenues represented 37.6% of total revenues in the third quarter of 2013 versus 44.7% in the prior year comparative period, while product support accounted for 55.9% of total revenues in 2013 in the third quarter, compared to 49.9% in the same quarter in 2012.

SG&A costs increased 7.6% in absolute dollars, up marginally in functional currency, and as a percentage of revenues compared to the same period last year. The increased costs were primarily the result of a loss provision on a specific power systems contract and costs associated with a workforce reduction.

In response to the Argentinean government's efforts to balance imports and exports and to manage access to foreign currency exchange, the Company's South American operations began to export an agricultural product from Argentina in the third quarter of 2012. This facilitates the Company in continuing to import goods into Argentina to satisfy customer demand, while meeting government's requirements. Other international companies operating in the region have also commenced exportation to meet these requirements. As these export activities are not related to the Company's core business, income and expenses related to these exports have been reported in other income and other expense, and comparative periods have been adjusted accordingly.

EBIT totalled $56.0 million in the third quarter of 2013 and was 3.4% lower than the third quarter of 2012 (down 7.6% in functional currency), partially due to a lower EBIT contribution from the expanded mining product line of approximately $5 million. EBIT margin of 9.4% was down slightly from the second quarter of 2013 (9.5%) and the third quarter of 2012 (9.6%).

South America – Revenue by Line of Business
($ millions)
Nine months ended September 30



For the nine months ended September 30, 2013, revenues increased 11% to $1.8 billion. In functional currency, revenues were up 8.7% compared with the first nine months of 2012, reflecting higher product support revenues (including approximately $70 million in incremental revenues from the expanded mining product line) and new equipment sales.

Year-to-date gross profit increased 11.2% over 2012 (8.9% in functional currency), reflecting a greater proportion of higher margin product support revenues (53.1%) versus 2012 (50.2%).

SG&A costs were higher in the first nine months of 2013 compared with the same period of 2012 partly due to the expanded mining product line, as well as loss provisions recorded on specific contracts.

EBIT of $172.5 million was 6.1% higher for the first nine months of 2013 compared to the same period last year (up 3.9% in functional currency), reflecting the increase in gross profit, partially offset by approximately $4 million lower EBIT from the expanded mining product line and higher SG&A costs. EBIT as a percentage of revenue was 9.4% for the first nine months of 2013, lower than the EBIT margin of 9.8% achieved in the same period in 2012, reflecting the trends noted above.

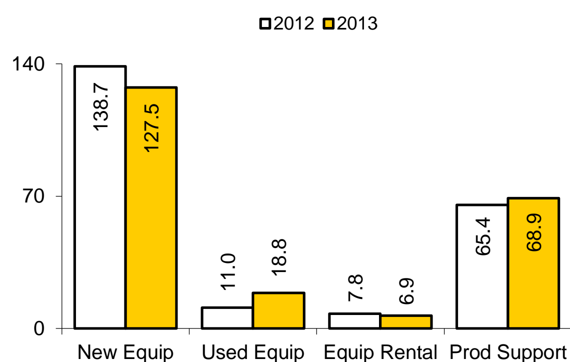
United Kingdom (UK) and Ireland Operations

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 UK and Ireland operation's markets include mining, quarrying, construction and power systems.

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

($ millions)	**Three months ended September 30**		**Nine months ended September 30**	
	2013	2012 (Restated)	**2013**	2012 (Restated)
Revenue from external sources	**$ 222.1**	$ 222.9	**$ 636.5**	$ 683.7
Operating costs	**(202.6)**	(202.2)	**(577.3)**	(620.1)
Depreciation and amortization	**(7.4)**	(10.1)	**(23.5)**	(25.6)
	12.1	10.6	**35.7**	38.0
Other expenses	**(0.3)**	(0.4)	**(1.0)**	(1.9)
Earnings before finance costs and income taxes (EBIT)	**$ 11.8**	$ 10.2	**$ 34.7**	$ 36.1
EBIT				
- as a percentage of revenue	**5.3%**	4.6%	**5.5%**	5.3%
- as a percentage of consolidated EBIT	**8.7%**	8.2%	**9.3%**	10.6%

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



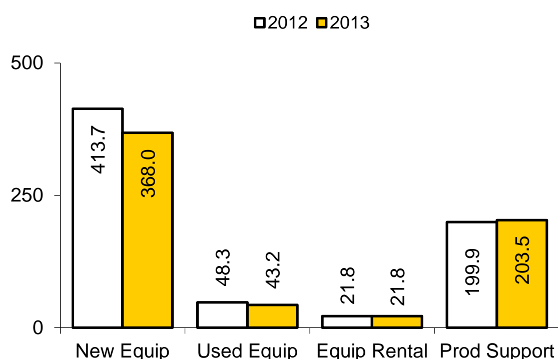
Revenues from the UK and Ireland operations for the third quarter of 2013 were $222.1 million, slightly down from the same period last year (down 2.6% in functional currency, the U.K. pound sterling). The marginal decrease was primarily due to a reduction in new equipment sales, down 9.9% in functional currency, reflecting the challenging economic environment in the UK and Ireland. In functional currency, compared to the third quarter of 2012, used equipment sales increased 65.3% and product support revenues rose 2.8%, mainly driven by higher service revenues across multiple sectors, partially offsetting the reduction in new equipment sales.

Gross profit and gross profit margin in the third quarter of 2013 were slightly higher compared to the same period of 2012, driven by a higher mix of product support revenues and higher margins in most lines of business. Product support revenues made up 31.0% of total revenues in the third quarter of 2013 compared to 29.3% in the comparative prior year period, while new equipment revenues represented 57.4% of third quarter 2013 total revenues compared to 62.2% a year earlier.

In functional currency, SG&A costs in the third 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 modestly higher in the third quarter of 2013 compared to the third quarter of 2012.

The UK and Ireland operations reported a 16.7% increase in EBIT over the same quarter of 2012 (14.1% in functional currency) and reported an EBIT margin of 5.3% in the third quarter of 2013, up from 4.6% in the same period last year. Lower depreciation expense, down 26.7%, was the driver behind the increase in EBIT and EBIT margin.

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



For the nine months ended September 30, 2013, revenues of $636.5 million were 6.9% lower than the same period in the prior year (also down 6.9% in functional currency). The decrease was primarily due to lower new and used equipment sales, primarily in the mining sector. 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.

Although gross profit in absolute dollars was lower, gross profit margin was higher in the first nine months of 2013 compared to 2012, with a higher mix of product support revenues and higher margins in most lines of business.

SG&A remained relatively flat in absolute terms over the same period of 2012. SG&A as a percentage of revenue was therefore higher due to the lower revenues reported for the first nine months of 2013 as compared to 2012.

EBIT was $34.7 million for the first nine months of 2013, representing a reduction of 3.7% over the same period last year (down 3.5% in functional currency) driven primarily by lower revenues. EBIT margin of 5.5% was up compared to the 5.3% earned in the same period last year reflecting the higher gross profit margins noted above.

Corporate and Other Operations

($ millions)	Three months ended September 30 2013	Three months ended September 30 2012 (Restated)	Nine months ended September 30 2013	Nine months ended September 30 2012 (Restated)
Operating costs - corporate	**$ (7.3)**	$ (5.0)	**$ (19.5)**	$ (15.8)
Long-term incentive plan (LTIP)	**(0.9)**	(1.8)	**(7.3)**	(3.2)
Depreciation and amortization	**—**	—	**(0.1)**	—
	(8.2)	(6.8)	**(26.9)**	(19.0)
Equity gain of associate	**—**	1.2	**1.2**	1.0
Other income (expenses)				
Gain on settlement of note receivable	**—**	2.3	**—**	2.3
Other expenses	**—**	—	**—**	(0.6)
Loss before finance costs and income taxes	**$ (8.2)**	$ (3.3)	**$ (25.7)**	$ (16.3)

Corporate operating costs for the three and nine month periods ended September 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. For the nine month period ended September 30, 2013, the Company's share price decreased by 7.5% compared with an increase of 4.6% in the first nine months of 2012, which resulted in higher costs related to the LTIP in 2013 due to this compensation hedge.

The equity gain of associate for the three and nine months ended September 30, 2013 and 2012 relates to the Company's investment in Energyst B.V. Recent results from Energyst have been impacted by the slowdown in the mining industry and the competitive pressures on its international power projects business. 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 September 30, 2013, cash provided by operations was $159.4 million (year-to-date 2013: cash inflows of $113.2 million), compared with cash inflows of $12.7 million during the same period in 2012 (year-to-date 2012: cash outflows of $127.6 million). The inflow of cash in the third quarter of 2013 was much higher than the same period a year earlier reflecting the Company's focus on cash management, including improving cash cycle times and operating efficiencies while maintaining appropriate levels of working capital to support activity levels.

In the third quarter of 2013, the Company invested $24.5 million in rental assets, net of disposals (year-to-date 2013: cash outflows of $75.9 million), compared to cash generated of $12.5 million in rental assets, net of disposals in the same quarter of 2012 (year-to-date 2012: cash outflows of $60.8 million).

Investing Activities

Net cash provided by investing activities for the three months ended September 30, 2013 totalled $3.2 million (year-to-date 2013: cash outflows of $41.9 million) compared with cash outflows of $19.8 million in the third quarter of 2012 (year-to-date 2012: cash outflows of $442.6 million).

Proceeds on disposal of property, plant and equipment, primarily in the Company's Canadian operations, generated cash of $20.0 million and $22.6 million during the three and nine months ended September 30, 2013, respectively, compared to minimal proceeds in the same periods of 2012. The primary use of cash in the third quarter of 2013 related to additions to property, plant and equipment and intangible assets for $16.8 million (year-to-date 2013: $60.0 million), lower than the $41.5 million invested in the comparable period in 2012 (year-to-date 2012: $156.9 million). The proceeds generated in the third quarter of 2013 combined with the lower investment in property, plant and equipment during the quarter resulted in a cash generation for the third quarter of 2013.

In the third quarter of 2012, the Company received $21.7 million (£13.8 million), net of withholding tax, as final settlement 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. During the nine month period ended September 30, 2012, the total amount received as payment against the note was $28.1 million.

In the nine month period ended September 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.

The higher cash usage in the first nine months of 2012 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 first nine months 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.

Financing Activities

To complement the internally generated funds from operating and investing activities, as at September 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. In September 2013, the Company closed a two-year extension to its $1.0 billion global operating credit facility, under which $937.5 million was extended to September 2017 from the original maturity in September 2015. At September 30, 2013, approximately $0.7 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.

The Company is rated by both Dominion Bond Rating Service (DBRS) and Standard & Poor's (S&P). During 2013, the Company's long-term debt ratings were confirmed at A (low) by DBRS and BBB+ by S&P. The Company's short-term debt rating was also confirmed by DBRS at R-1 (low). The Company continues to utilize the Canadian commercial paper market, as well as borrowings under its credit facilities as its principal sources of short-term funding.

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, Series F, of £70 million ($108.9 million) due May 23, 2023 in the U.S. private placement market.

In July 2013, the Company issued unsecured 3.232% $200 million MTN due July 3, 2020. Proceeds from this issuance were used 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 nine month period ended September 30, 2013.

In the first nine 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 third quarter of 2013 were $26.2 million, up 9.0% compared to the third 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 nine months of 2013 increased 8.6% to $76.5 million compared to the first nine months of 2012.

Debt Ratio and Return on Equity

The Debt Ratio (net debt to total capitalization ratio) at September 30, 2013 was 47.8%, compared with 50.6% at June 30, 2013, 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 required to fund the purchase of the expanded mining product line in 2012. The Company targets to consistently achieve at least 18% Return on Equity (ROE) and in the third quarter of 2013 reported a ROE of 21.2%. 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

Compared to the prior year, the Company expects lower new equipment sales in 2013 to be offset by growth in product support revenues, which is partly attributable to the contribution from the expanded mining product line (former Bucyrus business). New equipment order intake in the third quarter improved compared to the first two quarters of 2013 and was driven by the non-mining sectors. However, very strong deliveries in the third quarter resulted in a slightly lower order backlog compared to the end of June 2013.

In Western Canada, demand for mining equipment is expected to be weaker in 2013 compared to 2012. In the oil sands, producers have focused on reducing operating costs, which led to a decline in contractor equipment utilization and impacted the Company's product support business. Subsequent to the third quarter, the Company was awarded a significant equipment supply agreement in the oil sands for delivery in 2014 and 2015. The Company continues to actively bid on opportunities for new equipment and product support sales with coal and metals mining customers. In the heavy construction and forestry sectors, capital expenditures 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 infrastructure projects under consideration, including long-term LNG pipeline opportunities, are expected to be a positive driver for heavy construction and power systems activity for the next few years. Market conditions in the conventional oil segment remain weak, while gas compression and electric power generation have strengthened. Demand for rental equipment remains strong across all sectors.

In South America, market conditions have softened. In mining, the Company expects continued equipment replacement and fleet growth, but at a slower pace. While copper prices are at healthy levels, concerns regarding capital expenditures, project execution, and production costs have resulted in delays of greenfield projects and revision of investments for brownfield projects. Mining customers are maintaining production and equipment utilization levels, but are delaying decisions on component purchases, major repairs and equipment and maintenance contracts. Consequently, new order intake for mining equipment has declined and growth in the product support business is expected to slow. The slowdown in the mining sector is also impacting the power systems and construction equipment markets in Chile, where machine utilization levels and product support activity have been reduced. The Company is well positioned to capture equipment and product support opportunities in a softer market environment, and was recently successful in securing a large mining order from Codelco, Chile's state-owned copper mining company, for off-highway trucks and a ten-year maintenance and repair contract for the trucks.

In response to the Argentinean government's efforts to balance imports and exports and to manage access to foreign currency exchange, the Company's South American operations began to export an agricultural product from Argentina in the third quarter of 2012. This facilitates the Company in continuing to import goods into Argentina to satisfy customer demand, while meeting government's requirements. Other international companies operating in the region have also commenced exportation to meet these requirements. In the meantime, new equipment backlog in Argentina continues to grow, demonstrating the underlying demand for equipment.

In the U.K. and Ireland, the Company is seeing steady order intake in Power Systems and Equipment Solutions despite soft economic conditions. In Equipment Solutions, the backlog for core products is strong. The coal mining sector declined significantly in 2013, but is now showing signs of stability following some customer consolidation. While the heavy construction industries are impacted by low infrastructure project activity levels, quarrying and aggregates remain the most active markets for core products. The Company's sales to the small machine market are growing as the multi-channel sales approach is building momentum. Equipment sales to the plant hire sector are also strong due to the increase in house building and general construction work.

The Company continues to expect a modest increase in annual revenues compared to 2012, albeit at the very low end of the previously disclosed 0 to 10% range. Management is advancing a number of operational improvement initiatives in Canada; however, the positive impact of these improvements on the profitability of the Canadian operations is not expected to be material in 2013. The Company projects strong Free Cash Flow in the fourth quarter to be driven by a decrease in inventories and strong collections, and expects the net debt to total capital ratio to decline to approximately 45% by the end of 2013, which is at the high end of the 35 to 45% target range.

The Company has significant opportunities to improve profitability, particularly in Canada, through advancing a number of operational excellence initiatives. The key focus areas include: streamlining the supply chain, improving service profitability, growing market share in non-mining segments and optimizing asset utilization.

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. 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 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 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 September 30		**Nine months ended September 30**	
($ millions)	**2013**	2012 (Restated)	**2013**	2012 (Restated)
Earnings before finance costs, income taxes, depreciation, and amortization (EBITDA)	**$ 190.7**	$ 177.7	**$ 536.2**	$ 498.0
Depreciation and amortization	**(55.1)**	(53.9)	**(161.0)**	(157.2)
Earnings before finance costs and income taxes (EBIT)	**135.6**	123.8	**375.2**	340.8
Finance costs	**(23.0)**	(24.3)	**(68.9)**	(61.5)
Provision for income taxes	**(26.4)**	(18.3)	**(64.0)**	(55.1)
Net income	**$ 86.2**	$ 81.2	**$ 242.3**	$ 224.2

A reconciliation of Free Cash Flow is as follows:

	Three months ended September 30		**Nine months ended September 30**	
($ millions)	**2013**	2012	**2013**	2012
Cash flow provided by (used in) operating activities	**$ 159.4**	$ 12.7	**$ 113.2**	$ (127.6)
Additions to property, plant, and equipment and intangible assets	**(16.8)**	(41.5)	**(60.0)**	(156.9)
Proceeds on disposal of property, plant, and equipment	**20.0**	—	**22.6**	2.3
Free Cash Flow	**$ 162.6**	$ (28.8)	**$ 75.8**	$ (282.2)

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

As at ($ millions, except as noted)	September 30 2013	December 31 2012
Components of Debt Ratio		
Cash and cash equivalents	**$ (83.1)**	$ (114.9)
Short-term debt	**327.3**	303.3
Current portion of long-term debt	**0.6**	363.6
Long-term debt	**1,351.4**	1,012.2
Net debt	**1,596.2**	1,564.2
Shareholders' equity	**1,746.0**	1,566.6
Total capitalization	**$ 3,342.2**	$ 3,130.8
Net debt to total capitalization	**47.8%**	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, the Canadian dollar, the U.K. pound sterling, the Chilean peso and the Argentinean peso. 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 Company's most recent 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 September 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	September 30, 2013 month end rates	Net income $ millions
CAD/USD	**1.0285**	**$ (34)**
CAD/GBP	**1.6639**	**$ (1)**
CAD/CLP	**0.0020**	**$ 3**
CAD/ARS	**0.1775**	**$ 2**

A 5% weakening of the Canadian dollar against the above currencies relative to the September 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 September 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	2013			2012 (Restated)				2011 (Restated)
(except for share and option data)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue from operations [1]								
Canada	**$ 960.5**	$ 767.7	$ 756.0	$ 788.2	$ 768.9	$ 942.8	$ 777.7	$ 990.9
South America [4]	**597.6**	628.9	613.0	740.3	601.9	574.0	481.0	592.7
UK & Ireland	**222.1**	223.5	190.9	217.2	222.9	247.7	213.1	227.0
Total revenue	**$1,780.2**	$1,620.1	$1,559.9	$1,745.7	$1,593.7	$1,764.5	$1,471.8	$1,810.6
Net income [1] [2]	**$ 86.2**	$ 82.7	$ 73.4	$ 102.6	$ 81.2	$ 78.7	$ 64.3	$ 68.6
Earnings Per Share [1] [2]								
Basic EPS	**$ 0.50**	$ 0.48	$ 0.43	$ 0.60	$ 0.47	$ 0.46	$ 0.37	$ 0.40
Diluted EPS	**$ 0.50**	$ 0.48	$ 0.43	$ 0.60	$ 0.47	$ 0.46	$ 0.37	$ 0.40
Total assets [1]	**$5,138.6**	$5,301.6	$5,194.4	$5,118.0	$4,994.0	$5,110.5	$4,530.0	$4,085.4
Long-term debt								
Current	**$ 0.6**	$ 250.5	$ 358.3	$ 363.6	$ 361.3	$ 112.3	$ 0.5	$ 0.5
Non-current	**1,351.4**	1,152.4	1,022.5	1,012.2	1,076.1	1,344.7	952.4	762.6
Total long-term debt [3]	**$1,352.0**	$1,402.9	$1,380.8	$1,375.8	$1,437.4	$1,457.0	$ 952.9	$ 763.1
Cash dividends paid per common share	**15.25¢**	15.25¢	14¢	14¢	14¢	14¢	13¢	13¢
Common shares outstanding (000's)	**172,000**	171,999	171,971	171,910	171,905	171,880	171,849	171,574
Options outstanding (000's)	**5,596**	5,643	4,708	5,060	5,118	5,235	4,595	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 fourth quarter of 2011 and all of 2012 were negatively impacted by the ERP system implementation issues experienced in the Company's Canadian operations. 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. In September 2013, the Company closed a two-year extension to its $1.0 billion global operating credit facility, under which $937.5 million was extended to September 2017 from the original maturity of 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 applied to fund the purchase of Bucyrus in the Company's Canadian operations on October 1, 2012.

   In May 2013, the Company refinanced its £70 million Eurobond, due May 30, 2013, with the issuance of £70 million in unsecured senior notes in the U.S. private placement market.

   In July 2013, the Company issued unsecured $200 million MTNs. Proceeds from the issuance were used to early redeem the Company's $250 million MTNs due September 30, 2013.

4) In response to the Argentinean government's efforts to balance imports and exports and to manage access to foreign currency exchange, the Company's South American operations began to export an agricultural product from Argentina in the third quarter of 2012. This facilitates the Company in continuing to import goods into Argentina to satisfy customer demand. Income and expenses associated with the exports have been recorded in other income and other expenses beginning in Q3-13 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, and 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 September 30, 2012	Nine months ended September 30, 2012	Year ended December 31, 2012
Increase in selling, general, and administrative expense	$ (1,956)	$ (5,883)	$ (7,902)
Increase in finance costs	(1,574)	(4,735)	(6,383)
Decrease in provision for income taxes	816	2,557	3,440
Decrease in net income	$ (2,714)	$ (8,061)	$ (10,845)
Increase in other comprehensive income, net of tax	$ 2,714	$ 8,061	$ 10,845
Decrease in basic and diluted earnings per share	$ (0.015)	$ (0.045)	$ (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 for 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 or 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.

- The Company has applied the amendments to IFRS 7, *Financial Instruments: Disclosures*. The amendments require additional disclosure about offsetting financial assets and liabilities. The adoption of the amendments had no impact on the Company's financial position but disclosures will be enhanced for the annual consolidated financial statements.

Future Accounting Pronouncements

The Company has not applied the following new standards and amendments to standards and interpretations that have been issued but are not yet effective:

- 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. These amendments are not expected to have a significant effect on the Company's accounting policies or financial statements.
- IFRS 9, *Financial Instruments* (the IASB tentatively decided to delay the originally planned effective date of January 1, 2015 and at present the effective date has not been determined) 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.

Outstanding Share Data

As at November 7, 2013	
Common shares outstanding	172,000,382
Options outstanding	5,582,794

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 November 13, 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, availability and benefits from information technology and the data processed by that technology. 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)	September 30, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	**$ 83,143**	$ 114,924
Accounts receivable	**1,009,699**	876,908
Service work in progress	**130,157**	119,824
Inventories	**1,904,337**	1,930,114
Income tax recoverable	**13,124**	22,014
Derivative assets (Note 4)	**1,138**	7,390
Other assets	**184,086**	246,058
Total current assets	**3,325,684**	3,317,232
Property, plant, and equipment	**648,375**	658,072
Rental equipment	**431,367**	408,995
Intangible assets	**79,121**	94,795
Distribution network	**312,778**	305,602
Goodwill	**111,314**	109,481
Investment in and advances to joint venture and associate	**76,417**	66,633
Finance assets	**40,229**	42,033
Deferred tax assets	**63,405**	59,713
Other assets	**49,911**	55,467
	$ 5,138,601	$ 5,118,023
LIABILITIES		
Current liabilities		
Short-term debt (Note 3)	**$ 327,270**	$ 303,346
Accounts payable and accruals	**896,697**	996,260
Income tax payable	**14,898**	16,855
Provisions	**98,015**	101,171
Deferred revenue	**383,044**	454,778
Derivative liabilities (Note 4)	**16,954**	14,230
Current portion of long-term debt (Note 3)	**598**	363,590
Total current liabilities	**1,737,476**	2,250,230
Long-term debt (Note 3)	**1,351,447**	1,012,214
Long-term obligations	**250,592**	236,581
Provisions	**6,509**	4,164
Derivative liabilities (Note 4)	**397**	—
Deferred revenue	**11,611**	26,957
Deferred tax liabilities	**34,573**	21,323
Total liabilities	**3,392,605**	3,551,469
SHAREHOLDERS' EQUITY		
Share capital	**572,997**	571,100
Contributed surplus	**38,678**	36,046
Accumulated other comprehensive loss	**(24,605)**	(50,474)
Retained earnings	**1,158,926**	1,009,882
Total shareholders' equity	**1,745,996**	1,566,554
	$ 5,138,601	$ 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 September 30 2013	Three months ended September 30 2012 (Restated Note 1a)	Nine months ended September 30 2013	Nine months ended September 30 2012 (Restated Note 1a)
Revenue				
New equipment	**$ 777,040**	$ 722,875	**$ 2,073,885**	$ 2,229,468
Used equipment	**91,266**	63,000	**221,209**	213,514
Equipment rental	**103,870**	95,941	**289,702**	278,456
Product support	**805,623**	709,612	**2,369,438**	2,103,380
Other	**2,344**	2,270	**5,979**	5,147
Total revenue	**1,780,143**	1,593,698	**4,960,213**	4,829,965
Cost of sales	**(1,265,817)**	(1,103,832)	**(3,434,041)**	(3,386,403)
Gross profit	**514,326**	489,866	**1,526,172**	1,443,562
Selling, general, and administrative expenses	**(378,936)**	(368,508)	**(1,152,781)**	(1,106,371)
Equity earnings of joint venture and associate	**2,631**	2,269	**8,952**	7,619
Other income (Note 2)	**42,357**	15,110	**119,658**	15,110
Other expenses (Note 2)	**(44,759)**	(14,963)	**(126,763)**	(19,075)
Earnings before finance costs and income taxes	**135,619**	123,774	**375,238**	340,845
Finance costs (Note 3)	**(23,034)**	(24,271)	**(68,917)**	(61,505)
Income before provision for income taxes	**112,585**	99,503	**306,321**	279,340
Provision for income taxes	**(26,352)**	(18,275)	**(63,995)**	(55,179)
Net income	**$ 86,233**	$ 81,228	**$ 242,326**	$ 224,161
Earnings per share (Note 6)				
Basic	**$ 0.50**	$ 0.47	**$ 1.41**	$ 1.30
Diluted	**$ 0.50**	$ 0.47	**$ 1.41**	$ 1.30
Weighted average number of shares outstanding				
Basic	**171,999,447**	171,894,621	**171,973,419**	171,813,410
Diluted	**172,315,884**	172,362,645	**172,376,844**	172,415,744

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 September 30 2013	Three months ended September 30 2012 (Restated Note 1a)	Nine months ended September 30 2013	Nine months ended September 30 2012 (Restated Note 1a)
Net income	**$ 86,233**	$ 81,228	**$ 242,326**	$ 224,161
Other comprehensive income (loss), net of income tax				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation adjustments	**(23,107)**	(49,584)	**57,898**	(35,473)
Unrealized gain (loss) on net investment hedges	**13,456**	23,952	**(28,951)**	7,956
Income tax recovery (expense) on net investment hedges	**(1,682)**	(2,567)	**1,973**	(1,222)
Foreign currency translation and gain (loss) on net investment hedges, net of income tax	**(11,333)**	(28,199)	**30,920**	(28,739)
Unrealized gain (loss) on cash flow hedges	**2,969**	8,848	**(1,538)**	15,498
Realized gain on cash flow hedges, reclassified to earnings	**(3,007)**	(4,739)	**(4,697)**	(7,429)
Income tax recovery (expense) on cash flow hedges	**(7)**	(2,143)	**1,184**	(3,141)
Gain (loss) on cash flow hedges, net of income tax	**(45)**	1,966	**(5,051)**	4,928
Items that will not be reclassified subsequently to profit or loss:				
Actuarial loss (Note 8)	**(4,749)**	(728)	**(19,991)**	(17,674)
Income tax recovery (expense) on actuarial loss	**(607)**	(69)	**3,241**	3,747
Actuarial loss, net of income tax	**(5,356)**	(797)	**(16,750)**	(13,927)
Total comprehensive income	**$ 69,499**	$ 54,198	**$ 251,445**	$ 186,423

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)	—	—	—	—	—	224,161	224,161
Other comprehensive income (loss) (restated – Note 1a)	—	—	—	(28,739)	4,928	(13,927)	(37,738)
Total comprehensive income (loss)	—	—	—	(28,739)	4,928	210,234	186,423
Issued on exercise of share options	330,983	4,517	(4,262)	—	—	—	255
Stock option expense	—	—	3,381	—	—	—	3,381
Dividends on common shares	—	—	—	—	—	(70,460)	(70,460)
Balance, September 30, 2012	171,904,735	$ 570,969	$ 34,931	$ (57,497)	$ (4,507)	$ 920,657	$1,464,553
Balance, January 1, 2013	**171,909,758**	**$ 571,100**	**$ 36,046**	**$ (43,868)**	**$ (6,606)**	**$1,009,882**	**$1,566,554**
Net income	**—**	**—**	**—**	**—**	**—**	**242,326**	**242,326**
Other comprehensive income (loss)	**—**	**—**	**—**	**30,920**	**(5,051)**	**(16,750)**	**9,119**
Total comprehensive income (loss)	**—**	**—**	**—**	**30,920**	**(5,051)**	**225,576**	**251,445**
Issued on exercise of share options	**90,624**	**1,897**	**(1,834)**	**—**	**—**	**—**	**63**
Stock option expense	**—**	**—**	**4,466**	**—**	**—**	**—**	**4,466**
Dividends on common shares	**—**	**—**	**—**	**—**	**—**	**(76,532)**	**(76,532)**
Balance, September 30, 2013	**172,000,382**	**$ 572,997**	**$ 38,678**	**$ (12,948)**	**$ (11,657)**	**$1,158,926**	**$1,745,996**

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 September 30		Nine months ended September 30	
(Canadian $ thousands)	**2013**	2012 (Restated Note 1a)	**2013**	2012 (Restated Note 1a)
OPERATING ACTIVITIES				
Net income	**$ 86,233**	$ 81,228	**$ 242,326**	$ 224,161
Adjusting for:				
Depreciation and amortization	**55,075**	53,908	**160,930**	157,156
Gain on sale of rental equipment and property, plant, and equipment	**(10,779)**	(8,493)	**(23,579)**	(28,857)
Share-based payments	**4,425**	4,403	**14,923**	10,787
Provision for income taxes	**26,352**	18,275	**63,995**	55,179
Finance costs	**23,034**	24,271	**68,917**	61,505
Defined benefit and other post employment benefit expense	**4,818**	5,764	**13,030**	18,327
Other	**(2,631)**	(4,511)	**(8,952)**	(8,804)
Changes in operating assets and liabilities (Note 7)	**14,899**	(150,843)	**(258,232)**	(476,854)
Additions to rental equipment	**(106,335)**	(44,009)	**(239,900)**	(235,035)
Proceeds on disposal of rental equipment	**81,805**	56,471	**163,954**	174,268
Equipment leased to customers, net of disposals	**140**	—	**140**	57
Interest paid	**(12,245)**	(14,948)	**(55,276)**	(41,027)
Income tax paid	**(5,338)**	(8,804)	**(29,125)**	(38,465)
Cash flow provided by (used in) operating activities	**159,453**	12,712	**113,151**	(127,602)
INVESTING ACTIVITIES				
Additions to property, plant and equipment and intangible assets	**(16,825)**	(41,499)	**(59,996)**	(156,893)
Proceeds on disposal of property, plant and equipment	**20,021**	42	**22,631**	2,333
Proceeds from sale of Hewden Stuart (Note 2b)	**—**	21,708	**—**	28,138
Investment in equity investment	**—**	—	**(4,542)**	(2,784)
Net payments for acquisitions	**—**	(89)	**—**	(313,442)
Cash provided by (used in) investing activities	**3,196**	(19,838)	**(41,907)**	(442,648)
FINANCING ACTIVITIES				
Increase (decrease) in short-term debt	**(119,570)**	59,788	**15,433**	(26,186)
Issue of Senior Notes, net of issue costs (Note 3a)	—	—	**108,389**	—
Repayment of Eurobond (Note 3a)	—	—	**(109,725)**	—
Issue of Medium Term Notes, net of issue costs (Note 3b)	**198,856**	—	**198,856**	149,239
Repayment of Medium Term Notes (Note 3b)	**(251,503)**	—	**(251,503)**	—
Issue of U.S. senior notes, net of issue costs	**—**	—	**—**	496,559
Increase (decrease) in long-term debt	**5,526**	(783)	**6,063**	36,656
Issue of common shares on exercise of stock options	**—**	45	**63**	255
Dividends paid	**(26,230)**	(24,064)	**(76,532)**	(70,460)
Cash flow provided by (used in) financing activities	**(192,921)**	34,986	**(108,956)**	586,063
Effect of currency translation on cash balances	**(1,626)**	(3,359)	**5,931**	(2,739)
Increase (decrease) in cash and cash equivalents	**(31,898)**	24,501	**(31,781)**	13,074
Cash and cash equivalents, beginning of period	**115,041**	111,318	**114,924**	122,745
Cash and cash equivalents, end of period (Note 7)	**$ 83,143**	$ 135,819	**$ 83,143**	$ 135,819

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 Finning International Inc. ("Finning" or "Company") and its subsidiaries were prepared in accordance with International Accounting Standard (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 International Financial Reporting Standards (IFRS) have been omitted or condensed, and therefore these Interim Statements should be read in conjunction with the December 31, 2012 audited annual consolidated financial statements and the notes.

These Interim Statements are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective as of November 13, 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, and 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 September 30, 2012	Nine months ended September 30, 2012	Year ended December 31, 2012
Increase in selling, general, and administrative expense	$ (1,956)	$ (5,883)	$ (7,902)
Increase in finance costs	(1,574)	(4,735)	(6,383)
Decrease in provision for income taxes	816	2,557	3,440
Decrease in net income	$ (2,714)	$ (8,061)	$ (10,845)
Increase in other comprehensive income, net of tax	$ 2,714	$ 8,061	$ 10,845
Decrease in basic and diluted earnings per share	$ (0.015)	$ (0.045)	$ (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 for 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 or 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.
- The Company has applied the amendments to IFRS 7, *Financial Instruments: Disclosures*. The amendments require additional disclosure about offsetting financial assets and liabilities. The adoption of the amendments had no impact on the Company's financial position but disclosures will be enhanced for the annual consolidated financial statements.

(b) Future Accounting Pronouncements

The Company has not applied the following new standards and amendments to standards and interpretations that have been issued but are not yet effective:

- 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. These amendments are not expected to have a significant effect on the Company's accounting policies or financial statements.
- IFRS 9, *Financial Instruments* (the IASB tentatively decided to delay the originally planned effective date of January 1, 2015 and at present the effective date has not been determined) 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.

2. Other Income and Other Expenses

Other income includes the following items:

($ thousands)	Three months ended September 30 2013	Three months ended September 30 2012	Nine months ended September 30 2013	Nine months ended September 30 2012
Export of agricultural product (a)	**$ 42,357**	$ 12,737	**$ 119,658**	$ 12,737
Gain on settlement of note receivable (b)	**—**	2,373	**—**	2,373
	$ 42,357	$ 15,110	**$ 119,658**	$ 15,110

Other expenses include the following items:

($ thousands)	Three months ended September 30 2013	Three months ended September 30 2012	Nine months ended September 30 2013	Nine months ended September 30 2012
Costs of export of agricultural product (a)	**$ 43,504**	$ 13,662	**$ 122,845**	$ 13,662
Project costs (c)	**1,255**	1,301	**3,918**	4,255
Acquisition costs (d)	**—**	—	**—**	1,158
	$ 44,759	$ 14,963	**$ 126,763**	$ 19,075

(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) In August 2012, the Company settled the £20 million 5-year note receivable for $22.3 million (£14.2 million), before withholding tax, from the purchaser of Hewden Stuart Limited, the Company's UK equipment rental business sold in 2010. At the settlement date the principal balance outstanding was $16.8 million (£10.6 million) with accrued interest of $3.2 million (£2.1 million). A gain of $2.3 million (£1.5 million) was recognized in other income on settlement.

(c) 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 UK and South American operations and costs related to their implementation are classified as other expenses.

(d) 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)	**September 30, 2013**	December 31, 2012
Short-term debt	**$ 327,270**	$ 303,346
Long-term debt:		
6.02%, $350 million, due June 1, 2018	**349,127**	348,987
3.232%, $200 million, due July 3, 2020 (b)	**198,896**	—
5.077% $150 million, due June 13, 2042	**149,139**	149,117
3.98% U.S. $100 million, due January 19, 2022, Series A	**102,363**	98,964
4.08% U.S. $100 million, due January 19, 2024, Series B	**102,347**	98,955
4.18% U.S. $50 million, due April 3, 2022, Series C	**51,213**	49,513
4.28% U.S. $50 million, due April 3, 2024, Series D	**51,207**	49,510
4.53% U.S. $200 million, due April 3, 2027, Series E	**204,792**	198,016
3.40% £70 million, due May 22, 2023, Series F (a)	**115,946**	—
5.625% £70 million Eurobond, due May 30, 2013 (a)	—	113,172
5.16%, $250 million, due September 3, 2013 (b)	—	249,864
Other term loans	**27,015**	19,706
	1,352,045	1,375,804
Less current portion of long-term debt	**(598)**	(363,590)
Total long-term debt	**$ 1,351,447**	$ 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, Series F, of £70 million ($108.9 million) in the U.S. private placement market. The 3.40% Senior Notes are due May 22, 2023.

(b) In July 2013, the Company issued unsecured 3.232% $200 million Medium Term Notes, due July 3, 2020. 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 were 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 September 30**		**Nine months ended September 30**	
	2013	2012 (Restated Note 1a)	**2013**	2012 (Restated Note 1a)
Interest on debt securities:				
Short-term debt	**$ 3,005**	$ 3,116	**$ 6,559**	$ 6,268
Long-term debt	**15,445**	17,629	**49,834**	45,295
	18,450	20,745	**56,393**	51,563
Gain on foreign exchange derivatives	**—**	—	**—**	(3,344)
Loss on interest rate derivatives	**226**	376	**912**	1,117
Net interest on pension and other post-employment benefit obligations	**1,212**	1,573	**3,648**	4,734
Other finance related expenses	**3,219**	2,557	**8,272**	9,862
	23,107	25,251	**69,225**	63,932
Less:				
Borrowing costs capitalized to property, plant, and equipment	**(73)**	(980)	**(308)**	(2,427)
Finance costs	**$ 23,034**	$ 24,271	**$ 68,917**	$ 61,505

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

September 30, 2013 ($ thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value				
Foreign currency forward contracts	**$ —**	**$ 1,138**	**$ —**	**$ 1,138**
Total	**$ —**	**$ 1,138**	**$ —**	**$ 1,138**
Financial liabilities at fair value				
Foreign currency forward contracts	**$ —**	**$ 1,260**	**$ —**	**$ 1,260**
Variable rate share forward	**—**	**16,091**	**—**	**16,091**
Total	**$ —**	**$ 17,351**	**$ —**	**$ 17,351**

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 contract	—	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 nine months ended September 30, 2013 and year ended December 31, 2012.

Variable rate share forward (Level 2)

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

	September 30, 2013		December 31, 2012	
($ thousands)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Long-term debt	**$ 1,352,045**	**$ 1,370,920**	$ 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:

	Nine months ended September 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	**1,361,900**	**$ 22.20**	790,040	$ 25.46
Exercised[(1)]	**(385,525)**	**$ 18.96**	(952,253)	$ 18.54
Forfeited	**(440,451)**	**$ 29.61**	(188,340)	$ 30.28
Options outstanding, end of period	**5,595,977**	**$ 24.85**	5,060,053	$ 25.53
Exercisable at period end	**3,615,064**	**$ 25.60**	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. 385,525 options were exercised in 2013 under the 2005 Stock Option Plan resulting in 90,624 common shares issued; 294,901 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 nine months ended September 30, 2013, the Company granted 1,361,900 common share options to senior executives and management of the Company (nine months ended September 30, 2012: 790,040 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 nine months ended September 30, 2013 was $6.36 (nine months ended September 30, 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 granted a total of 26,346 share units in the nine months ended September 30, 2013 (nine months ended September 30, 2012: 18,875 share units), which were granted to the Directors and expensed over the calendar year as the units are issued.

Executive

Deferred Share Unit Plan B (DSU-B)

Under the Deferred Share Unit Plan B (DSU-B), 9,043 share units were granted to Executives of the Company in September 2013 (June 2012: 21,331 units). These units will vest in two years from the date they were granted (2012: vest evenly over a five year period from the date they were granted) and will be expensed over the vesting period. Only vested units accumulate dividend equivalents in the form of additional units based on the dividends paid on the Company's common shares.

Performance Share Unit Plan (PSU)

Executives of the Company were granted a total of 456,830 performance share units in 2013, based on 100% vesting (2012: 288,540 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 potentially dilutive common shares, which comprise share options granted to employees.

($ thousands,	Three months ended September 30			Nine months ended September 30		
except share and per share amounts) 2013	**Income**	**Shares**	**Per Share**	**Income**	**Shares**	**Per Share**
Basic EPS:						
Net income	**$ 86,233**	**171,999,447**	**$ 0.50**	**$ 242,326**	**171,973,419**	**$ 1.41**
Effect of dilutive securities: stock options	—	**316,437**	—	—	**403,425**	—
Diluted EPS:						
Net income and assumed conversions	**$ 86,233**	**172,315,884**	**$ 0.50**	**$ 242,326**	**172,376,844**	**$ 1.41**
2012 (Restated Note 1a)						
Basic EPS:						
Net income	$ 81,228	171,894,621	$ 0.47	$ 224,161	171,813,410	$ 1.30
Effect of dilutive securities: stock options	—	468,024	—	—	602,334	—
Diluted EPS:						
Net income and assumed conversions	$ 81,228	172,362,645	$ 0.47	$ 224,161	172,415,744	$ 1.30

7. Supplemental Cash Flow Information

Changes in operating assets and liabilities

($ thousands)	Three months ended September 30 2013	Three months ended September 30 2012 (Restated Note 1a)	Nine months ended September 30 2013	Nine months ended September 30 2012 (Restated Note 1a)
Accounts receivable and other assets	**$ 17,636**	$ 76,409	**$ (44,924)**	$ (97,168)
Service work in progress	**(7,022)**	10,745	**(8,516)**	24,959
Inventories – on-hand equipment	**55,580**	(68,044)	**100,120**	(252,312)
Inventories – parts and supplies	**8,925**	25,889	**(45,700)**	(155,667)
Accounts payable and accruals and other liabilities	**(62,264)**	(192,794)	**(260,590)**	16,092
Income tax recoverable/payable	**(3,985)**	(2,728)	**(10,593)**	(3,274)
Other	**6,029**	(320)	**11,971**	(9,484)
Changes in operating assets and liabilities	**$ 14,899**	$ (150,843)	**$ (258,232)**	$ (476,854)

Components of cash and cash equivalents

September 30 ($ thousands)	2013	2012
Cash	**$ 82,613**	$ 133,880
Short-term investments	**530**	1,939
Cash and cash equivalents	**$ 83,143**	$ 135,819

8. Employee Benefits

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

	September 30, 2013		December 31, 2012		September 30, 2012	
	Canada	UK	Canada	UK	Canada	UK
Discount rate – obligation	**4.60%**	**4.50%**	4.10%	4.60%	3.80%	4.40%
Discount rate – expense [(1)]	**4.10%**	**4.60%**	4.30%	4.80%	4.30%	4.80%
Retail price inflation – obligation	**n/a**	**3.40%**	n/a	3.00%	n/a	2.80%
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 September 30, 2013 and September 30, 2012, and the year ended December 31, 2012.

At September 30, 2013 the net defined benefit obligation recognized in long term obligations in the interim condensed consolidated statement of financial position in respect of the Company's defined benefit plans is $115.7 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 ($ thousands)	**September 30, 2013**			September 30, 2012 (Restated – Note 1a)		
	Canada	**UK & Ireland**	**Total**	Canada	UK & Ireland	Total
Defined contribution plans						
Net benefit cost	**$ 8,879**	**$ 1,712**	**$ 10,591**	$ 8,414	$ 1,624	$ 10,038
Defined benefit plans						
Current service cost and administration costs, net of employee contributions	**2,504**	**308**	**2,812**	2,164	249	2,413
Net interest cost	**510**	**443**	**953**	850	455	1,305
Net benefit cost	**3,014**	**751**	**3,765**	3,014	704	3,718
Net benefit cost recognized in net income	**$ 11,893**	**$ 2,463**	**$ 14,356**	$ 11,428	$ 2,328	$ 13,756
Actuarial loss (gain) on plan assets	**$ 756**	**$ 528**	**$ 1,284**	$ (5,896)	$ (299)	$ (6,195)
Actuarial loss (gain) on plan liabilities	**(5,863)**	**9,328**	**3,465**	14,841	(7,918)	6,923
Total actuarial loss (gain) recognized in other comprehensive income	**$ (5,107)**	**$ 9,856**	**$ 4,749**	$ 8,945	$ (8,217)	$ 728

For the nine months ended ($ thousands)	**September 30, 2013**			September 30, 2012 (Restated – Note 1a)		
	Canada	**UK & Ireland**	**Total**	Canada	UK & Ireland	Total
Defined contribution plans						
Net benefit cost	**$ 27,236**	**$ 5,053**	**$ 32,289**	$ 24,184	$ 3,890	$ 28,074
Defined benefit plans						
Current service cost and administration costs, net of employee contributions	**7,507**	**648**	**8,155**	6,491	1,713	8,204
Net interest cost	**1,530**	**1,297**	**2,827**	2,551	1,371	3,922
Net benefit cost	**9,037**	**1,945**	**10,982**	9,042	3,084	12,126
Net benefit cost recognized in net income	**$ 36,273**	**$ 6,998**	**$ 43,271**	$ 33,226	$ 6,974	$ 40,200
Actuarial loss (gain) on plan assets	**$ 4,800**	**$ (10,442)**	**$ (5,642)**	$ (10,915)	$ (6,998)	$ (17,913)
Actuarial loss (gain) on plan liabilities	**(1,625)**	**27,258**	**25,633**	23,255	12,332	35,587
Total actuarial loss recognized in other comprehensive income	**$ 3,175**	**$ 16,816**	**$ 19,991**	$ 12,340	$ 5,334	$ 17,674

9. Segmented Information

The Company and its subsidiaries 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 September 30, 2013 ($ thousands)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consolidated**
Revenue from external sources	**$ 960,498**	**$ 597,547**	**$ 222,098**	**$ —**	**$ 1,780,143**
Operating costs	**(856,900)**	**(522,014)**	**(202,618)**	**(8,146)**	**(1,589,678)**
Depreciation and amortization	**(30,204)**	**(17,490)**	**(7,362)**	**(19)**	**(55,075)**
	73,394	**58,043**	**12,118**	**(8,165)**	**135,390**
Equity earnings	**2,626**	**—**	**—**	**5**	**2,631**
Other income (Note 2)	**—**	**42,357**	**—**	**—**	**42,357**
Other expenses (Note 2)	**—**	**(44,487)**	**(272)**	**—**	**(44,759)**
Earnings (loss) before finance costs and income taxes	**$ 76,020**	**$ 55,913**	**$ 11,846**	**$ (8,160)**	**$ 135,619**
Finance costs					**(23,034)**
Provision for income taxes					**(26,352)**
Net income					**$ 86,233**
Identifiable assets	**$ 2,448,309**	**$ 2,090,790**	**$ 549,095**	**$ 50,407**	**$ 5,138,601**
Capital, rental equipment, and goodwill [(1)]	**$ 831,111**	**$ 614,489**	**$ 137,142**	**$ 213**	**$ 1,582,955**
Gross capital expenditures [(2)]	**$ 1,790**	**$ 8,607**	**$ 6,883**	**$ 1**	**$ 17,281**
Gross rental asset expenditures	**$ 95,483**	**$ 7,336**	**$ 3,516**	**$ —**	**$ 106,335**

Three months ended September 30, 2012 ($ thousands) (Restated – Note 1a)	Canada	South America	UK & Ireland	Other	Consolidated
Revenue from external sources	$ 768,926	$ 601,913	$ 222,859	$ —	$ 1,593,698
Operating costs	(683,577)	(525,811)	(202,240)	(6,804)	(1,418,432)
Depreciation and amortization	(27,441)	(16,340)	(10,106)	(21)	(53,908)
	57,908	59,762	10,513	(6,825)	121,358
Equity earnings	1,138	—	—	1,131	2,269
Other income (Note 2)	—	12,737	—	2,373	15,110
Other expenses (Note 2)	—	(14,599)	(364)	—	(14,963)
Earnings (loss) before finance costs and income taxes	$ 59,046	$ 57,900	$ 10,149	$ (3,321)	$ 123,774
Finance costs					(24,271)
Provision for income taxes					(18,275)
Net income					$ 81,228
Identifiable assets	$ 2,208,738	$ 2,171,247	$ 572,899	$ 41,068	$ 4,993,952
Capital, rental equipment, and goodwill [(1)]	$ 670,238	$ 623,031	$ 139,396	$ 166	$ 1,432,831
Gross capital expenditures [(2)]	$ 24,206	$ 18,393	$ 1,680	$ —	$ 44,279
Gross rental asset expenditures	$ 21,958	$ 20,927	$ 1,124	$ —	$ 44,009

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

9. SEGMENTED INFORMATION (CONTINUED)

Nine months ended September 30, 2013 ($ thousands)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consolidated**
Revenue from external sources	**$ 2,484,198**	**$ 1,839,534**	**$ 636,481**	**$ —**	**$ 4,960,213**
Operating costs	**(2,213,607)**	**(1,608,111)**	**(577,300)**	**(26,874)**	**(4,425,892)**
Depreciation and amortization	**(84,671)**	**(52,737)**	**(23,464)**	**(58)**	**(160,930)**
	185,920	**178,686**	**35,717**	**(26,932)**	**373,391**
Equity earnings	**7,747**	**—**	**—**	**1,205**	**8,952**
Other income (Note 2)	**—**	**119,658**	**—**	**—**	**119,658**
Other expenses (Note 2)	**—**	**(125,807)**	**(956)**	**—**	**(126,763)**
Earnings (loss) before finance costs and income taxes	**$ 193,667**	**$ 172,537**	**$ 34,761**	**$ (25,727)**	**$ 375,238**
Finance costs					**(68,917)**
Provision for income taxes					**(63,995)**
Net income					**$ 242,326**
Identifiable assets	**$ 2,448,309**	**$ 2,090,790**	**$ 549,095**	**$ 50,407**	**$ 5,138,601**
Capital, rental equipment, and goodwill [1]	**$ 831,111**	**$ 614,489**	**$ 137,142**	**$ 213**	**$ 1,582,955**
Gross capital expenditures [2]	**$ 25,173**	**$ 21,229**	**$ 7,799**	**$ 126**	**$ 54,327**
Gross rental asset expenditures	**$ 200,153**	**$ 32,244**	**$ 7,503**	**$ —**	**$ 239,900**

Nine months ended September 30, 2012 ($ thousands) (Restated – Note 1a)	Canada	South America	UK & Ireland	Other	Consolidated
Revenue from external sources	$ 2,489,378	$ 1,656,906	$ 683,681	$ —	$ 4,829,965
Operating costs	(2,249,421)	(1,447,065)	(620,196)	(18,936)	(4,335,618)
Depreciation and amortization	(88,077)	(43,457)	(25,562)	(60)	(157,156)
	151,880	166,384	37,923	(18,996)	337,191
Equity earnings	6,610	—	—	1,009	7,619
Other income (Note 2)	—	12,737	—	2,373	15,110
Other expenses (Note 2)	—	(16,570)	(1,837)	(668)	(19,075)
Earnings (loss) before finance costs and income taxes	$ 158,490	$ 162,551	$ 36,086	$ (16,282)	$ 340,845
Finance costs					(61,505)
Provision for income taxes					(55,179)
Net income					$ 224,161
Identifiable assets	$ 2,208,738	$ 2,171,247	$ 572,899	$ 41,068	$ 4,993,952
Capital, rental equipment, and goodwill [1]	$ 670,238	$ 623,031	$ 139,396	$ 166	$ 1,432,831
Gross capital expenditures [2]	$ 76,670	$ 90,514	$ 4,867	$ 3	$ 172,054
Gross rental asset expenditures	$ 178,741	$ 48,641	$ 7,789	$ —	$ 235,171

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