Third Quarter 2006 Results *November 14 2006*

Finning Announces Record Third Quarter Results

Highlights

- Record diluted earnings per share from continuing operations of $0.81 is up 56% from the third quarter of 2005
- Sale of the UK Materials Handling Division, classified as discontinued operations, resulted in a $0.37 loss per share in the quarter
- Record order backlog of $1.2 billion
- Quarterly dividend increase of 23% to $0.16 per share
- Increase in annual earnings guidance to $2.45 – $2.50 for continuing operations and adjusting for significant gains on land sales and other non-operational items

	Three months ended September 30			Nine months ended September 30		
C$ millions, except per share data	**2006**	2005	Change	**2006**	2005	Change
Revenue	**1,216.7**	1,161.4	4.8%	**3,633.7**	3,425.1	6.1%
Earnings from continuing operations before interest and taxes	**118.4**	71.8	64.9%	**302.0**	216.0	39.8%
Net income						
from continuing operations	**72.8**	46.1	57.9%	**188.0**	131.2	43.3%
from discontinued operations (1)	**(34.9)**	(1.3)		**(36.6)**	(3.4)	
Total net income	**37.9**	44.8	(15.4)%	**151.4**	127.8	18.5%
Diluted Earnings Per Share						
from continuing operations	**$ 0.81**	$ 0.52	55.8%	**$ 2.09**	$ 1.47	42.2%
from discontinued operations (1)	**$ (0.39)**	$ (0.02)		**$ (0.41)**	$ (0.04)	
	$ 0.42	$ 0.50	(16.0)%	**$ 1.68**	$ 1.43	17.5%
Cash flow after working capital changes	**55.5**	181.8	(69.5)%	**381.2**	343.6	10.9%

(1) In the third quarter of 2006, the Company's U.K. subsidiary, Finning (UK), sold its Materials Handling Division, having determined that this division no longer represents a core business for Finning. A loss of $0.37 per share on the sale of this Division was recorded in the third quarter of 2006. In addition, the results of operations of the Materials Handling Division have been reclassified as discontinued operations for all periods presented.

Vancouver, Canada - Finning International Inc. (Finning) today reported 2006 third quarter revenue from continuing operations of $1,216.7 million, an increase of 4.8% over the third quarter of 2005. Third quarter net income from continuing operations was $72.8 million or $0.81 per share, an increase of 55.8% in diluted earnings per share compared with the third quarter of 2005. The results for the third quarter of 2006 include after tax gains of $6.5 million or $0.07 per share on the sale of properties in Canada, offset by incremental finance costs of $6.3 million after tax or $0.07 per share incurred on the recognition of deferred financing costs and redemption costs relating to the early partial repayment of the Company's Eurobond notes.

"I am extremely pleased with our financial results", said Doug Whitehead, President & CEO, Finning International Inc. "Our overall performance and the very strong third quarter results give us confidence in the outlook for the full year. As a result we are increasing our 2006 EPS guidance for continuing operations adjusting for any significant non-operational gains or losses. We are increasing our previously provided range of $2.25 – $2.40 to a revised guidance of $2.45 – $2.50 earnings per share. In addition, due to a very good outlook for 2007 and beyond, as supported by the record order backlog, the Board of Directors has decided to increase the quarterly dividend by $0.03 to $0.16 per share", said Mr. Whitehead.

"Results from our Canadian and South American operations continue to be very strong", said Mike Waites, Executive Vice President and Chief Financial Officer, Finning International Inc. "In addition, we are very pleased with the much improved financial results in 2006 at our UK dealership. What is especially gratifying is that in each of our three regions, profitability, as illustrated by EBIT margin, has improved substantially over the past year, reflecting a shift in business mix to higher margin parts and service, a focus on lowering operating costs, improved efficiencies and better price realization."

Third Quarter Results

Finning's revenues from continuing operations in the third quarter were $1,216.7 million, up 4.8% from the third quarter of 2005 reflecting continued strength in equipment spending by resource-based businesses and general construction markets in Canada and growth in customer support services both in Canada and South America. Strong commodity prices and good overall economic conditions are supporting these businesses and management believes these conditions are likely to continue into 2007.

Finning's global order book (the retail value of equipment units ordered by customers for future deliveries) of approximately $1,219 million at the end of the third quarter of 2006 remains strong and is at record levels.

Earnings from continuing operations before interest and taxes (EBIT) for the quarter was $118.4 million, compared with $71.8 million in the third quarter of 2005, an increase of 64.9%. EBIT for the third quarter of 2006 includes pre-tax gains of $7.8 million on the sale of properties in Canada.

Third quarter EBIT in the Canadian reporting segment increased from $41.8 million in 2005 to $63.3 million in 2006, a 51.4% increase. The increase in 2006 was primarily the result of strong volumes in all lines of business as well as the pre-tax gain of $7.8 million on the sale of properties.

EBIT for Finning's South American operations in the third quarter of 2006 of $29.9 million was 49.5% higher than the 2005 third quarter. Finning South America's EBIT in the third quarter of 2006 reflects a shift from equipment sales to customer support services, which is a higher margin business, offset by the negative foreign exchange translation impact of a stronger Canadian dollar.

For Finning (UK), EBIT from continuing operations increased significantly in the third quarter of 2006 to $11.4 million compared to $1.1 million in the third quarter of 2005, reflecting improved margins and cost efficiencies, partially offset by the unfavourable foreign exchange translation impact of a stronger Canadian dollar.

Third quarter EBIT for Hewden of $18.7 million decreased 8.3% over 2005 levels primarily due to project and restructuring costs. Hewden's EBIT was also affected by continued competitive pressures in the U.K. marketplace and the unfavourable foreign exchange translation impact of a stronger Canadian dollar. In local currency, Hewden's EBIT in the third quarter of 2006 decreased 6.6% compared with the same period in the prior year.

In the third quarter of 2006, the Company utilized funds from the sale of the UK Materials Handling business to redeem £75 million of its £200 million Eurobond notes. As a result, finance costs in the quarter were more than double that of the comparable period in 2005 as costs of $6.3 million after tax or approximately $0.07 per share were incurred on the early partial repayment of the Eurobond notes and recognition of associated deferred financing costs.

Finning's net income from continuing operations for the quarter was $72.8 million compared with $46.1 million in 2005. Basic and Diluted Earnings Per Share (EPS) from continuing operations for the quarter was $0.81 in 2006 compared with $0.52 in the third quarter of 2005. The 2006 third quarter results improved over 2005 reflecting the EBIT improvements noted above.

In the third quarter of 2006, the Company's U.K. subsidiary, Finning (UK), sold its Materials Handling Division. The loss from discontinued operations in the third quarter of 2006 of $34.9 million includes the $32.7 million after-tax loss on the sale of this business. Net income after discontinued operations for the quarter was $37.9 million compared with $44.8 million in 2005.

Cash flow after working capital changes was $55.5 million for the third quarter of 2006, compared with $181.8 million for the same period last year. This reduction was primarily due to an increase in inventories in the Company's Canadian operations to meet strong customer demand and deliveries planned for the fourth quarter of 2006.

Year-to-Date Results

Revenue from continuing operations for the nine months ended September 30, 2006 was $3,633.7 million, up 6.1% from the prior year. EBIT from continuing operations of $302.0 million for the first nine months of 2006 is up 39.8% and year-to-date trends are similar to the third quarter trends noted above.

Year-to-date revenue is up 22.7% at the Company's Canadian operations, reflecting strong equipment sales to resource-based businesses and the general construction markets. EBIT margin (EBIT divided by revenue) for the Canadian operations of 9.5% is up from 7.9% in the prior year reflecting higher volumes and margins from most lines of business as well as gains on sales of properties in the first and third quarters of 2006. Excluding these non-recurring gains, EBIT margin would be 8.5%.

Revenues decreased 6.8% at the Company's South American operations, but increased modestly in local currency. As a percentage of revenue, gross profit increased in the first nine months of 2006 as the South American operations experienced a significant revenue mix shift from equipment sales to higher margin customer support services. Year-to-date EBIT of $79.5 million was 13.4% higher compared to the same period last year. In local currency EBIT improved 22.7%. The positive impact of the growth in customer support services on the Company's profitability is evident in the improvement in Finning South America's EBIT margin from 9.2% in 2005 to 11.2% for the first nine months of 2006.

On a year-to-date basis, revenues from the Company's UK continuing operations decreased 6.2%, but in local currency total revenue was 2.9% higher than that reported in the first nine months of 2005. The UK Operations contributed $25.4 million of EBIT in 2006, almost triple the EBIT contributed during the first nine months of 2005 with improved contributions from all divisions, and reflecting lower expenses as a result of various initiatives and management's focus on realizing cost efficiencies.

Hewden's revenues decreased 9.5%, but in local currency revenues were at similar levels to those reported in the first nine months of 2005. EBIT decreased 13.7% compared to the first nine months of 2005, and in local currency EBIT decreased 7.2%. EBIT as a percentage of revenues decreased from 8.2% last year to 7.8% in 2006 partially due to lower volumes in a very competitive rental market as well as higher project costs.

Consolidated net income from continuing operations increased by 43.3% to $188.0 million. Diluted EPS from continuing operations for the nine months ended September 30, 2006 was $2.09 compared with $1.47

in the same period last year, up 42.2%. Results for the nine months ended September 30, 2006 include non-recurring gains of approximately $0.17 per share recorded in the first and third quarters of 2006 on the disposal of properties in Canada and a portion of OEM Remanufacturing's business, partially offset by incremental finance costs of approximately $0.07 per share for the early repayment of the Eurobond notes in the third quarter of 2006.

The increase in net income from continuing operations, year over year, was primarily due to the continued strong performance of the Company's Canadian operations, and gains from the dispositions noted above. These improvements were partially offset by higher finance costs as a result of the early partial repayment of the Company's £200 million Eurobond notes. Efforts are ongoing to improve the results of the Company's operations in the U.K. by increasing market share, realizing cost efficiencies together with the implementation of a new information technology system at Hewden. Excluding the gains recorded in the first and third quarters of 2006 from the dispositions noted above and the incremental finance costs incurred as a result of the early repayment of the Eurobond, diluted EPS from continuing operations would have been $1.99, exceeding the record EPS level achieved for the full year of 2005.

Important New Contracts

In the third quarter of 2006, Finning secured the sale of five new Caterpillar 793D mining trucks to Minera Escondida as part of the long-term strategic alliance existing between BHP Billiton and Caterpillar since 2003. The first delivery occurred at the beginning of November 2006, with all trucks expected to be in operation by the beginning of 2007.

Sale of UK Materials Handling Division

On September 29 2006, the Company's U.K. subsidiary, Finning (UK), sold its Materials Handling Division to Briggs Equipment UK Ltd. for cash proceeds of approximately $170.6 million (approximately £81.7 million), net of costs.

The gross sale price is approximately equal to the net book value of the net tangible assets associated with the Materials Handling Division. The sale of the business resulted in an after-tax loss of approximately $32.7 million (approximately £15.5 million) in the third quarter, which primarily comprised the write-off of the goodwill and intangible assets associated with this business as well as expenses relating to the disposition.

Debt Repayment

Following the sale of the Company's Materials Handling Division in the U.K., the Company used a portion of the proceeds to redeem £75 million ($156.6 million) of its £200 million 5.625% Notes due 2013. The Company recorded a pre-tax charge in the third quarter of 2006 of approximately $8.9 million, reflecting costs associated with the early redemption of debt financing and deferred financing costs.

Executive Appointments and Announcements

- After 38 years of a distinguished career and dedicated service to Finning, Nick Lloyd, currently Managing Director, Finning Group, UK has decided to retire effective December 31, 2006.
- Andy Fraser, previously Group Vice President of Finning (Canada) was appointed Managing Director, Finning Group, UK effective November 1, 2006. In his new role, Andy will have overall responsibility for Finning's operations in the U.K.

  In conjunction, Finning has implemented a new organizational structure for its UK Operations. Effective November 1 2006, Finning Group, UK will be organized along four core lines of business; Heavy Construction, General Construction, Power Systems and Hewden. The four business units will, over time, be supported by a single back office operation that will provide centralized head office services, allowing further synergies among the business units.
- In light of the significant number of new organizational and business initiatives underway, Doug Whitehead will continue in his role as President and Chief Executive Officer until mid 2009.

Common Share Dividend

The Board of Directors increased the Company's quarterly dividend to $0.16 per common share, payable on December 13 2006, to shareholders of record on November 29, 2006. This is the second increase announced this year and the fifth consecutive year of dividend increases.

For more information

Please call Tom Merinsky, Vice President, Investor Relations
Phone: (604) 331-4950
Email: investor_relations@finning.ca

Third Quarter Conference Call
Management will hold an investor conference call on Tuesday, November 14 2006 at 3:00 pm Eastern Time. Dial-in numbers:

1-877-888-3490 (anywhere within Canada and the US)
(416) 695-9757 (for participants dialing from Toronto and overseas)

The call will be webcast live at http://www.finning.com/investors/investors.aspx and subsequently archived on the Finning website. Playback recording will be available at **1-888-509-0081** from 6:00 pm Eastern Time on November 14 2006 until the end of business day on November 21 2006. The passcode to access the playback recording is 632647 followed by the number sign.

About Finning International

Finning International Inc. sells, rents, finances and provides customer support services for Caterpillar equipment and engines, and complementary equipment, in Western Canada (Alberta, British Columbia, the Northwest Territories and the Yukon Territory and a portion of Nunavut), the U.K. and South America (Argentina, Bolivia, Chile and Uruguay). Headquartered in Vancouver, B.C., Canada, Finning International Inc. (www.finning.com) is a widely held, publicly traded corporation, listed on the Toronto Stock Exchange (symbol FTT). Complete financial statements and Management's Discussion and Analysis can be accessed at www.finning.com.

Forward-Looking Disclaimer

This report (including the attached Management's Discussion and Analysis) contains forward-looking statements and information, which reflect the current view of Finning International Inc. with respect to future events and financial performance. Any such forward-looking statements are subject to risks and uncertainties and Finning's actual results of operations could differ materially from historical results or current expectations. Finning assumes no obligation to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein do not materialize.

Refer to Finning's annual report, management information circular, annual information form and other filings with Canadian securities regulators, which can be found at www.sedar.com, for further information on risks and uncertainties that could cause actual results to differ materially from forward-looking statements contained in this report.

Next Quarterly and Year-End Results February 13, 2007

Finning International's fourth quarter and year-end results for 2006 will be released and an investor conference call will be held on February 13, 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Finning International Inc. (Finning or the Company) should be read in conjunction with the interim consolidated financial statements and accompanying notes. The results reported herein have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are presented in Canadian dollars unless otherwise stated. For additional information, please refer to Finning's financial statements and accompanying notes and the Management's Discussion and Analysis included in the Company's 2005 annual report.

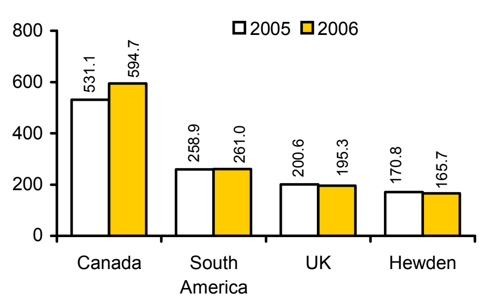
Results of Operations

The results from continuing operations include the performance of acquired businesses from the date of their purchase and exclude results from operations classified as discontinued. Results from operations that qualify as discontinued operations have been reclassified to that category for all periods presented. Please see the section entitled "Discontinued Operations" for a discussion of these operations.

Third Quarter Overview

($ millions)	**Q3 2006**	Q3 2005	**Q3 2006** (% of revenue)	Q3 2005 (% of revenue)
Revenue	**$ 1,216.7**	$ 1,161.4		
Gross profit	**366.0**	340.7	**30.0%**	29.3%
Selling, general & administrative expenses	**252.3**	270.1	**20.7%**	23.2%
Other expenses (income)	**(4.7)**	(1.2)	**(0.4)%**	(0.1)%
Earnings from continuing operations before interest and taxes (EBIT)	**118.4**	71.8	**9.7%**	6.2%
Finance costs	**26.9**	13.2	**2.2%**	1.1%
Provision for income taxes	**18.7**	12.5	**1.5%**	1.1%
Net income from continuing operations	**72.8**	46.1	**6.0%**	4.0%
Loss from discontinued operations, net of tax	**34.9**	1.3	**2.9%**	0.1%
Net income	**$ 37.9**	$ 44.8	**3.1%**	3.9%

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



Third quarter consolidated revenues of $1,216.7 million continued to be strong, driven by revenue growth of 12.0% from the Company's Canadian operations. Consolidated revenues increased 4.8% from the third quarter of 2005 in spite of the negative impact of the strong Canadian dollar in the translation of foreign currency based revenues. EBIT increased 64.9% to $118.4 million and consolidated net income from continuing operations increased by 57.9% to $72.8 million. This included $7.8 million pre-tax gain recorded on the sale of properties by the Company's Canadian operations and finance costs of $8.9 million pre tax incurred on the early partial repayment of the Company's Eurobond notes.

Included in the loss from discontinued operations is the after-tax loss from the Company's sale of its UK Materials Handling business in the third quarter of 2006 of $32.7 million. Net income after discontinued operations was $37.9 million compared with $44.8 million in the same period in 2005.

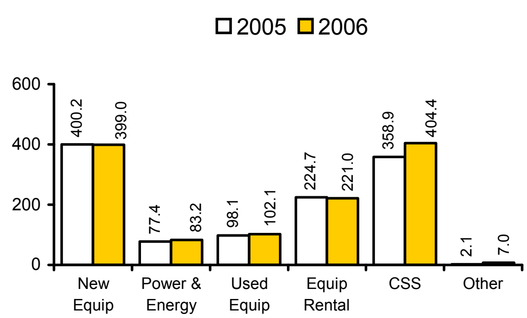
Basic Earnings Per Share (EPS) from continuing operations for the quarter was $0.81 compared with $0.52 in the same period last year. After accounting for the loss from discontinued operations, basic EPS was $0.42 in the third quarter of 2006 compared with $0.50 in the third quarter of 2005.

Revenue was higher in the third quarter of 2006 in the Company's Canadian operations as a result of robust activity driven by high commodity prices and an increase in infrastructure spending. Revenue from the Company's operations in South America increased modestly in Canadian dollars compared with the third quarter of 2005 with a strong revenue mix shift to customer support services. This was offset by lower revenue in Canadian dollars and local currency in the Company's operations in the U.K., year over year, primarily as a result of aggressive competition in the U.K. marketplace.

Finning's business is geographically diversified and the Company conducts business in multiple currencies, the most significant of which are the U.S. dollar, the Canadian dollar and the U.K. pound sterling. The most significant foreign exchange impact on the Company's net income is the translation of foreign currency based earnings into Canadian dollars. Excluding the impact of foreign exchange when translating results, revenues for the third quarter in local currency increased by 7.8% in South America, and decreased marginally in both the UK Operations and Hewden when compared to last year's quarter.

The growth in consolidated revenues occurred in spite of the negative impact on revenues due to a stronger Canadian dollar in the quarter relative to the U.K. pound sterling (2.0% strengthening) and the U.S. dollar (6.7% strengthening), year over year.

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



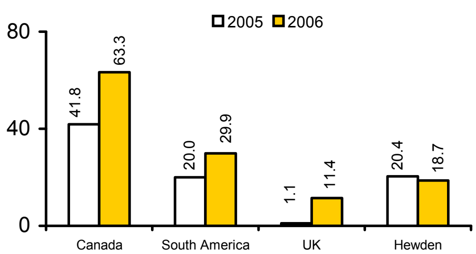
Trends experienced in the second quarter of 2006 continued into the third quarter, as strong demand for new equipment in Canada and customer support services in both Canada and South America was partially offset by lower rental revenues from Hewden when compared to the same period last year. On a consolidated basis, the quarterly revenue mix shifted towards customer support services when compared to the third quarter of 2005, the most significant shift experienced in South America.

Finning's global order book or backlog (the retail value of equipment units ordered by customers for future deliveries) remained strong and achieved a record level of approximately $1,219 million at the end of the third quarter of 2006. This is up from the previous record level experienced in the second quarter of 2006 of approximately $1,094 million and the December 2005 level of approximately $968 million.

The Company is dependent on Caterpillar for the timely supply of parts and equipment to fulfill its deliveries and meet the requirements of the Company's service maintenance contracts. Although availability of certain models has improved, Caterpillar continues to have certain medium and large machine models under managed distribution. Finning continues to work closely with Caterpillar and customers to ensure that demand for parts and equipment can be met. Where supply constraints occur, the Company has been supplementing its new equipment inventory by utilizing its rental assets and used equipment to meet demand.

Gross profit of $366.0 million in the quarter increased 7.4% over the same period last year. As a percentage of revenue, gross profit for the quarter increased over the same period last year with stronger margins achieved by most lines of business. Rental margins declined this quarter partially due to lower Hewden rental utilization.

EBIT by Operation – continuing operations
($ millions)
Three months ended September 30



EBIT of $118.4 million increased 64.9% year over year, primarily due to the strong performance of the Company's Canadian and South American operations. Higher earnings were also experienced in Finning (UK) in the third quarter of 2006, reflecting higher margins and lower selling, general and administrative (SG&A) expenses as a result of cost saving initiatives. Hewden's contribution to overall EBIT was lower than the prior year's quarter primarily due to one fewer business day in the third quarter of 2006 as well as continued competitive pressures in the U.K. EBIT in the third quarter of 2006 also reflects lower long-term incentive plan (LTIP) charges of approximately $13.5 million.

Other income was higher in 2006, positively impacting EBIT in the quarter and resulted primarily from a gain on sale of property in Canada, partially offset by project costs at Hewden which includes process reengineering costs related to the implementation of its new information technology system as well as costs associated with restructuring efforts.

Net income from continuing operations improved 57.9% in the third quarter of 2006 reflecting the solid third quarter activity noted above, partially offset by incremental finance costs of $6.3 million after tax incurred on the early partial repayment of the Eurobond notes.

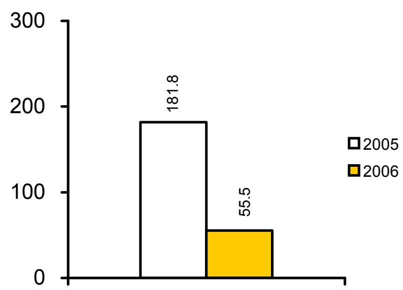
Discontinued Operations

Following an extensive strategic review of the Company's U.K. based businesses, it was determined that the Materials Handling Division in the U.K. no longer represented a core business for Finning. In September 2006 the Materials Handling Division was sold and is classified as discontinued operations within the consolidated financial statements for all periods presented.

The gross sale price is approximately equal to the net book value of the net tangible assets associated with the Materials Handling Division. The sale of the business resulted in a one-time after-tax loss of approximately $32.7 million (approximately £15.5 million) in the third quarter, which primarily comprised the write-off of the goodwill and intangible assets associated with this business as well as expenses relating to the disposition of this business.

Net income after discontinued operations for the third quarter of 2006 was $37.9 million compared with $44.8 million for the same period in 2005, reflecting the loss incurred on the sale discussed above.

Cash Flow (after working capital changes)
($ millions)
Three months ended September 30



Cash flow after changes in working capital for the quarter was $55.5 million, compared with cash flow of $181.8 million generated in the same period last year. The Company's Canadian operations experienced a significant increase in its investment in parts and equipment in the third quarter of 2006 to meet strong customer demand. Management continues to focus on improving cash cycle times and operating efficiencies.

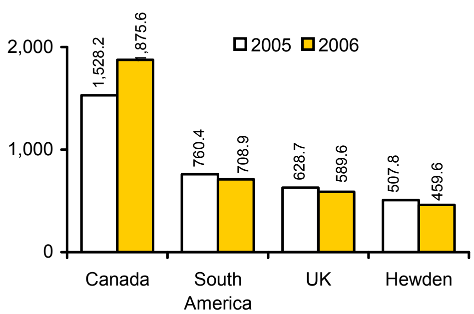
The Company's gross investment in rental assets was relatively unchanged in the third quarter of 2006 compared to the prior year. Due to a lower level of rental disposals in 2006, the Company's net investment in rental assets of $99.9 million in the third quarter was $29.3 million higher than the same period in 2005.

As a result of these items, cash flow used in operating activities was $47.6 million in the third quarter of 2006 compared to cash flow from operating activities of $106.7 million in the third quarter of 2005. This reduction was primarily due to an increase in inventories in the Company's Canadian operations to meet strong customer demand and deliveries planned for the fourth quarter of 2006.

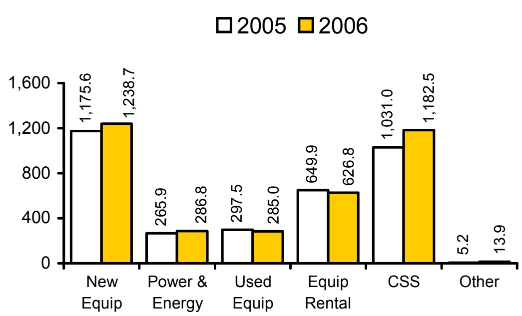
Year-to-Date Overview

($ millions)	YTD 2006	YTD 2005	YTD 2006 (% of revenue)	YTD 2005 (% of revenue)
Revenue	**$ 3,633.7**	$ 3,425.1		
Gross profit	**1,066.9**	984.3	**29.4%**	28.7%
Selling, general & administrative expenses	**774.2**	766.9	**21.3%**	22.4%
Other expenses (income)	**(9.3)**	1.4	**(0.2)%**	—
Earnings from continuing operations before interest and taxes (EBIT)	**302.0**	216.0	**8.3%**	6.3%
Finance costs	**57.8**	46.7	**1.6%**	1.4%
Provision for income taxes	**56.2**	38.1	**1.5%**	1.1%
Net income from continuing operations	**188.0**	131.2	**5.2%**	3.8%
Loss from discontinued operations, net of tax	**36.6**	3.4	**1.0%**	0.1%
Net income	**$ 151.4**	$ 127.8	**4.2%**	3.7%

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



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



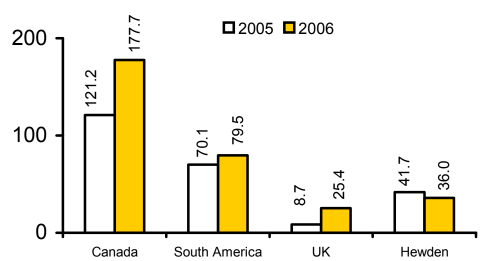
Year-to-date revenues of $3,633.7 million increased 6.1%, year over year, as a result of the strong contribution from the Company's Canadian operations.

Foreign exchange translation had a negative impact of approximately $240 million on revenues due to the stronger Canadian dollar in the first nine months of 2006 relative to the U.K. pound sterling (8.8% strengthening) and the U.S. dollar (7.5% strengthening), year over year. In local currency, the Company's South American and Hewden operations contributed revenues at a similar level to that of the first nine months of 2005, while revenues earned by the UK Operations were 2.9% above the 2005 level.

From a line of business perspective, the strong demand for new equipment was surpassed by the growth in customer support services in the first nine months of 2006. Customer support services are viewed by management as a major potential growth area and related revenues are anticipated to comprise a larger percentage of total revenues going forward. Customer support services generally contribute a higher EBIT as a percentage of revenue. The rental revenue reduction is mainly related to the translation of foreign sourced revenues. Used equipment revenues are lower than the prior year and typically will vary depending on product availability, customer buying preferences and exchange rate considerations. As new equipment is currently in high demand and certain models are in short supply, customers are utilizing their older units longer and as such, availability of used equipment is low.

Gross profit of $1,066.9 million in the first nine months of the year increased 8.4% over the same period last year and increased as a percentage of revenue. Gross profit margin improvement reflects the revenue mix shift towards customer support services as well as improved equipment margins due to strong overall demand in spite of higher costs incurred to manage product availability constraints and costs related to growth throughout the dealership operations.

EBIT by Operation
($ millions)
Nine months ended September 30

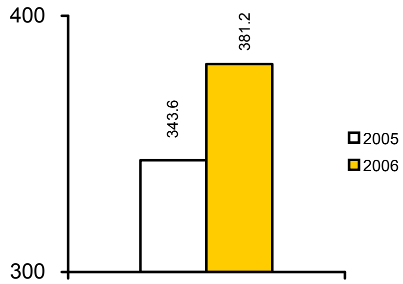


EBIT increased 39.8% to $302.0 million in spite of the negative impact of foreign exchange in 2006. EBIT for the nine months ended September 30, 2006 was reduced by approximately $33 million compared to the same period in 2005 as a result of the stronger Canadian dollar relative to both the U.S. dollar and the U.K. pound sterling. EBIT in 2006 benefited from savings realized from the Company's various initiatives to reduce costs by $60 million by the end of 2006 as well as lower LTIP costs than in 2005. In 2005 there were seven vestings of Deferred Share Unit (DSU) tranches (none in 2006) and a higher mark-to-market adjustment in 2005 on vested DSU and Share Appreciation Rights units.

Consolidated net income from continuing operations increased by 43.3% to $188.0 million. Basic EPS from continuing operations for the nine months ended September 30, 2006 was $2.10 compared with $1.48 in the same period last year, up 42.2%. Results for the nine months ended September 30, 2006 include non-recurring gains of approximately $0.17 per share recorded in the first and third quarters of 2006 on the disposal of properties in Canada and the sale of OEM Remanufacturing's railroad and non-Caterpillar engine component remanufacturing business to Caterpillar in the first quarter of 2006. The 2006 results also include $0.07 per share in incremental finance costs incurred on the early partial repayment of the Company's Eurobond notes.

The increase in net income from continuing operations, year over year, was primarily due to the continued strong performance of the Company's Canadian operations and the gains from the dispositions noted above partially offset by higher finance costs as a result of the early repayment of a portion of the Company's £200 million Eurobond notes. Excluding the gains recorded in the first and third quarters of 2006 from the dispositions noted above and the incremental finance costs, basic EPS from continuing operations would have been $2.00, exceeding the record level achieved for the full year of 2005.

Cash Flow (after working capital changes)
($ millions)
Nine months ended September 30



Cash flow after changes in working capital for the nine months ended September 30, 2006 was $381.2 million, an increase of 10.9% from $343.6 million generated in the same period last year as a result of stabilizing working capital requirements to meet customer demand and continued management focus on improving cash cycle times and operating efficiencies.

The Company's net spending on rental assets decreased marginally with a net investment of $279.4 million in the first nine months of 2006 (nine months ended September 30, 2005: $281.4 million).

Cash flow from operating activities for the first nine months of 2006 was $85.5 million compared with $59.6 million for the same period of 2005.

Results by Business Segment

The Company and its subsidiaries operate primarily in one principal business, that being the selling, servicing, renting and financing of heavy equipment and related products in various markets worldwide as noted below.

Operating units are as follows:

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

The table below provides details of revenue by operations and lines of business for continuing operations. Comparative periods have been reclassified to conform to the 2006 presentation.

($ millions) **Three months ended September 30 2006**	**Canada**	**South America**	**UK**	**Hewden**	**Consolidated**	**Revenue percentage**
New mobile equipment	**$ 209.9**	**$ 110.3**	**$ 77.3**	**$ 1.5**	**$ 399.0**	**32.8%**
New power & energy systems	**35.6**	**13.3**	**34.3**	**—**	**83.2**	**6.8%**
Used equipment	**60.5**	**7.1**	**19.1**	**15.4**	**102.1**	**8.4%**
Equipment rental	**64.8**	**9.2**	**7.9**	**139.1**	**221.0**	**18.2%**
Customer support services	**217.2**	**120.8**	**56.7**	**9.7**	**404.4**	**33.2%**
Other	**6.7**	**0.3**	**—**	**—**	**7.0**	**0.6%**
Total	**$ 594.7**	**$ 261.0**	**$ 195.3**	**$ 165.7**	**$ 1,216.7**	**100.0%**
Revenue percentage by operations	**48.9%**	**21.5%**	**16.0%**	**13.6%**	**100.0%**	

($ millions) Three months ended September 30 2005	Canada	South America	UK	Hewden	Consolidated	Revenue percentage
New mobile equipment	$ 192.1	$ 120.2	$ 86.0	$ 1.9	$ 400.2	34.5%
New power & energy systems	32.4	12.1	32.9	—	77.4	6.7%
Used equipment	60.3	7.6	19.4	10.8	98.1	8.4%
Equipment rental	54.7	12.5	9.7	147.8	224.7	19.3%
Customer support services	190.1	105.9	52.6	10.3	358.9	30.9%
Other	1.5	0.6	—	—	2.1	0.2%
Total	$ 531.1	$ 258.9	$ 200.6	$ 170.8	$ 1,161.4	100.0%
Revenue percentage by operations	45.7%	22.3%	17.3%	14.7%	100.0%	

($ millions) **Nine months ended September 30 2006**	**Canada**	**South America**	**UK**	**Hewden**	**Consolidated**	**Revenue percentage**
New mobile equipment	**$ 732.6**	**$ 268.0**	**$ 231.2**	**$ 6.9**	**$ 1,238.7**	**34.1%**
New power & energy systems	**136.6**	**40.4**	**109.8**	**—**	**286.8**	**7.9%**
Used equipment	**170.6**	**30.6**	**60.4**	**23.4**	**285.0**	**7.8%**
Equipment rental	**174.5**	**27.9**	**24.4**	**400.0**	**626.8**	**17.3%**
Customer support services	**648.7**	**340.7**	**163.8**	**29.3**	**1,182.5**	**32.5%**
Other	**12.6**	**1.3**	**—**	**—**	**13.9**	**0.4%**
Total	**$ 1,875.6**	**$ 708.9**	**$ 589.6**	**$ 459.6**	**$ 3,633.7**	**100.0%**
Revenue percentage by operations	**51.6%**	**19.5%**	**16.2%**	**12.7%**	**100.0%**	

($ millions) Nine months ended September 30 2005	Canada	South America	UK	Hewden	Consolidated	Revenue percentage
New mobile equipment	$ 559.5	$ 342.0	$ 263.8	$ 10.3	$ 1,175.6	34.3%
New power & energy systems	106.5	59.8	99.6	—	265.9	7.8%
Used equipment	184.1	23.1	67.8	22.5	297.5	8.7%
Equipment rental	143.1	34.8	28.7	443.3	649.9	19.0%
Customer support services	531.4	299.1	168.8	31.7	1,031.0	30.1%
Other	3.6	1.6	—	—	5.2	0.1%
Total	$ 1,528.2	$ 760.4	$ 628.7	$ 507.8	$ 3,425.1	100.0%
Revenue percentage by operations	44.6%	22.2%	18.4%	14.8%	100.0%	

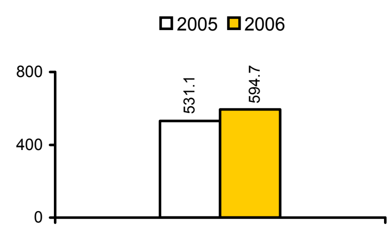
Canadian Operations

The Canadian operating segment primarily reflects the results of the Company's operating division, Finning (Canada). This reporting segment also includes the Company's interest in OEM Remanufacturing Company Inc. (OEM), which became fully operational late in the second quarter of 2005. OEM is a component rebuild facility based in Edmonton, Alberta.

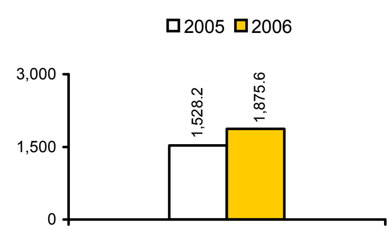
The table below provides details of the results from the Canadian operating segment:

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2006**	2005	**2006**	2005
Revenue from external sources	**$ 594.7**	$ 531.1	**$ 1,875.6**	$ 1,528.2
Operating costs	**490.7**	457.1	**1,600.4**	1,320.9
Depreciation and amortization	**48.5**	32.9	**115.3**	86.3
Other expenses (income)	**(7.8)**	(0.7)	**(17.8)**	(0.2)
Earnings before interest and taxes	**$ 63.3**	$ 41.8	**$ 177.7**	$ 121.2
Earnings before interest and taxes				
- as a percentage of revenue	**10.6%**	7.9%	**9.5%**	7.9%
- as a percentage of consolidated earnings before interest and taxes	**53.5%**	58.2%	**58.9%**	56.1%

Canada – Revenue ($ millions)
Three months ended September 30



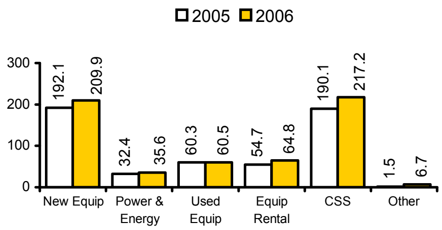
Canada – Revenue ($ millions)
Nine months ended September 30



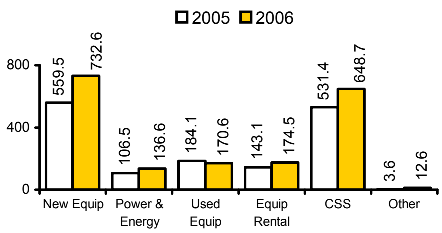
Strong quarterly results were achieved in the Company's Canadian operations in the third quarter of 2006. Revenues increased 12.0% over the 2005 levels to $594.7 million. Revenues from all lines of business in Canada increased over third quarter 2005 levels, most notably in new equipment and customer support services. This occurred in spite of a 6.7% strengthening of the Canadian dollar relative to the U.S. dollar in the third quarter of 2006 over the prior year.

The increase in revenues was attributable to significant strength in the mining, petroleum and construction sectors driven by strong commodity and energy prices as well as higher levels of infrastructure spending. Contribution from the construction sector was very strong in the third quarter of 2006, with double the deliveries of equipment units to customers compared with the same quarter last year. The strength in the mining sector also continued although at a lower level than the exceptionally strong third quarter in 2005.

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



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



Higher revenues from customer support services were a result of strong demand for Caterpillar parts and price realization. Rental revenues increased over the 2005 comparable period as a result of a higher investment in rental assets in order to meet increased customer demand for smaller machinery units offered by the Cat Rental Stores and a higher contribution from the Company's joint venture investment in PipeLine Machinery.

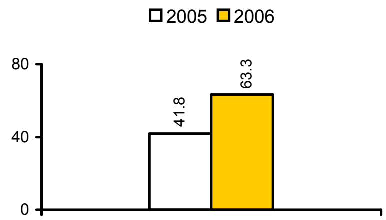
In the third quarter of 2006, Finning (Canada) acquired the assets and business operations of Wirtanen Electric Ltd., an electric distribution rental company based in Alberta, for cash of approximately $10.3 million. This acquisition increases the number of Cat Rental Stores in operation in Western Canada from 28 to 29.

New equipment orders from customers continue to outpace prior year volumes and as a result, the backlog achieved new record levels in the third quarter of 2006. Backlog reflects the strong activity in the mining, petroleum, and construction sectors where the Canadian operations operate.

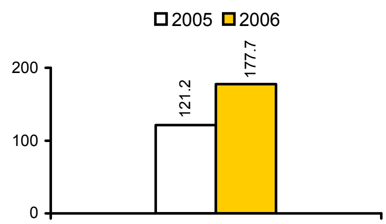
On a year-to-date basis, revenues increased 22.7% to $1,875.6 million, in spite of the negative foreign exchange impact.

In Canada, higher gross profits were achieved in most lines of business. Gross profit as a percentage of revenue increased from that achieved in the third quarter of 2005 partially due to a modest shift in the mix of revenues in 2006 towards customer support services, which attract a higher margin than the equipment sales business. In addition, stronger demand has led to stronger equipment and parts margins.

Canada – EBIT ($ millions)
Three months ended September 30



Canada – EBIT ($ millions)
Nine months ended September 30



The Canadian operations incurred higher SG&A costs in the third quarter of 2006 largely due to a higher number of employees to support record activity levels and meeting customer demands. This was partially offset by cost efficiencies resulting from the implementation of various projects. As a percentage of revenue, SG&A is lower in the third quarter of 2006 compared with the same period last year, reflecting cost containment.

Key factors affecting the SG&A increase in the third quarter of 2006 compared with 2005 for the Company's Canadian operations include:

- As a result of increased demand, headcount for Finning (Canada) increased by approximately 650 or 21% compared to September 2005 and as a result, higher salaries, benefit, pension, recruitment, relocation and training costs were incurred in the third quarter of 2006.
- Variable selling costs such as warranty, freight and building occupancy costs have increased in proportion with the revenue increases.

These increases were partially offset by:

- Lower LTIP costs in 2006 compared to the higher negative mark to market adjustment and vestings which occurred in the third quarter of 2005.

In September 2006, Finning (Canada) sold certain properties pursuant to a sale leaseback type transaction in which Finning (Canada) will lease back the properties involved over lease terms ranging from 2 to 22 years. Net proceeds from this transaction were $12.7 million, resulting in a pre-tax gain in the third quarter of 2006 of $7.8 million and a deferred gain of $2.5 million, which will be amortized to income over the relevant lease terms.

Strong revenues due to demand and activity in the Canadian operations and gain on sales, partially offset by higher growth related SG&A costs, translated into a significant contribution by the Company's Canadian operating segment which achieved an EBIT of $63.3 million in the third quarter of 2006 compared with $41.8 million in the same period in 2005. As a result of improved margins and cost efficiencies, the Canadian operating segment experienced an improved EBIT margin (EBIT divided by revenues) of 10.6% in the third quarter of 2006, up from 7.9% last year. EBIT margin excluding the gains from dispositions noted previously would be 9.3% compared with 7.9% in the third quarter of 2005.

Quarterly trends noted above also hold for the year-to-date results of the Company's Canadian operations. Strong returns from the Canadian operations, together with gains on sale of property and businesses in the first and third quarter of 2006 resulted in an EBIT of $177.7 million for the nine months ended September 30 2006, compared with $121.2 million for the same period in the prior year, an increase of 46.6%. An improved EBIT margin of 9.5% was earned in the first nine months of 2006 compared with 7.9% last year. Excluding the 2006 gains on dispositions, EBIT margin would have been 8.5% compared with 7.9% last year.

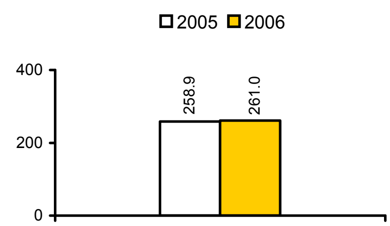
South America

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

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

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2006**	2005	**2006**	2005
Revenue from external sources	**$ 261.0**	$ 258.9	**$ 708.9**	$ 760.4
Operating costs	**225.1**	232.2	**611.0**	671.1
Depreciation and amortization	**6.0**	6.7	**18.4**	19.2
Earnings before interest and taxes	**$ 29.9**	$ 20.0	**$ 79.5**	$ 70.1
Earnings before interest and taxes				
- as a percentage of revenue	**11.5%**	7.7%	**11.2%**	9.2%
- as a percentage of consolidated earnings before interest and taxes	**25.3%**	27.9%	**26.3%**	32.5%

South America – Revenue ($ millions)
Three months ended September 30



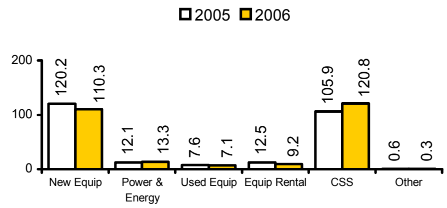
South America – Revenue ($ millions)
Nine months ended September 30

Revenues for the third quarter of 2006 at $261.0 million were marginally better than the 2005 level, reflecting the negative impact of a 6.7% strengthening of the Canadian dollar relative to the U.S. dollar. In local currency (U.S. dollar), Finning South America revenues increased 7.8% reflecting higher revenues from customer support services in 2006. The strong commodity cycle and continued high metal prices, together with strong economic growth in the countries in which Finning South America operates, continues to fuel the demand for equipment. Growth experienced in customer support services is a result of servicing the numerous mining maintenance and repair contracts entered into over the past couple of years. As a result, South American operations continued to experience a revenue mix shift from equipment sales towards higher margined customer support services in the third quarter of 2006.

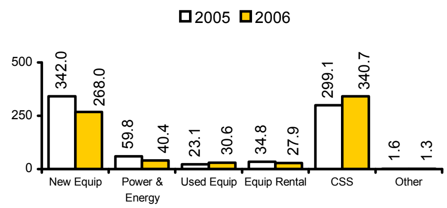
New equipment order backlog continues at record levels in the third quarter of 2006 with strong new customer orders.

On a year-to-date basis, revenues decreased 6.8 % to $708.9 million. Excluding the foreign currency translation impact of a stronger Canadian dollar, revenue increased modestly in local currency but included a significant revenue mix shift towards customer support services which grew by 23% in local currency completely offsetting the reduction in the lower margined new equipment sales.

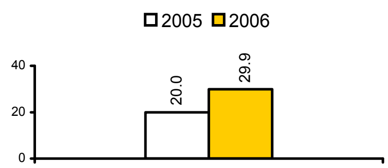
South America – Revenue by Line of Business ($ millions)
Three months ended September 30



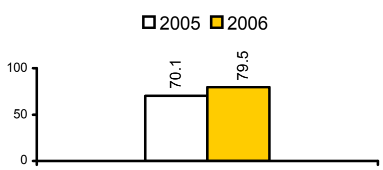
South America – Revenue by Line of Business ($ millions)
Nine months ended September 30



South America – EBIT ($ millions)
Three months ended September 30



South America – EBIT ($ millions)
Nine months ended September 30



In local currency, gross profit increased in the third quarter of 2006 in absolute terms and as a percentage of revenue. This occurred due to the revenue mix shift towards customer support services and stronger margins earned in most lines of business, partially through price realization.

Finning South America has implemented numerous initiatives which contributed to lower SG&A costs in the third quarter of 2006 compared with 2005 in both Canadian dollar terms and in local currency. As a result of the increased customer service demand arising from a higher number of service maintenance contracts, 293 additional revenue-generating employees and support staff have been hired, representing a 7% increase over September 2005 levels. As a result, higher salaries and benefit costs were incurred in the third quarter of 2006. These costs were fully offset by lower LTIP charges in the quarter, lower variable equipment selling costs and productivity improvements by revenue generating employees.

In local currency, EBIT improved 59.5% in the third quarter of 2006 compared to the prior year. When translated into Canadian dollars, EBIT of $29.9 million in 2006 was 49.5% higher than the same period in 2005. EBIT as a percentage of revenue for Finning South America at 11.5% was up from 7.7% in 2005 as a result of the revenue mix shift, productivity improvements, cost saving initiatives and lower LTIP charges.

Year-to-date, EBIT of $79.5 million was 13.4% higher compared to the same period last year, and in local currency, EBIT improved 22.7%. Quarterly trends noted above are similar for the year-to-date results.

United Kingdom ("UK") Group

The UK Group includes the Company's UK Operations and Hewden Operations, described below.

UK Operations

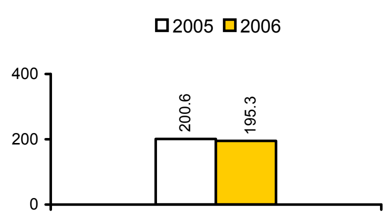
The continuing operations of the Company's UK Operations include the results of Finning (UK) which operates the Caterpillar dealership in the U.K. (Construction Equipment and Power Systems divisions). Also included in the UK Operations is Diperk UK, sole distributor of Perkins engines in the U.K. marketplace.

In September 2006, Finning (UK) sold its Materials Handling Division and as a result, the earnings from the Materials Handling Division are recorded as discontinued operations with prior period results restated accordingly (see page 21).

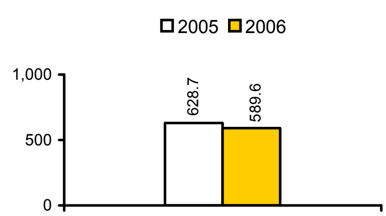
The table below provides details of the results of the continuing operations from the UK Operations:

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2006**	2005	**2006**	2005
Revenue from external sources	**$ 195.3**	$ 200.6	**$ 589.6**	$ 628.7
Operating costs	**178.0**	194.3	**545.5**	601.8
Depreciation and amortization	**5.8**	6.7	**17.2**	20.1
Other expenses (income)	**0.1**	(1.5)	**1.5**	(1.9)
Earnings before interest and taxes	**$ 11.4**	$ 1.1	**$ 25.4**	$ 8.7
Earnings before interest and taxes				
- as a percentage of revenue	**5.8%**	0.5%	**4.3%**	1.4%
- as a percentage of consolidated earnings before interest and taxes	**9.6%**	1.5%	**8.4%**	4.0%

UK – Revenue ($ millions)
Three months ended September 30



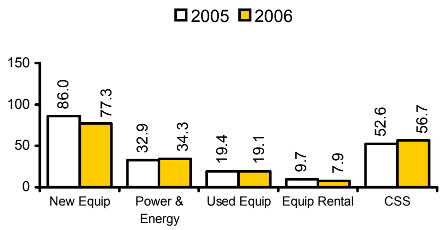
UK – Revenue ($ millions)
Nine months ended September 30



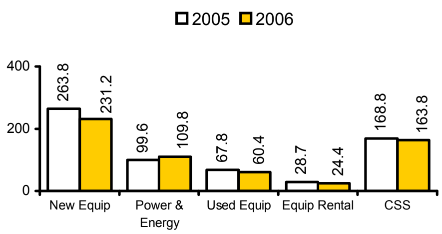
Revenues in the third quarter of 2006 of $195.3 million were down 2.6% from the prior year. Excluding the impact of foreign currency translation resulting from the 2.0% strengthening of the Canadian dollar relative to the U.K. pound sterling, revenues in the UK Operations decreased only marginally in local currency over the prior year. Product availability constraints lowered revenues from the Construction Equipment division compared to a very strong third quarter in 2005. This decrease in revenues was partially offset by higher revenues from the Power Systems division.

On a year-to-date basis, revenues decreased 6.2% to $589.6 million and in local currency, total revenue was 2.9% higher compared to that reported in the first nine months of 2005. Construction Equipment revenues for the first nine months of 2006 were slightly lower than 2005 whereas Power Systems revenues increased 19.4% in local currency, supported by the completion of a number of large power generation projects and higher activity in the offshore petroleum market.

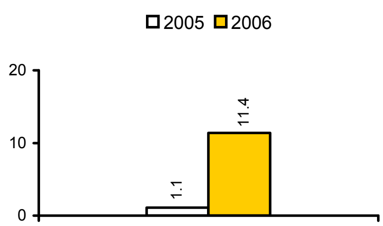
UK – Revenue by Line of Business
($ millions)
Three months ended September 30



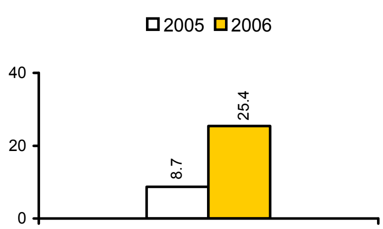
UK – Revenue by Line of Business
($ millions)
Nine months ended September 30



UK – EBIT ($ millions)
Three months ended September 30



UK – EBIT ($ millions)
Nine months ended September 30



Revenues, in local currency, from new equipment sales and rentals were lower in the third quarter of 2006 compared to one year ago, partially offset by higher revenues from customer support services.

New order backlog at September 2006 is strong, and is higher than the levels at June 2006 and December 2005.

Gross profit, in local currency, in the third quarter of 2006 for the UK Operations was 8.0% higher in absolute terms compared with the same period last year. Gross profit margin as a percentage of revenue was higher than 2005 due to higher margins achieved across most lines of business.

Consistent with the first and second quarters of 2006, SG&A costs decreased again in the third quarter of 2006 compared to the same period of 2005 partially as a result of various initiatives and management's focus on realizing cost efficiencies. The UK Operations incurred lower information system charges, lower LTIP costs and lower pension costs as changes to employee pensionable benefits announced in the fourth quarter of 2005 were implemented in early 2006.

For the third quarter of 2006, the UK Operations contributed $11.4 million of EBIT, a significant increase compared with the EBIT of $1.1 million recorded in 2005, primarily due to cost reductions and improved margins in the Construction Equipment and Power Systems divisions. EBIT as a percentage of revenue also increased to 5.8% in the third quarter of 2006 from 0.5% in the comparative period last year. The UK Operations EBIT contribution was 9.6% of consolidated EBIT, a vast improvement from 1.5% in the same period last year.

Year-to-date, the UK Operations contributed $25.4 million of EBIT in 2006, almost triple the EBIT contributed during the first nine months of 2005. In local currency, EBIT more than tripled with improved contributions from all continuing divisions.

Discontinued Operations – Materials Handling Division

The Materials Handling Division of Finning (UK) was sold on September 29 2006 and is classified as discontinued operations within the consolidated income statements for all periods presented. Following an extensive strategic review of the Company's U.K. based businesses, the Finning Board of Directors determined that this division was no longer a core business for Finning.

The gross sale price is approximately equal to the net book value of the net tangible assets associated with the Materials Handling Division. The sale of this business resulted in an after-tax loss of approximately $32.7 million (approximately £15.5 million) in the third quarter, which primarily comprised the write-off of the goodwill and intangible assets associated with this business as well as expenses on the disposition of this business. This transaction is subject to standard closing adjustments to be reviewed in the fourth quarter of 2006.

The table below provides details of the discontinued operations of Finning (UK)'s Materials Handling Division excluding the loss on sale:

	Three months ended September 30		**Nine months ended September 30**	
($ millions)	**2006**	2005	**2006**	2005
Revenue from external sources	**$ 56.9**	$ 64.3	**$ 183.8**	$ 225.5
Operating costs	**46.2**	50.1	**147.0**	178.0
Depreciation and amortization	**10.5**	12.3	**31.9**	39.9
Earnings before interest and taxes	**$ 0.2**	$ 1.9	**$ 4.9**	$ 7.6

As a result of the sale of the Materials Handling Division, approximately 1,000 employees were transferred with the sale. Headcount as at September 30, 2006 for the continuing UK Operations was 1,368, down from 2,461 at September 2005.

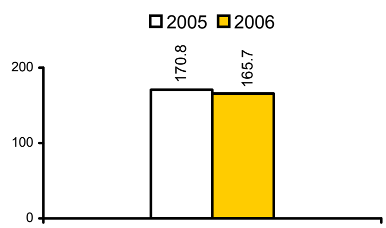
Hewden Operations

Hewden is an equipment rental and associated services operation in the United Kingdom.

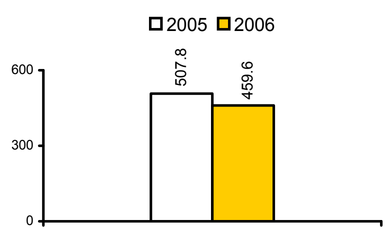
The table below provides details of the results from Hewden:

($ millions)	Three months ended September 30 2006	Three months ended September 30 2005	Nine months ended September 30 2006	Nine months ended September 30 2005
Revenue from external sources	**$ 165.7**	$ 170.8	**$ 459.6**	$ 507.8
Operating costs	**111.0**	116.5	**321.1**	357.1
Depreciation and amortization	**33.0**	32.9	**95.5**	103.7
Other expenses (income)	**3.0**	1.0	**7.0**	5.3
Earnings before interest and taxes	**$ 18.7**	$ 20.4	**$ 36.0**	$ 41.7
Earnings before interest and taxes				
- as a percentage of revenue	**11.3%**	11.9%	**7.8%**	8.2%
- as a percentage of consolidated earnings before interest and taxes	**15.8%**	28.4%	**11.9%**	19.3%

Hewden – Revenue ($ millions)
Three months ended September 30



Hewden – Revenue ($ millions)
Nine months ended September 30



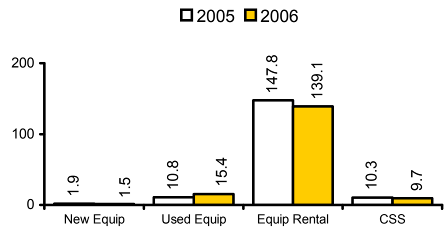
Hewden revenues decreased 3.0% to $165.7 million for the third quarter of 2006 compared with 2005, and in local currency, revenues decreased marginally by 1.0%. The decrease in revenues is mainly attributed to one less business day in the third quarter of 2006 and continued competitive pressures in the U.K. rental marketplace with limited opportunities for price realization and rental revenue growth. Rental revenues declined 4% in local currency, offset by proceeds earned from the sale of surplus used equipment at a Hewden auction, which contributed approximately $4 million more revenue than the auction held in the third quarter of 2005.

On a year-to-date basis, revenues decreased 9.5% to $459.6 million. In local currency, revenues were 1.0% lower to those reported in the first nine months of 2005 with the same number of business days.

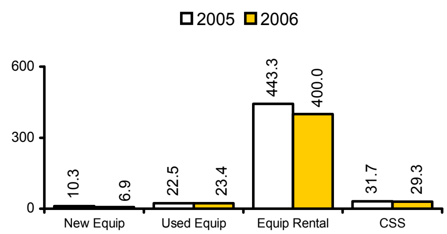
Gross profit for the third quarter of 2006 decreased in absolute terms in both volume and margins. A higher margin contribution was achieved in 2006 by the auction of used equipment. This was offset by lower rental margins and utilization demonstrating the relatively fixed cost nature of this business and the impact of the lower rental revenues.

In local currency, Hewden's SG&A costs decreased 10.0% in the third quarter of 2006, largely managed through cost containment, lower LTIP charges, improved credit and collection efforts and headcount savings. At September 2006 headcount was 155 or 4% lower than at September 2005.

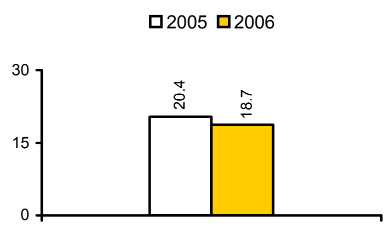
Hewden – Revenue by Line of Business
($ millions)
Three months ended September 30



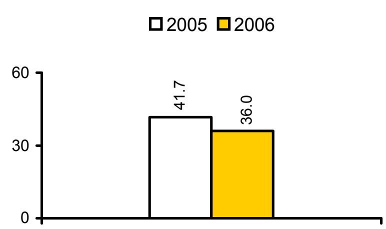
Hewden – Revenue by Line of Business
($ millions)
Nine months ended September 30



Hewden – EBIT ($ millions)
Three months ended September 30



Hewden – EBIT ($ millions)
Nine months ended September 30



The U.K. market continues to be extremely competitive, especially in the plant and tool hire businesses. Hewden's utilization rates have declined with restricted opportunity for price realization. Efforts are underway to improve revenues and operational results. Hewden continues to focus on various inter-related projects to improve financial performance and efficiencies in meeting the needs of a core customer base. These projects, in conjunction with Hewden's new information technology system which will be implemented in 2007, are expected to be key elements in increasing asset utilization and reducing costs. Project costs relating to these initiatives are expected to continue thoughout 2006 and 2007. In the third quarter of 2006, other expenses primarily relate to these projects. Progress on projects continued in the quarter, albeit slower in some areas while focus was placed on Hewden's new information technology system which will simplify business processes and provide a lower cost per transaction.

In July 2006, to better serve its customers and improve returns, Hewden announced the restructuring of its Cranes business converting from a widespread rental depot approach to an approach centered in three regions with management focus on each region together with a more customer aligned product offering. Projects such as this may result in a short term adverse impact on revenues as resources and management are deployed in the implementation of these initiatives to generate long-term benefits. Anticipated annualized savings from this reorganization are $3.7 million.

Hewden contributed $18.7 million of EBIT in the third quarter of 2006 compared with $20.4 million in 2005, an 8.3% decrease, reflecting the impact on revenues, margins, SG&A and other items discussed above, and the adverse impact of a stronger Canadian dollar when translating Hewden's results from U.K. pound sterling. EBIT as a percentage of revenues decreased from 11.9% last year to 11.3% in 2006.

Year-to-date, EBIT decreased 13.7% compared to the same period last year. In addition to the contributing factors mentioned in the quarterly results, Hewden was adversely impacted by higher collection costs arising from a higher level of business failures experienced in the U.K. construction industry in the first half of the year. In local currency, EBIT decreased 7.2% compared to that reported in the first nine months of 2005. EBIT as a percentage of revenues decreased from 8.2% last year to 7.8% in 2006.

Corporate and Other Operations

($ millions)	Three months ended September 30 2006	Three months ended September 30 2005	Nine months ended September 30 2006	Nine months ended September 30 2005
Operating costs	**$ 4.9**	$ 11.5	**$ 16.6**	$ 27.5
Other expenses (income)	**—**	—	**—**	(1.8)
Earnings before interest and taxes	**$ (4.9)**	$ (11.5)	**$ (16.6)**	$ (25.7)

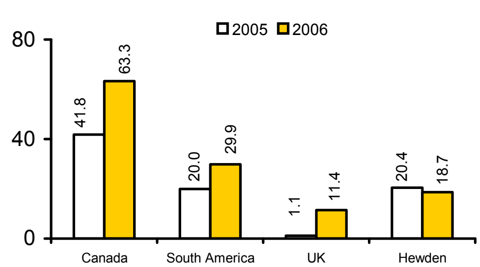
Operating costs of $4.9 million in the third quarter of 2006 were 57.4% lower than the third quarter of 2005, largely due to lower LTIP costs incurred in 2006 compared to 2005, and improved performance from the Company's investment in Energyst.

For the nine months ended September 30 2006, operating costs were $16.6 million, compared with $27.5 million for the same period in 2005 for similar reasons as discussed for the quarterly results above. In 2005, the Company reported a $1.8 million gain on the sale of its investment in Maxim Power Corp.

Earnings Before Interest and Taxes (EBIT)

On a consolidated basis, EBIT from continuing operations increased by 64.9% to $118.4 million in the third quarter of 2006. This growth was primarily due to strong volumes experienced in Canada, cost efficiencies experienced in the UK Operations and improved margins from South America due to a higher mix of revenues from customer support services. Gross profit increased $25.3 million to $366.0 million in the third quarter of 2006 compared with the same period in 2005 and combined with lower SG&A costs as a result of global cost saving initiatives and lower LTIP charges contributed to the strong performance in the third quarter of 2006. The increase in EBIT was also partially due to the gain realized in the third quarter of 2006 on the disposal of properties in Canada. EBIT continued to be negatively impacted in the third quarter of 2006 due to the strengthening Canadian dollar relative to the U.S. dollar and U.K. pound sterling. The foreign exchange variance is mainly due to translating foreign currency based results into Canadian dollars. EBIT as a percentage of revenue increased from 6.2% in the third quarter of 2005 to 9.7% in the third quarter of 2006. Excluding the gain on the sale of properties in Canada, EBIT as a percentage of revenue would be 9.1% in the third quarter of 2006 compared to 6.2% in 2005.

EBIT by operation
($ millions)
Three months ended September 30

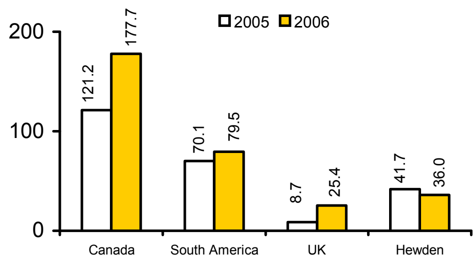


Major components of the quarterly EBIT variance were:

	($ millions)
2005 Q3 EBIT	71.8
Net growth in operations, primarily Canada	35.0
Lower LTIP costs	13.5
Disposal of properties in Canada	7.8
Foreign exchange impact	(5.4)
Other net expenses *(see Note 2 to the Interim Consolidated Financial Statements)*	(4.3)
2006 Q3 EBIT	118.4

Year-to-date, EBIT from continuing operations increased by 39.8% to $302.0 million, primarily due to the strong demand and activity at the Company's Canadian operations. In addition, improvements were evident in the UK Operations due to the realization of cost efficiencies. EBIT was negatively impacted in 2006 due to the strengthening Canadian dollar relative to the U.S. dollar and U.K. pound sterling. EBIT as a percentage of revenue increased from 6.3% in the first nine months of 2005 to 8.3% in the first nine months of 2006. The increase in EBIT was also partially due to the gains realized in the first and third quarters of 2006 on the disposal of surplus properties in Canada and a portion of OEM Remanufacturing's business. Excluding these gains, EBIT would have been $283.8 million and EBIT as a percentage of revenue would have been 7.8%. The year to date growth reflects similar variances as the quarterly impacts above.

EBIT by operation
($ millions)
Nine months ended September 30



Major components of the year to date EBIT variance were:

	($ millions)
2005 YTD EBIT	216.0
Net growth in operations, primarily Canada	90.0
Gain on sale of OEM's railroad and non-Cat remanufacturing business	5.3
Gain on sale of properties in Canada	12.9
Lower LTIP costs	18.3
Foreign exchange impact	(33.1)
Other net expenses *(see Note 2 to the Interim Consolidated Financial Statements)*	(7.4)
2006 YTD EBIT	302.0

Finance Costs

Finance costs for the three months ended September 30, 2006 of $26.9 million are more than double the comparable period last year primarily due to the following:

- Following the sale of the Company's Materials Handling Division in the U.K. (see Note 10), the Company used a portion of the proceeds to redeem £75 million of its £200 million 5.625% Notes due 2013. As a result, the Company recorded a charge of approximately $8.9 million, reflecting costs associated with unwinding related debt financing and deferred financing costs.
- Higher short-term interest rates.

These increases were partially offset by the following:

- Favourable foreign exchange impact of translating U.S. and U.K. pound sterling denominated finance costs in 2006 with a stronger Canadian dollar, and
- Lower average short-term debt levels at the Company's U.K. and South America operations.

Year-to-date, finance costs increased by $11.1 million to $57.8 million. Adjusting for the $8.9 million charge noted above, finance costs were relatively unchanged year over year.

Provision for Income Taxes

Income tax expense for the current quarter was $18.7 million (20.4% effective tax rate) compared with $12.5 million (21.3% effective tax rate) for the same period in 2005. The decrease in the effective tax rate is primarily due to a lower capital tax rate on gains on property sales in Canada in the third quarter of 2006. This was partially offset by a change in the geographic mix of profits with increased earnings originating in the higher Canadian tax jurisdiction than in the third quarter of 2005.

The year-to-date income tax expense was $56.2 million (23.0% effective tax rate) compared with $38.1 million (22.5% effective tax rate). The slightly higher effective tax rate reflects the change in the earnings mix towards the higher tax jurisdictions of the Canadian and UK Operations.

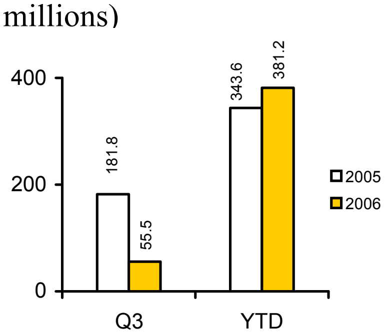
Net Income

Net income from continuing operations increased 57.9% to $72.8 million in the third quarter of 2006 compared with $46.1 million in the comparative period in 2005 reflecting the strong contributions from the Company's operations in Canada, improved margins, controlled spending, lower LTIP costs and the gain on sale of properties in Canada, partially offset by the incremental finance costs incurred on the early partial repayment of the Eurobond notes. Third quarter 2006 results were tempered by the unfavourable foreign exchange impact of approximately $5 million after-tax, primarily due to translating foreign currency based earnings with a stronger Canadian dollar. Basic and diluted earnings per share from continuing operations increased 55.8% to $0.81 in the third quarter of 2006 compared with $0.52 in the comparative period last year.

Year-to-date, net income from continuing operations increased by 43.3% to $188.0 million, reflecting the strength in the Company's Canadian operations, realization of cost efficiencies and gains on the sale of surplus properties and business divestitures in Canada in the first and third quarters of 2006. The 2006 increase in earnings was offset by the incremental finance costs noted above. Basic earnings per share from continuing operations increased to $2.10 from $1.48 in the first nine months of 2005. Excluding gains on the sale of properties in Canada and a portion of the OEM remanufacturing business, as well as the incremental finance costs, basic earnings per share would have been $2.00, 35.1% higher than the first nine months of 2005 and exceeding the record level earnings per share achieved for the full year of 2005.

Liquidity and Capital Resources

Cash flow after working capital changes
($ millions)



Cash Flow from Operating Activities

For the three months ended September 30 2006, cash flow after working capital changes was $55.5 million, compared with cash flow of $181.8 million generated in the same period last year. While cash flow strengthened from the higher operating results in the quarter, the decrease in cash flow after working capital changes was primarily due to strong demand for product at the Company's Canadian operations. Investment in inventories was higher in the third quarter of 2006 compared with 2005 in order to meet fourth quarter deliveries to customers. In addition, the third quarter of 2005 recognized the benefit of a Canadian income tax refund received in the quarter. The Company continues to manage product availability issues and focus on improving cash cycle times and operating efficiencies.

For the nine months ended September 30 2006, cash flow after working capital changes was $381.2 million, 10.9% higher than the cash flow generated in the same period last year.

The Company made a net investment in rental assets of $99.9 million during the third quarter of 2006 (2005: $70.6 million), and a year-to-date net investment of $279.4 million (2005: $281.4 million). Continuing the 2005 trend, expenditures on Hewden's rental assets have been deferred as rental utilization rates have declined. In the third quarter, Hewden's expenditures on rental assets were 26% higher than in the same quarter of 2005, but for the nine month period, expenditures in 2006 were significantly less than 2005. On a year to date basis, rental expenditures increased in Canada as rental fleets are being replenished in 2006 as a result of rental assets being utilized in 2005 to support customer demand and help offset product availability issues.

As a result of these items, cash flow used by operating activities was $47.6 million in the third quarter of 2006 (year-to-date: cash flow of $85.5 million) compared to cash flow of $106.7 million in the third quarter of 2005 (year-to-date 2005: cash flow of $59.6 million).

Cash Used For Investing Activities

Net cash provided by investing activities in the third quarter of 2006 totalled $144.7 million (year-to-date 2006: $114.1 million) compared with cash invested of $14.6 million in the same period in 2005 (year-to-date 2005: cash invested of $42.2 million). The primary source of cash in the third quarter of 2006 was the proceeds of $170.6 million received on the sale of the Materials Handling division.

Net capital additions for the three months ended September 30, 2006 were $15.7 million (year-to-date 2006: $42.9 million) which is comparable with $14.6 million for the three months ended September 30, 2005 (year-to-date 2005: $48.7 million). The capital additions in the first nine months of 2006 reflect general capital spending to support operations and also included the capitalization of certain costs related to the development of Hewden's new information system. The capital additions in the first nine months of 2005 related primarily to cash invested in OEM's new component rebuild facility which became fully operational late in the second quarter of 2005.

Other year-to-date cash flow items related to investing activities include:

2006:

- $10.3 million investment in a new Cat Rental Store
- Payment of the $22.4 million (U.S.$ 20.0 million) purchase price adjustment as a result of achieving performance criteria by the Argentina business acquired in 2003
- Proceeds of $13.7 million were received on the settlement of foreign currency forwards that hedged foreign subsidiary investments
- Proceeds of $5.3 million were received on the divestiture of a portion of the OEM Remanufacturing business to Caterpillar Inc.

2005

- Additional $9.5 million investment in Energyst B.V.
- $16.0 million of proceeds were received on the sale of the Company's investment in Maxim Power Corp.

Financing Activities

The Company's short and long-term borrowings totalled $1,104.5 million, a decrease of $127.2 million or 10.3% since December 31, 2005 primarily due to the early redemption of £75 million of the outstanding £200 million Eurobond with the proceeds received from the sale of the UK Materials Handling Division.

Dividends paid to shareholders were $11.6 million, $1.8 million higher than the third quarter of 2005 due to an increase in the quarterly dividend rate from $0.11 to $0.13 per share announced in early 2006. Similarly, dividends paid to shareholders for the nine months ended September 30, 2006 increased 18.9% to $34.8 million.

Risk Management

Finning and its subsidiaries are exposed to market, financial and other risks in the normal course of their business activities. The Company has adopted an Enterprise Risk Management approach in identifying and evaluating risks. This risk management approach assists the Company in managing business activities and risks associated with those activities.

The Company is dedicated to a strong risk management culture to protect and enhance shareholder value. The processes within Finning's risk management function are designed to ensure that risks are properly identified, managed and reported.

The Company discloses all of its key risks in its most recent Annual Information Form (AIF) with key financial risks also included in the Company's Annual Management's Discussion & Analysis (MD&A). On a quarterly basis, the Company assesses all of its key risks and any changes to key financial or business risks are disclosed in the Company's quarterly MD&A. 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, 2005.

There have been no significant changes or new key risks identified from the key risks as disclosed in the Company's AIF for the year ended December 31 2005, 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. Finning transacts business in multiple currencies, the most significant of which are the Canadian dollar, the U.S. dollar (USD), the U.K. pound sterling (GBP), and the Chilean peso (CHP). As a result, the Company has a foreign currency exposure with respect to items denominated in foreign currencies. The functional currency of our U.K. based operations is the GBP, the functional currency of our South American based operations is the USD and the functional currency of our Canadian operations is the Canadian dollar. The three main types of foreign exchange risk of the Company are investment in foreign operations, transaction exposure and translation exposure. These are explained further in the 2005 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. The table assumes that the Canadian dollar strengthens 5% against the currency noted, for a full year relative to the September 2006 month end rates, without any change in local currency volumes or hedging activities.

Currency	September 30, 2006 month end rates	Increase (decrease) in annual net income $ millions
USD	1.1153	(15)
GBP	2.0874	(2)
CHP	0.0021	1

The sensitivities noted above ignore the impact of exchange rate movements on other macroeconomic variables, including overall levels of demand and relative competitive advantages. If it were possible to quantify these impacts, the results would likely be different from the sensitivities shown above.

Description of Non-GAAP Measure

EBIT is defined herein as earnings before interest expense, interest income and income taxes and is an alternative measure of performance utilized by management to measure and evaluate the financial performance of its operating segments. It is also a standard measure that is commonly reported and widely used in the industry to assist in understanding and comparing operating results. EBIT is not a defined term under generally accepted accounting principles (GAAP). Accordingly, this measure should not be considered as a substitute or alternative for net earnings or cash flow, in each case as determined in accordance with GAAP.

Selected Quarterly Information

$ millions, except for share and option data	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2	2005 Q1	2004 Q4
Revenue (1)								
Canada	$ 594.7	$ 681.0	$ 599.9	$ 521.5	$ 531.1	$ 509.5	$ 487.6	$ 456.2
South America	261.0	216.2	231.7	246.9	258.9	274.3	227.2	210.1
UK	195.3	195.0	199.3	202.2	200.6	230.3	197.8	165.7
Hewden	165.7	147.6	146.3	147.3	170.8	174.4	162.6	164.5
Total revenue	$1,216.7	$ 1,239.8	$ 1,177.2	$ 1,117.9	$ 1,161.4	$ 1,188.5	$ 1,075.2	$ 996.5
Net income								
from continuing operations	$ 72.8	$ 57.7	$ 57.5	$ 38.4	$ 46.1	$ 45.9	$ 39.2	$ 19.7
from discontinued operations	(34.9)	(1.1)	(0.6)	(2.2)	(1.3)	(0.3)	(1.8)	0.4
Total net income	$ 37.9	$ 56.6	$ 56.9	$ 36.2	$ 44.8	$ 45.6	$ 37.4	$ 20.1
Basic EPS (2)								
from continuing operations	$ 0.81	$ 0.64	$ 0.65	$ 0.43	$ 0.52	$ 0.52	$ 0.44	$ 0.23
from discontinued operations	(0.39)	(0.01)	(0.01)	(0.02)	(0.02)	—	(0.02)	—
Total basic EPS	$ 0.42	$ 0.63	$ 0.64	$ 0.41	$ 0.50	$ 0.52	$ 0.42	$ 0.23
Diluted EPS (2)								
from continuing operations	$ 0.81	$ 0.64	$ 0.64	$ 0.42	$ 0.52	$ 0.51	$ 0.44	$ 0.23
from discontinued operations	(0.39)	(0.01)	(0.01)	(0.02)	(0.02)	—	(0.02)	—
Total diluted EPS	$ 0.42	$ 0.63	$ 0.63	$ 0.40	$ 0.50	$ 0.51	$ 0.42	$ 0.23
Total assets (1)	$ 3,786.4	$ 3,900.2	$3,868.0	$ 3,736.4	$ 3,754.3	$ 3,916.8	$ 3,905.3	$ 3,804.0
Long-term debt								
Current	$ 79.3	$ 79.1	$ 80.3	$ 80.3	$ 6.3	$ 4.1	$ 5.1	$ 6.5
Non-current	710.7	851.5	848.9	844.6	843.0	866.6	885.3	889.6
Total long-term debt (3)	$ 790.0	$ 930.6	$ 929.2	$ 924.9	$ 849.3	$ 870.7	$ 890.4	$ 896.1
Cash dividends paid per common share	$ 0.13	$ 0.13	$ 0.13	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.10
Common shares outstanding (000's)	89,404	89,389	89,371	89,202	89,138	88,906	88,608	88,390
Options outstanding (000's)	2,151	2,165	1,305	1,474	1,545	1,810	1,812	2,016

(1) On September 29 2006, the Company's U.K. subsidiary, Finning (UK), sold its Materials Handling Division. Results from operations that qualify as discontinued operations have been reclassified to that category for all periods presented. Included in the loss from discontinued operations is the after-tax loss of $32.7 million or $0.37 per share. Revenues from the UK Materials Handling business have been excluded from the revenue figures above. Assets from the Materials Handling business have been included in the total assets figures for periods prior to its sale – see Note 10.

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

(3) In the third quarter of 2006, the Company utilized funds from the sale of the UK Materials Handling Division to redeem £75 million of its £200 million Eurobond notes.

Outstanding Share Data

As at November 10, 2006	
Common shares outstanding	**89,419,345**
Options outstanding	**2,135,730**

Market Outlook

The outlook for Finning's business in western Canada continues to be strong. The region's resource based industries continue to expand and customers' capital expenditures for equipment remain robust. General construction activity continues at very high levels and spending on infrastructure remains strong.

Business in the Company's South American operations also continues at good levels and the outlook remains attractive. The mining industry continues to operate at record levels of profitability. While capital investment in new equipment moderated somewhat in 2006, the expectations for 2007 and 2008 are for continued incremental investment in new equipment by both the mining and general construction businesses.

In the United Kingdom, construction activity continues at reasonable levels and modest expansion is occurring. The UK construction equipment supply and rental businesses remain very competitive with many suppliers active in these markets. Equipment sale and rental margins are comparatively tight and rental equipment utilization rates are lower compared to other rental markets. The Company's UK Operations continue to focus on high quality customer service and increasing operational efficiencies to improve results.

The Company is being challenged in some instances by a constrained supply for certain types of equipment and engines, as well as some parts. Finning is working closely with Caterpillar, its key supplier, to manage supply constraints and Caterpillar is working to improve availability. Large mining equipment and certain parts for this equipment is in shortest supply. An improvement in availability of some models of construction equipment is becoming evident.

Finning’s financial results are negatively impacted by a stronger Canadian dollar compared to the U.S. dollar and the U.K. pound sterling in the translation of its foreign currency earnings. The Company’s remaining 2006 results will continue to be negatively impacted as a result of translating foreign currency based earnings should the strength of the Canadian dollar continue against the U.S. dollar and the U.K. pound sterling. Notwithstanding the stronger Canadian dollar, the Company has been successful in improving its profitability.

The Company wide cost reduction plan to reduce costs by $60 million by the end of 2006 remains on track and Finning expects to attain the target by January 1, 2007. To date, projects have been completed that will generate almost $54 million of cost savings.

The current slowing of growth in the U.S. economy and the weakening U.S. housing market has not impacted Finning’s operations in 2006 and is not expected to have a major impact in 2007. The regions where Finning operates its business have not been affected by the changes in the U.S. economy to this point.

Finning's key customers continue to be very active and are growing their businesses. The current economic conditions and commodity pricing environment supports further profitable operations for customers and a positive outlook for Finning's medium and long term growth opportunities.

November 14, 2006

INTERIM CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS (unaudited)

($ thousands, except share and per share amounts)	Three months ended September 30 2006	Three months ended September 30 2005 (Note 10)	Nine months ended September 30 2006	Nine months ended September 30 2005 (Note 10)
Revenue				
New mobile equipment	**$ 398,946**	$ 400,171	**$1,238,658**	$1,175,586
New power and energy systems	**83,197**	77,339	**286,746**	265,850
Used equipment	**102,115**	98,160	**285,054**	297,543
Equipment rental	**220,973**	224,731	**626,724**	649,910
Customer support services	**404,382**	358,919	**1,182,511**	1,031,042
Finance, operating leases and other	**7,053**	2,095	**13,960**	5,188
Total revenue	**1,216,666**	1,161,415	**3,633,653**	3,425,119
Cost of sales	**850,708**	820,726	**2,566,751**	2,440,839
Gross profit	**365,958**	340,689	**1,066,902**	984,280
Selling, general and administrative expenses	**252,302**	270,089	**774,258**	766,893
Other expenses (income) (Note 2)	**(4,699)**	(1,240)	**(9,382)**	1,386
Earnings from continuing operations before interest and taxes	**118,355**	71,840	**302,026**	216,001
Finance costs (Note 3)	**26,806**	13,175	**57,768**	46,688
Income from continuing operations before provision for income taxes	**91,549**	58,665	**244,258**	169,313
Provision for income taxes	**18,732**	12,494	**56,233**	38,142
Net income from continuing operations	**72,817**	46,171	**188,025**	131,171
Loss from discontinued operations, net of tax (Note 10)	**34,933**	1,330	**36,619**	3,325
Net income	**$ 37,884**	$ 44,841	**$ 151,406**	$ 127,846
Retained earnings, beginning of period	**$1,065,556**	$ 913,827	**$ 975,254**	$ 850,321
Net income	**37,884**	44,841	**151,406**	127,846
Dividends on common shares	**(11,622)**	(9,788)	**(34,842)**	(29,287)
Retained earnings, end of period	**$1,091,818**	$ 948,880	**$1,091,818**	$ 948,880
Earnings per share – basic				
From continuing operations	**$ 0.81**	$ 0.52	**$ 2.10**	$ 1.48
From discontinued operations	**(0.39)**	(0.02)	**(0.41)**	(0.04)
	$ 0.42	$ 0.50	**$ 1.69**	$ 1.44
Earnings per share – diluted				
From continuing operations	**$ 0.81**	$ 0.52	**$ 2.09**	$ 1.47
From discontinued operations	**(0.39)**	(0.02)	**(0.41)**	(0.04)
	$ 0.42	$ 0.50	**$ 1.68**	$ 1.43
Weighted average number of shares outstanding	**89,395,883**	88,986,907	**89,339,779**	88,740,269

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

INTERIM CONSOLIDATED BALANCE SHEETS
(unaudited)

($ thousands)	September 30 2006	December 31 2005
ASSETS		
Current assets		
Cash and cash equivalents	**$ 56,631**	$ 27,683
Accounts receivable	**574,584**	569,098
Inventories		
On-hand equipment	**666,563**	648,853
Parts and supplies	**433,798**	382,963
Other assets	**179,018**	186,180
Total current assets	**1,910,594**	1,814,777
Finance assets	**30,969**	19,826
Rental equipment	**996,799**	1,050,490
Capital assets	**369,099**	348,905
Goodwill (Note 11)	**352,887**	364,827
Other assets	**126,075**	137,563
	$ 3,786,423	$ 3,736,388
LIABILITIES		
Current liabilities		
Short-term debt	**$ 314,442**	$ 306,792
Accounts payable and accruals	**961,617**	886,179
Income tax payable	**37,443**	50,758
Current portion of long-term debt	**79,327**	80,294
Total current liabilities	**1,392,829**	1,324,023
Long-term debt	**710,740**	844,638
Long-term obligations	**86,587**	98,083
Future income taxes	**57,794**	56,666
Total liabilities	**2,247,950**	2,323,410
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	**571,346**	568,121
Contributed surplus	**5,734**	2,739
Cumulative currency translation adjustments	**(130,425)**	(133,136)
Retained earnings	**1,091,818**	975,254
Total shareholders' equity	**1,538,473**	1,412,978
	$ 3,786,423	$ 3,736,388

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW (unaudited)

($ thousands)	Three months ended September 30 2006	Three months ended September 30 2005	Nine months ended September 30 2006	Nine months ended September 30 2005
OPERATING ACTIVITIES				
Net income	**$ 37,884**	$ 44,841	**$ 151,406**	$ 127,846
Add items not affecting cash				
Depreciation and amortization	**95,863**	91,520	**270,382**	269,169
Future income taxes	**(8,133)**	(7,701)	**(7,865)**	(4,434)
Stock-based compensation	**2,090**	15,572	**5,126**	23,384
Loss on disposal of discontinued operations (Note 10)	**33,974**	—	**33,974**	—
Other	**368**	(4,517)	**(12,560)**	(7,614)
	162,046	139,715	**440,463**	408,351
Changes in working capital items				
Accounts receivable and other	**(4,012)**	(679)	**(50,525)**	(78,063)
Inventories – on-hand equipment	**(64,718)**	52,741	**(35,540)**	12,647
Inventories – parts and supplies	**(24,175)**	(15,945)	**(60,396)**	(46,354)
Accounts payable and accruals	**(20,348)**	(30,919)	**99,825**	1,649
Income taxes	**6,731**	36,912	**(12,670)**	45,386
Cash provided after changes in working capital items	**55,524**	181,825	**381,157**	343,616
Rental equipment, net of disposals	**(99,894)**	(70,615)	**(279,416)**	(281,383)
Equipment leased to customers, net of disposals	**(3,222)**	(4,477)	**(16,243)**	(2,664)
Cash flow provided by (used in) operating activities	**(47,592)**	106,733	**85,498**	59,569
INVESTING ACTIVITIES				
Net additions to capital assets	**(15,673)**	(14,618)	**(42,905)**	(48,696)
Payment of contingent consideration (Note 11)	—	—	**(22,350)**	—
Proceeds from sale of discontinued operations (Note 10)	**170,595**	—	**170,595**	—
Net proceeds on sale of equity investment	—	—	—	16,000
Other investments	**(10,250)**	—	**(10,250)**	(9,479)
Proceeds on sale of business	—	—	**5,331**	—
Proceeds on settlement of foreign currency forwards	—	—	**13,723**	—
Cash provided by (used in) investing activities	**144,672**	(14,618)	**114,144**	(42,175)
FINANCING ACTIVITIES				
Increase (decrease) in short-term debt	**49,313**	(82,181)	**9,976**	7,207
Increase of long-term debt	**10,791**	7,095	**8,780**	3,529
Repayment of Eurobond and premium paid (Note 3)	**(158,809)**	—	**(158,809)**	—
Issue of common shares on exercise of stock options	**285**	3,055	**3,096**	9,562
Dividends paid	**(11,622)**	(9,788)	**(34,842)**	(29,287)
Cash used in financing activities	**(110,042)**	(81,819)	**(171,799)**	(8,989)
Currency translation adjustments	**807**	5,545	**1,105**	4,164
Increase (decrease) in cash and cash equivalents	**(12,155)**	15,841	**28,948**	12,569
Cash and cash equivalents, beginning of period	**68,786**	12,571	**27,683**	15,843
Cash and cash equivalents, end of period	**$ 56,631**	$ 28,412	**$ 56,631**	$ 28,412
Cash flows include the following elements				
Interest paid	**$ (15,863)**	$ (5,186)	**$ (65,921)**	$ (58,479)
Income taxes received (paid)	**$ (14,932)**	$ 16,442	**$ (68,168)**	$ 13,568

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

1. Significant Accounting Policies

The accompanying unaudited Interim Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with those disclosed in the most recent audited annual financial statements. These unaudited Interim Consolidated Financial Statements do not include all the information and note disclosures required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the December 31, 2005 audited annual consolidated financial statements and the notes below.

The unaudited Interim Consolidated Financial Statements follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements.

Comparative Figures

Certain comparative figures have been reclassified to conform to the 2006 presentation. The consolidated income statement has been restated for discontinued operations (see Note 10).

2. Other Expenses (Income)

Other expenses (income) include the following items:

($ thousands)	**Three months ended September 30**		**Nine months ended September 30**	
	2006	2005	**2006**	2005
Gain on sale of properties in Canada (a)	**$ (7,766)**	$ —	**$ (12,854)**	$ —
Gain on sale of railroad and non-Cat remanufacturing business in Canada (b)	**—**	—	**(5,331)**	—
Restructuring and project costs	**3,464**	1,450	**10,663**	9,000
Gain on sale of other surplus properties	**(397)**	(2,690)	**(1,860)**	(5,787)
Gain on sale of equity investment (c)	**—**	—	**—**	(1,827)
	(4,699)	(1,240)	**(9,382)**	1,386
Tax recovery (expense) on net other expenses	**90**	(423)	**69**	769
Other expenses (income), net of tax	**$ (4,789)**	$ (817)	**$ (9,451)**	$ 617

(a) In September 2006, the Company sold its interest in its Canadian operation's head office properties in Edmonton. As part of this transaction, the Company also terminated lease agreements for land and building in the same area and assigned the repurchase option to the buyer so as to lease back the entire property over lease terms ranging from 2 to 22 years. Net proceeds from this transaction were $12.7 million, resulting in a pre-tax gain in the third quarter of 2006 of $7.8 million and a deferred gain of $2.5 million, which will be amortized to income over the lease terms.

(b) In March 2006, the Company sold its railroad and non-Cat engine component remanufacturing business resulting in a pre-tax gain of approximately $5.3 million.

(c) In March 2005, the Company sold its 36% interest in Maxim Power Corporation for cash of $16.0 million, resulting in a pre-tax gain of approximately $1.8 million.

3. Short-Term and Long-Term Debt

Finance Expense

Finance costs as shown on the consolidated statement of income is comprised of the following elements:

($ thousands)	Three months ended September 30 2006	2005	Nine months ended September 30 2006	2005
Interest on debt securities:				
Short-term debt	**$ 6,145**	$ 6,791	**$ 15,063**	$ 20,461
Long-term debt	**13,641**	13,043	**41,495**	39,257
	19,786	19,834	**56,558**	59,718
Interest on swap contracts	**(83)**	(660)	**(481)**	(359)
Costs associated with unwinding debt financing (a)	**8,864**		**8,864**	—
Amortization of deferred debt costs, other finance related expenses and sundry interest earned	**1,694**	(2,198)	**3,344**	(267)
	30,261	16,976	**68,285**	59,092
Interest expense related to discontinued operations	**3,455**	3,801	**10,517**	12,404
Finance costs from continuing operations	**$ 26,806**	$ 13,175	**$ 57,768**	$ 46,688

(a) Following the sale of the Company's Materials Handling Division in the U.K. (see Note 10), the Company used a portion of the proceeds to redeem £75 million ($156.6 million) of its £200 million 5.625% Notes due 2013. The Company recorded a charge of approximately $8.9 million, reflecting costs associated with unwinding related debt financing and deferred financing costs.

4. Share Capital

Common shares issued and outstanding are:

($ thousands, except share amounts)	Nine months ended September 30 2006 Shares	Amount	Twelve months ended December 31 2005 Shares	Amount
Balance, beginning of period	**89,201,664**	**$ 568,121**	88,389,881	$ 557,740
Issued – stock options	**202,681**	**3,225**	811,783	10,381
Balance, end of period	**89,404,345**	**$ 571,346**	89,201,664	$ 568,121

5. STOCK-BASED COMPENSATION PLANS

The Company has a number of stock-based compensation plans, which are described below.

Stock Options

Details of the stock option plans are as follows:

	Nine months ended September 30 2006		Twelve months ended December 31 2005	
	Options	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price
Options outstanding, beginning of period	**1,474,293**	**$ 19.54**	2,016,058	$ 15.08
Issued	**884,700**	**$ 39.50**	290,800	$ 32.47
Exercised / cancelled	**(208,263)**	**$ 18.32**	(832,565)	$ 13.26
Options outstanding, end of period	**2,150,730**	**$ 27.88**	1,474,293	$ 19.54
Exercisable at period end	**1,028,817**	**$ 17.30**	1,043,383	$ 14.64

In May 2006, the Company issued 884,700 common share options to senior executives and management of the Company (May 2005: 290,800 common share options). In 2006, long term incentives for executives and senior management were all made in the form of stock options. It is the Company's practice to grant and price stock options only when it is felt that all material information has been disclosed to the market.

The Company determines the cost of all stock options granted since January 1, 2002 using the fair value-based method of accounting for stock options. This method of accounting uses an option-pricing model to determine the fair value of stock options granted which is amortized over the vesting period. The fair value of the options granted in 2006 has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Dividend yield	1.16%
Expected volatility	21.32%
Risk-free interest rate	4.21%
Expected life	5.5 years

Total stock option expense in the third quarter was $1.5 million (2005: $0.5 million) and for the nine-month period was $3.1 million ($1.3 million).

Other Stock-Based Compensation Plans

The Company has other stock-based compensations plans in the form of deferred share units and stock appreciation rights plans that use notional common share units. Details of the plans with significant changes subsequent to December 31, 2005 are as follows:

Directors

Directors' Deferred Share Unit Plan A (DDSU)

Under the Deferred Share Unit Plan (DDSU) for members of the Board of Directors, non-employee Directors of the Company were allocated a total of 11,476 share units in May 2006 (May 2005: 14,886 share units), to be issued to the Directors and expensed equally over the 2006 calendar year.

Executive

Deferred Share Unit Plan B (DSU-B)

Under the DSU-B Plan, executives of the Company were not awarded any deferred share units in 2006 (2005: 125,400 deferred share units).

There was no vesting activity in the first nine months of 2006. In the first nine months of 2005, the Company's share price increased to levels that resulted in the vesting of seven tranches of the DSU-B plan. Details of the deferred share unit plans, which reflect the vestings in the period as well as mark-to-market adjustments, for the nine-month period ended September 30, as are follows:

Nine months ended September 30	**2006**				2005			
Units	**DSU-A**	**DSU-B**	**DDSU**	**Total**	DSU-A	DSU-B	DDSU	Total
Outstanding, beginning of period	**51,783**	**755,086**	**158,479**	**965,348**	52,716	723,301	163,072	939,089
Additions during period	**516**	**6,029**	**14,817**	**21,362**	489	128,300	17,545	146,334
Exercised/cancelled during period	**—**	**(73,868)**	**—**	**(73,868)**	—	(52,662)	(28,104)	(80,766)
Outstanding, end of period	**52,299**	**687,247**	**173,296**	**912,842**	53,205	798,939	152,513	1,004,657
Vested, beginning of period	**51,783**	**668,761**	**158,479**	**879,023**	52,716	388,050	163,072	603,838
Vested during period	**516**	**6,029**	**14,817**	**21,362**	489	364,772	17,545	382,806
Exercised/cancelled during period	**—**	**(65,868)**	**—**	**(65,868)**	—	(43,658)	(28,104)	(71,762)
Vested, end of period	**52,299**	**608,922**	**173,296**	**834,517**	53,205	709,164	152,513	914,882
Liability ($ thousands)								
Balance, beginning of period	**$ 1,923**	**$24,838**	**$ 5,886**	**$ 32,647**	$ 1,844	$13,578	$ 5,706	$ 21,128
Expensed during period	**33**	**520**	**597**	**1,150**	286	16,348	1,416	18,050
Exercised/cancelled during period	**—**	**(2,578)**	**—**	**(2,578)**	—	(1,531)	(1,015)	(2,546)
Balance, end of period	**$ 1,956**	**$22,780**	**$ 6,483**	**$ 31,219**	$ 2,130	$28,395	$ 6,107	$ 36,632

Management Share Appreciation Rights Plan (SAR)

In 2006, there were no SAR units issued to management. In the first nine months of 2005, 255,872 SAR units were granted to management in the U.K. and Canada at a grant price of $32.44. Details of the SAR plans are as follows:

Nine months ended September 30 **Units**	**2006**	2005
Outstanding, beginning of year	**715,000**	649,367
Additions during period	**—**	255,872
Exercised/cancelled during period	**(83,990)**	(153,013)
Outstanding, end of period	**631,010**	752,226
Vested, beginning of year	**286,700**	205,073
Vested during period	**206,295**	232,766
Exercised/cancelled during period	**(65,594)**	(123,082)
Vested, end of period	**427,401**	314,757
Liability ($ thousands)		
Balance, beginning of year	**$ 4,655**	$ 3,520
Expensed during period	**852**	4,007
Exercised/cancelled during period	**(796)**	(1,356)
Balance, end of period	**$ 4,711**	$ 6,171
Strike price ranges:	**$26.05- $32.44**	

Changes in the value of all deferred share units and share appreciation rights as a result of fluctuations in the Company's common share price and the impact of new issues, including stock options, during the current quarter was an expense of $2.1 million (2005: $15.6 million) and during the nine-month period was an expense of $5.1 million (2005: $23.4 million expense). This amount was recognized in selling, general and administrative expenses on the consolidated statement of income.

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 periods. Diluted earnings per share is calculated to reflect the dilutive effect of exercising outstanding stock options by applying the treasury stock method.

Earnings used in determining earnings per share from continuing operations are presented below. Earnings used in determining earnings per share from discontinued operations are the earnings from discontinued operations as reported within the consolidated statements of income and retained earnings.

($ thousands, except share and per share amounts)	Three months ended September 30			Nine months ended September 30		
2006	**Income**	**Shares**	**Per Share**	**Income**	**Shares**	**Per Share**
Basic EPS from continuing operations:						
Net income from continuing operations	**$ 72,817**	**89,395,883**	**$ 0.81**	**$ 188,025**	**89,339,779**	**$ 2.10**
Effect of dilutive securities: stock options	**—**	**619,552**	**—**	**—**	**621,724**	**—**
Diluted EPS from continuing operations:						
Net income from continuing operations and assumed conversions	**$ 72,817**	**90,015,435**	**$ 0.81**	**$ 188,025**	**89,961,503**	**$ 2.09**
2005						
Basic EPS from continuing operations:						
Net income from continuing operations	$ 46,171	88,986,907	$ 0.52	$ 131,171	88,740,269	$ 1.48
Effect of dilutive securities: stock options	—	730,250	—	—	700,842	—
Diluted EPS from continuing operations:						
Net income from continuing operations and assumed conversions	$ 46,171	89,717,157	$ 0.52	$ 131,171	89,441,111	$ 1.47

7. Currency Rates

The Company operates in three functional currencies: Canadian dollars, U.K. pound sterling and U.S. dollars.

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

Exchange rate as at	**September 30 2006**	December 31 2005	September 30 2005
U.S. dollar	**1.1153**	1.1659	1.1611
U.K. pound sterling	**2.0874**	2.0036	2.0546
Average exchange rates three months ended September 30			
U.S. dollar	**1.1211**		1.2012
U.K. pound sterling	**2.1013**		2.1433
Average exchange rates nine months ended September 30			
U.S. dollar	**1.1326**		1.2240
U.K. pound sterling	**2.0584**		2.2568

8. EMPLOYEE FUTURE BENEFITS

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

Three months ended September 30	**2006**				2005			
($ thousands)	**Canada**	**UK**	**Hewden**	**Total**	Canada	UK	Hewden	Total
Defined contribution plans	**$ 2,996**	**$ 357**	**$ 61**	**$ 3,414**	$ 2,204	$ 235	$ 25	$ 2,464
Defined benefit plans	**3,338**	**3,115**	**1,998**	**8,451**	2,414	4,349	2,792	9,555
Total benefit plan expense	**$ 6,334**	**$ 3,472**	**$ 2,059**	**$11,865**	$ 4,618	$ 4,584	$ 2,817	$12,019

Nine months ended September 30	**2006**				2005			
($ thousands)	**Canada**	**UK**	**Hewden**	**Total**	Canada	UK	Hewden	Total
Defined contribution plans	**$ 9,140**	**$ 854**	**$ 181**	**$10,175**	$ 7,143	$ 663	$ 199	$ 8,005
Defined benefit plans	**9,824**	**9,129**	**5,869**	**24,822**	6,905	13,737	6,373	27,015
Total benefit plan expense	**$18,964**	**$ 9,983**	**$ 6,050**	**$34,997**	$14,048	$14,400	$ 6,572	$35,020

9. SEGMENTED INFORMATION

The Company and its subsidiaries operate primarily in one industry, that being the selling, servicing, renting and financing of heavy equipment and related products.

The reportable operating segments are:

Three months ended September 30 2006 ($ thousands)	**Canada**	**South America**	**UK**	**Hewden**	**Other**	**Consolidated**
Revenue from external sources	**$ 594,751**	**$ 260,947**	**$ 195,240**	**$ 165,726**	**$ 2**	**$ 1,216,666**
Operating costs	**490,775**	**225,072**	**178,007**	**110,994**	**4,877**	**1,009,725**
Depreciation and amortization	**48,437**	**5,988**	**5,793**	**33,067**	**—**	**93,285**
Other expenses (income)	**(7,768)**	**—**	**39**	**3,030**	**—**	**(4,699)**
Earnings from continuing operations before interest and taxes	**$ 63,307**	**$ 29,887**	**$ 11,401**	**$ 18,635**	**$ (4,875)**	**$ 118,355**
Finance costs						**26,806**
Provision for income taxes						**18,732**
Net income from continuing operations						**72,817**
Loss from discontinued operations, net of tax						**34,933**
Net income						**$ 37,884**
Identifiable assets	**$ 1,528,095**	**$ 665,961**	**$ 509,548**	**$ 1,023,596**	**$ 59,223**	**$ 3,786,423**
Gross capital expenditures	**$ 18,309**	**$ 3,358**	**$ 989**	**$ 6,566**	**$ —**	**$ 29,222**
Gross rental asset expenditures	**$ 72,406**	**$ 10,959**	**$ 18,702**	**$ 35,501**	**$ —**	**$ 137,568**

Three months ended September 30 2005 ($ thousands)	**Canada**	**South America**	**UK**	**Hewden**	**Other**	**Consolidated**
Revenue from external sources	$ 531,117	$ 258,918	$ 200,594	$ 170,786	$ —	$ 1,161,415
Operating costs	457,069	232,188	194,354	116,505	11,477	1,011,593
Depreciation and amortization	32,889	6,694	6,696	32,943	—	79,222
Other expenses (income)	(714)	—	(1,490)	964	—	(1,240)
Earnings from continuing operations before interest and taxes	$ 41,873	$ 20,036	$ 1,034	$ 20,374	$ (11,477)	$ 71,840
Finance costs						13,175
Provision for income taxes						12,494
Net income from continuing operations						46,171
Loss from discontinued operations, net of tax						1,330
Net income						$ 44,841
Identifiable assets	$ 1,236,591	$ 658,109	$ 798,197	$ 997,685	$ 63,672	$ 3,754,254
Gross capital expenditures	$ 13,046	$ 4,438	$ 1,470	$ 3,134	$ 61	$ 22,149
Gross rental asset expenditures	$ 77,633	$ 12,347	$ 17,781	$ 28,064	$ —	$ 135,825

Nine months ended September 30 2006 ($ thousands)	**Canada**	**South America**	**UK**	**Hewden**	**Other**	**Consolidated**
Revenue from external sources	**$ 1,875,586**	**$ 708,870**	**$ 589,533**	**$ 459,660**	**$ 4**	**$ 3,633,653**
Operating costs	**1,600,404**	**610,959**	**545,465**	**321,099**	**16,636**	**3,094,563**
Depreciation and amortization	**115,254**	**18,396**	**17,222**	**95,574**	**—**	**246,446**
Other expenses (income)	**(17,791)**	**—**	**1,436**	**6,973**	**—**	**(9,382)**
Earnings from continuing operations before interest and taxes	**$ 177,719**	**$ 79,515**	**$ 25,410**	**$ 36,014**	**$ (16,632)**	**$ 302,026**
Finance costs						**57,768**
Provision for income taxes						**56,233**
Net income from continuing operations						**188,025**
Loss from discontinued operations, net of tax						**36,619**
Net income						**$ 151,406**
Identifiable assets	**$ 1,528,095**	**$ 665,961**	**$ 509,548**	**$ 1,023,596**	**$ 59,223**	**$ 3,786,423**
Gross capital expenditures	**$ 31,471**	**$ 11,662**	**$ 5,141**	**$ 18,532**	**$ —**	**$ 66,806**
Gross rental asset expenditures	**$ 222,404**	**$ 26,414**	**$ 60,169**	**$ 87,377**	**$ —**	**$ 396,364**

Nine months ended September 30 2005 ($ thousands)	**Canada**	**South America**	**UK**	**Hewden**	**Other**	**Consolidated**
Revenue from external sources	$ 1,528,198	$ 760,383	$ 628,731	$ 507,807	$ —	$ 3,425,119
Operating costs	1,320,892	671,129	601,859	357,081	27,430	2,978,391
Depreciation and amortization	86,299	19,146	20,147	103,749	—	229,341
Other expenses (income)	(229)	—	(1,841)	5,283	(1,827)	1,386
Earnings from continuing operations before interest and taxes	$ 121,236	$ 70,108	$ 8,566	$ 41,694	$ (25,603)	$ 216,001
Finance costs						46,688
Provision for income taxes						38,142
Net income from continuing operations						131,171
Loss from discontinued operations, net of tax						3,325
Net income						$ 127,846
Identifiable assets	$ 1,236,591	$ 658,109	$ 798,197	$ 997,685	$ 63,672	$ 3,754,254
Gross capital expenditures	$ 41,258	$ 8,359	$ 4,748	$ 8,987	$ 278	$ 63,630
Gross rental asset expenditures	$ 177,653	$ 40,031	$ 73,335	$ 133,384	$ —	$ 424,403

10. Disposition of Discontinued Operation

Finning's Board of Directors approved the sale of the Materials Handling Division of the Company's UK subsidiary, Finning (UK) following an extensive strategic review of the Company's U.K. based businesses and determining that this division no longer represents a core business for Finning. On September 29 2006, the Company sold its Materials Handling Division for cash proceeds of approximately $170.6 million (approximately £81.7 million), net of costs.

The gross sale price is approximately equal to the net book value of the net tangible assets associated with the Materials Handling Division. The sale of this business resulted in a one-time after-tax loss of approximately $32.7 million (approximately £15.5 million) in the third quarter, which primarily comprised the write-off of the goodwill and intangible assets associated with this business as well as expenses relating to the disposition of this business.

The results of operations of the Materials Handling Division have been included in the consolidated statements of cash flow up to the date of disposition and as discontinued operations in the consolidated statements of income up to the date of disposition. The results of the Materials Handling Division had previously been reported in the UK segment.

Income from the Materials Handling Division to the date of disposition is summarized as follows:

($ thousands)	Three months ended September 30 2006	Three months ended September 30 2005	Nine months ended September 30 2006	Nine months ended September 30 2005
Revenue	**$ 56,922**	$ 64,255	**$ 183,820**	$ 225,470
Loss before provision for income taxes	**(3,220)**	(1,900)	**(5,627)**	(4,750)
Loss on sale of discontinued operations	**(33,974)**	—	**(33,974)**	—
Provision for income taxes – recovery	**2,261**	570	**2,982**	1,425
Loss from discontinued operations	**$ (34,933)**	$ (1,330)	**$ (36,619)**	$ (3,325)

The assets and liabilities of the Materials Handling Division have been removed from the Consolidated Balance Sheet upon disposition and are not presented on the September 30 2006 Consolidated Balance Sheet. The carrying amounts of assets and liabilities related to the Materials Handling Division as at the date of disposition and for the comparative period presented were as follows:

($ thousands)	September 29 2006 [date of disposition]	December 31 2005
ASSETS		
Current assets		
Accounts receivable	**$ 33,806**	$ 37,894
Inventories	**24,740**	26,245
Total current assets	**58,546**	64,139
Rental equipment	**131,406**	150,160
Capital assets	**8,554**	8,447
Goodwill	**28,274**	27,139
Intangible assets	**5,454**	5,824
	$ 232,234	$ 255,709
LIABILITIES		
Current liabilities		
Accounts payable and accruals	**$ 27,913**	$ 35,770
Total current liabilities	**27,913**	35,770

The significant net cash flows from the Materials Handling Division are as follows:

($ thousands)	Three months ended September 30 2006	Three months ended September 30 2005	Nine months ended September 30 2006	Nine months ended September 30 2005
Cash flows provided by operating activities	**$ 7,964**	$ 8,166	**$ 28,052**	$ 49,827

As part of the Materials Handling Division Purchase and Sale Agreement, Finning has provided indemnifications to the third party purchaser, covering environmental, tax, litigation and other matters, as well as breaches of representation and warranties set forth in the agreement. Claims may be made by the third party under this agreement for various periods of time depending on the nature of the claim. The maximum potential exposure of Finning under the agreement is 75% of the purchase price. As at September 30 2006, Finning had no material liabilities recorded for these indemnifications.

11. GOODWILL

The change in the carrying amount of goodwill is as follows:

($ thousands)	**September 30 2006**	December 31 2005
Goodwill		
Goodwill, beginning of year	**$ 364,827**	$ 386,257
Argentina additional consideration (a)	—	24,732
Sale of Materials Handling Division (Note 10)	**(28,274)**	—
Bolivia purchase price adjustment (b)	**2,847**	—
Other acquisitions	**2,084**	17
Foreign exchange translation adjustment	**11,403**	(46,179)
Goodwill, end of period	**$ 352,887**	$ 364,827

(a) In January 2003, the Company acquired 100% of the voting shares of Macrosa Del Plata S.A. (subsequently renamed Finning Argentina S.A.) and Servicios Mineras S.A. (subsequently renamed Finning Soluciones Mineras S.A.), the Caterpillar dealerships in Argentina. As part of this agreement, the sellers are entitled to additional future consideration based on the realization of certain performance criteria over a six-year period ending December 31, 2008 for the Argentina operations. Any additional consideration is payable only if certain performance criteria are achieved and maintained for a stipulated period. The strong performance of the dealership in Argentina since acquisition to the end of 2005 indicated that the maximum future consideration criteria would likely be met, and was recorded in 2005 in accordance with the agreement as $24.7 million (U.S. $21.2 million) to goodwill.

In June 2006, a provisional payment of approximately $14.8 million (U.S. $13.2 million) was paid directly to the sellers, and an additional $7.6 million (U.S. $6.8 million) was paid in trust as partial security and will be paid upon achievement of the performance criteria.

(b) In April 2003, the Company acquired 100% of the voting shares of Matreq S.A., (subsequently renamed Finning Bolivia S.A.), the Caterpillar dealership in Bolivia. As part of this agreement, additional contingent consideration of U.S. $4.0 million was advanced to the seller, and was settled in September 2006 for U.S. $3.4 million. The agreed consideration was reclassified from other assets to goodwill and future income tax asset.