Second Quarter 2008 Results *August 12, 2008*

Finning Announces Strong Second Quarter Results

Highlights from Continuing Operations

- Record quarterly revenues exceed the $1.5 billion mark for the first time in Finning's history
- Excluding certain non-recurring costs, diluted earnings per share of $0.43 is higher than the previous record set in the second quarter of 2007. These non-recurring costs equal $0.04 per share
- The negative impact of the much stronger Canadian dollar was $0.09 per share compared to the second quarter of 2007
- New equipment order backlog continues to be strong at $1.7 billion
- Successfully raised $600 million in new long-term debt, following an upgrade by DBRS in Finning's long-term debt rating in the first quarter of 2008
- Management expects that earnings per share in 2008 are likely to be in a range from $1.65 to $1.75

	Three months ended June 30			Six months ended June 30		
$ millions, except per share data	**2008**	2007	Change	**2008**	2007	Change
Revenue	**1,531.3**	1,497.6	2.3%	**2,961.5**	2,873.6	3.1%
Earnings from continuing operations before interest and income taxes [1]	**108.0**	123.1	(12.3)%	**217.8**	233.7	(6.8)%
Net income (loss)						
from continuing operations	**67.2**	75.3	(10.8)%	**138.0**	146.0	(5.5)%
from discontinued operations [2]	—	(1.2)		—	(2.0)	
Total net income	**67.2**	74.1	(9.3)%	**138.0**	144.0	(4.2)%
Diluted Earnings (Loss) Per Share						
from continuing operations	**$ 0.39**	$ 0.42	(7.1)%	**$ 0.79**	$ 0.81	(2.5)%
from discontinued operations [2]	—	(0.01)		—	(0.01)	
Total diluted earnings per share	**$ 0.39**	$ 0.41	(4.9)%	**$ 0.79**	$ 0.80	(1.3)%
Cash flow after working capital changes	**37.3**	4.7	693.6%	**25.0**	67.8	(63.1)%

[1] This amount does not have a standardized meaning under generally accepted accounting principles. For a reconciliation of this amount to net income from continuing operations, see the heading "Description of Non-GAAP Measure" in the Company's management discussion and analysis which accompanies the second quarter interim consolidated financial statements.

[2] On July 31, 2007, the Company's U.K. subsidiary, Hewden Stuart Plc, sold its Tool Hire Division. As a consequence, the results of operations of the Tool Hire Division have been reclassified as discontinued operations in 2007 and prior periods.

Vancouver, Canada - Finning International Inc. (Finning or the Company) today reported record quarterly revenue of $1.5 billion for the second quarter of 2008, an increase of 2.3% over the second quarter of 2007. Earnings from continuing operations before interest and income taxes (EBIT) were $108.0 million in the second quarter of 2008, a decrease of 12.3% compared with the same period last year. Second quarter net income from continuing operations was $67.2 million or $0.39 diluted earnings per share, a decrease of 7.1% compared with the second quarter of 2007. The results for the second quarter of 2008 included certain non-recurring costs related to the transition and integration of recently acquired Collicutt Energy Services Ltd. and restructuring costs in connection with the business support integration in the U.K. Excluding these non-recurring costs, diluted earnings per share from continuing operations

would have been $0.43 per share, 2.4% higher than the very strong results earned in the second quarter of 2007. Diluted earnings per share were negatively impacted by approximately $0.09 per share by a much stronger Canadian dollar compared to the prior year second quarter.

"Our results for the second quarter of 2008 reflect continued good performances from our dealership operations", said Mike Waites, President and CEO of Finning International Inc. "Despite the challenges of a much stronger Canadian dollar, the dealership operations exceeded Q2 2007's record revenue levels, producing the highest revenue on record for any quarter in Finning's history. Excluding non-recurring costs of $0.04 per share, earnings from continuing operations totalled $0.43 per share which is a new quarterly record for Finning and which overcame the $0.09 per share negative impact of the strong Canadian dollar. More importantly, we continued to execute on our product support strategy. In Canada, excluding the impact of the lost Shell revenue and currency, customer support services revenue rose 21% year to date. Similarly, in South America, customer support services revenue increased 18%, and grew by 10% in the U.K."

Second Quarter Results

Finning's revenues from continuing operations in the second quarter were $1.5 billion, up 2.3% from the second quarter of 2007 driven by continued strong equipment sales and demand for customer support services. Prices for certain key commodities continue to be robust and drive demand in Canada and South America. In the U.K. solid activity and cost efficiencies experienced at the Company's UK dealership have offset the lower rental activity in the Hewden rental business. Foreign exchange continued to have a significant negative impact on revenues this quarter of approximately $115 million compared to the prior year, as the Canadian dollar strengthened 8.0% relative to the U.S. dollar, and 8.7% relative to the U.K. pound sterling.

Finning's global order book (the retail value of new equipment units ordered by customers for future deliveries) of approximately $1.7 billion at the end of the second quarter of 2008 remains strong, and is comparable to the March 2008 and December 2007 levels. The Company's current backlog is weighted towards mining customers as commodity prices continue to be strong which more than offsets weakness in other sectors.

EBIT for the quarter was $108.0 million, compared with $123.1 million in the second quarter of 2007, a decrease of 12.3%. The negative impact of the much stronger Canadian dollar on EBIT this quarter compared to the second quarter of 2007 was approximately $20 million.

- EBIT from Finning's Canadian reporting segment of $72.9 million in the second quarter of 2008 was 14.3% lower than the second quarter 2007. The decrease in 2008 was primarily the result of the significant negative impact of foreign exchange due to a stronger Canadian dollar and the increase in growth-related selling, general, and administrative costs to support the continued strong customer demand in the Alberta oilsands. EBIT was also negatively impacted by $7.3 million of non-recurring costs related to the transition and integration of Collicutt Energy Services Ltd. (Collicutt) in the second quarter of 2008.
- EBIT for Finning's South American operations in the second quarter of 2008 of $36.2 million was 10.7% higher than the 2007 second quarter. In functional currency (the U.S. dollar), EBIT for the second quarter of 2008 was 20.5% higher than the same period in 2007, reflecting higher volumes and improved margins, particularly from customer support services and new equipment revenues.
- For the UK Group, EBIT decreased modestly in the second quarter of 2008 to $17.0 million compared to $18.2 million in the second quarter of 2007, reflecting the negative impact of foreign exchange. In local currency, EBIT from continuing operations for the second quarter of 2008 was comparable with the same period in the prior year. Adjusting for the restructuring costs incurred in connection with the business support integration announced last quarter, EBIT from continuing operations in the second quarter of 2008, in local currency, would have been 15.0% higher than the comparable period in 2007.

Finning's net income from continuing operations for the quarter was $67.2 million compared with $75.3 million in 2007. Diluted Earnings Per Share (EPS) from continuing operations for the quarter was $0.39 per share, a decrease of 7.1% compared with the second quarter 2007 diluted EPS of $0.42. The results for the second quarter of 2008 included non-recurring costs related to the transition and integration of newly acquired Collicutt Energy Services Ltd. and restructuring costs in connection with the business support integration in the U.K. Excluding these non-recurring costs, diluted EPS would have been $0.43 per share, 2.4% higher than the very strong second quarter of 2007. The total negative impact due to the much stronger Canadian dollar this quarter compared to the prior year second quarter was approximately $0.09 per share.

Cash flow after working capital changes was $37.3 million for the second quarter of 2008, compared with $4.7 million for the same period last year. The Company's operations experienced exceptionally high growth in working capital in 2007 as a result of strong customer demand.

Year-to-Date Results

Revenue from continuing operations for the six months ended June 30, 2008, was $3.0 billion, up 3.1% from the prior year. EBIT of $217.8 million for the first six months of 2008 was down 6.8% and year-to-date trends are similar to the second quarter trends noted above. The results for the first half of 2008 included certain non-recurring items in the form of gains on the sale of properties at Hewden, partially offset by non-recurring costs related to the transition and integration of Collicutt and restructuring costs in connection with the business support integration in the U.K. Excluding these non-recurring items, EBIT for the first six months of 2008 would have been $218.5 million, 6.5% lower than the same period in the prior year. The total negative impact on EBIT due to the much stronger Canadian dollar for the first half of 2008 compared to the same period in the prior year was approximately $50 million.

- For the six months ending June 30, 2008, revenue was up 6.2% at the Company's Canadian operations, primarily due to strong new equipment sales. Adjusting for non-recurring costs related to the transition and integration of Collicutt, EBIT from Finning's Canadian reporting segment would have been $136.5 million for the six months ended June 30, 2008, down 8.8% from the comparable period in 2007. The results in the first half of 2008 were impacted by the stronger Canadian dollar as well as higher variable operating costs to support the increased level of activity.
- For the first half of 2008, revenues from the Company's South American operations were slightly lower compared with the same period last year, reflecting the continued negative impact of foreign exchange due to the stronger Canadian dollar relative the U.S. dollar. In functional currency, revenues were up 10.4% in the first half of 2008. EBIT for the first six months of 2008 of $72.7 million was slightly higher compared to the same period last year. In functional currency, EBIT was 15.0% higher than the first half of 2007, primarily due to higher revenues and better margins from customer support services.
- Revenue from the UK Group in the first six months of 2008 were comparable with the same period last year, and increased 13.0% in local currency. EBIT increased 34.8% over the comparable period in 2007 (50.4% in local currency), in spite of the negative impact of foreign exchange. Adjusting for the gains on the sale of properties and restructuring costs incurred in connection with the UK business support integration, EBIT from continuing operations in the first half of 2008, in local currency, would have been 11.4% higher than the comparable period in 2007.

Finning's net income from continuing operations for the six months ended June 30, 2008, was $138.0 million compared with $146.0 million in 2007. Diluted EPS from continuing operations for the first six months of 2008 was $0.79, down slightly from the 2007 comparable diluted EPS of $0.81. Adjusting the 2008 results for the non-recurring items noted above, diluted EPS would have been $0.77 per share, 4.9% lower than the first half of 2007. The total negative impact due to the stronger Canadian dollar for the first half of 2008 compared with the same period last year was approximately $0.19 per share.

Executive Appointment and Announcements

- After many years of a distinguished career and dedicated service to Finning, Ian Reid has retired as President of Finning (Canada). Mr. Reid will remain with Finning until September 1, 2008 to assist with the transition, and thereafter on a consulting basis until May 2010.
- Dave Parker, formerly Senior Vice President, Finning (Canada), has been appointed to the position of President, Finning (Canada).
- Doug Sprout, formerly Finance Director, Finning Group UK, has been appointed to the position of Executive Director, Finning Group UK. Doug will continue to have responsibility for the finance functions for Finning Group UK, as well as taking on the executive leadership for the Hewden rental business to replace Brian Sherlock, who is no longer with the Company.

Other

Finning, Finning (Canada), and OEM have been involved in legal proceedings for the past three years with the Alberta division of the International Association of Machinists and Aerospace Workers – Local Lodge 99 (IAM) relating to Finning (Canada)'s outsourcing of component repair and rebuilding services to OEM in 2005. On October 17, 2007, the Alberta Court of Appeal overturned previous decisions in favour of Finning and OEM made by the Court of Queens Bench and by a Reconsideration Panel of the Alberta Labour Relations Board (ALRB), and reinstated a finding of the original ALRB panel. The original ALRB panel had found that OEM was a successor employer to Finning (Canada) in respect of the component repair and rebuilding activities being carried out by OEM as a service provider to Finning (Canada).

Finning, Finning (Canada), and OEM filed for leave to appeal this Court of Appeal decision to the Supreme Court of Canada but the application was denied. The full operational and legal implications of the Court's decision are still to be determined as further hearings with the ALRB must still take place. At this time, Finning, Finning (Canada), and OEM are confident that they can manage the operational impacts of this recent Court decision.

Outlook

The outlook for the Company's financial performance for the second half of 2008 is good, with strong results expected in the third and fourth quarters from the three dealership operations. However, first half 2008 results from Hewden were weaker than planned. With increasingly challenging market conditions expected in the UK construction equipment rental business, Hewden's results in the second half of the year are expected to continue below planned levels. In addition, revenues at Finning (Canada) grew more slowly than expected in early 2008 while additional people were hired to meet planned higher business volumes. Revenue growth in the second half of the year at Finning (Canada) is expected as planned, with costs more appropriately matched to business volumes. However, the shortfall from the first half is unlikely to be made up. Mainly as a result of these two factors, management now expects that earnings per share in 2008 are more likely to be in a range from $1.65 to $1.75.

Common Share Dividend

The Board of Directors approved a quarterly dividend of $0.11 per common share, payable on September 12, 2008, to shareholders of record on August 29, 2008.

<u>For more information</u>

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

Second Quarter Conference Call
Management will hold an investor conference call on Tuesday, August 12, 2008 at 3:00 pm Eastern Time. Dial-in numbers:

1-866-898-9626 (anywhere within Canada and the U.S.)
(416) 340-2216 (for participants dialing from Toronto and overseas)

The call will be webcast live at http://www.finning.com/investors/investors.aspx and subsequently archived on the Finning website. Playback recording will be available at **1-800-408-3053** from 7:00 pm Eastern Time on August 12, 2008, until the end of business day on August 19, 2008. The passcode to access the playback recording is 3265143 followed by the number sign.

About Finning International Inc.

Finning International Inc. sells, rents, 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 Results November 13, 2008

Finning International's third quarter results for 2008 will be released and an investor conference call will be held on November 13, 2008.

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 2007 annual report.

Results of Operations

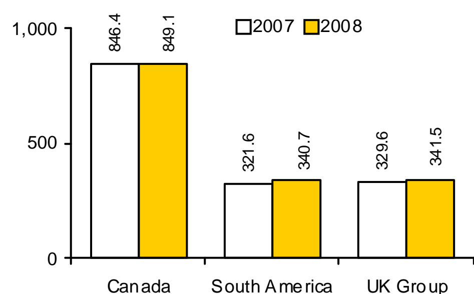
The results from continuing operations include those of acquired businesses from the date of their purchase and exclude results from operations that have been disposed of or are classified as discontinued. Results from operations that qualify as discontinued operations in 2007 have been reclassified to that category in 2007 and prior periods presented unless otherwise noted. Please see the section entitled "Discontinued Operations – Tool Hire Division" for a discussion of these operations.

Second Quarter Overview

($ millions)	**Q2 2008**	Q2 2007	**Q2 2008** (% of revenue)	Q2 2007 (% of revenue)
Revenue	**$ 1,531.3**	$ 1,497.6		
Gross profit	**440.2**	413.9	**28.7%**	27.6%
Selling, general & administrative expenses	**(324.1)**	(290.6)	**(21.2)%**	(19.4)%
Other income (expenses)	**(8.1)**	(0.2)	**(0.5)%**	—
Earnings from continuing operations before interest and income taxes (EBIT) [(1)]	**108.0**	123.1	**7.0%**	8.2%
Finance costs	**(20.5)**	(18.5)	**(1.3)%**	(1.2)%
Provision for income taxes	**(20.3)**	(29.3)	**(1.3)%**	(2.0)%
Net income from continuing operations	**67.2**	75.3	**4.4%**	5.0%
Loss from discontinued operations, net of tax	**—**	(1.2)	**—**	(0.1)%
Net income	**$ 67.2**	$ 74.1	**4.4%**	4.9%

(1) EBIT as defined above and referred to throughout this Management's Discussion and Analysis (MD&A) does not have a standardized meaning under generally accepted accounting principles. For a reconciliation of this amount to net income from continuing operations, see the heading "Description of Non-GAAP Measure" in this MD&A.

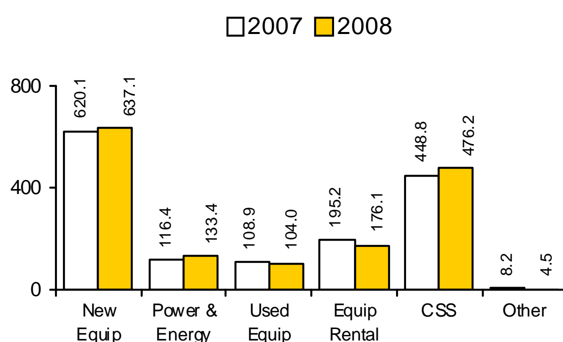
Revenue by Operation
($ millions)
Three months ended June 30



Second quarter consolidated revenues from continuing operations of $1.5 billion increased 2.3% from the second quarter of 2007 and were the highest quarterly revenues ever recorded by Finning, exceeding the record quarterly revenues previously set in the second quarter of 2007. In spite of the negative impact from the significant strength of the Canadian dollar relative to the U.S. dollar and the U.K. pound sterling, Finning achieved record quarterly revenues driven primarily by strong equipment sales. Prices for certain key commodities continue to be robust and drive demand in Canada and South America. In the U.K., solid activity and cost efficiencies experienced at the Company's UK dealership have offset the lower rental activity in the Hewden rental business.

Revenues from the Company's Canadian operations in the second quarter of 2008 were the highest quarterly revenues ever recorded by these operations, and were up slightly when compared with the same period last year. The high revenues reflect the continued strong market demand and growth in the mining sector, particularly in the Alberta oilsands. Revenues from the Company's operations in South America increased 15.1% in functional currency (the U.S. dollar) with strong customer support services and new equipment revenues, but when translated to Canadian dollars, the increase was 5.9% compared with the second quarter of 2007. Revenues were up 13.4% in local currency for the Company's operations in the U.K. compared to the similar period last year, reflecting higher revenues from most lines of business but particularly new equipment and power and energy systems. When translated to Canadian dollars, the UK Group's revenues increased by 3.6% compared with the second quarter of 2007.

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



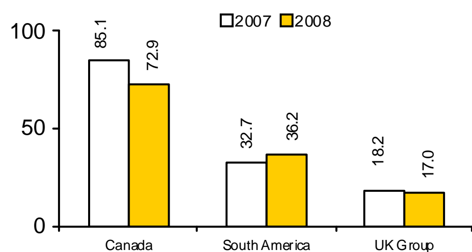
From a line of business perspective, strong demand continued in the second quarter of 2008 for both customer support services and new equipment sales. The mining and infrastructure sectors continue to demand new equipment and customer support services have increased to service the larger population of equipment. Used equipment revenues were slightly down and typically vary depending on product availability, customer buying preferences, and exchange rate considerations. Lower rental revenues in the second quarter of 2008 reflect the lower rental activity in the Hewden rental business.

Finning's global order book or backlog (the retail value of new equipment units ordered by customers for future deliveries) of approximately $1.7 billion at the end of the second quarter of 2008 remains strong, and is comparable to the levels at March 2008 and December 2007. Backlog of orders is strong in all operations and is weighted towards mining customers which more than offsets weakness in other sectors.

The Company is dependent on Caterpillar Inc. (Caterpillar) for the timely supply of parts and equipment to fulfill its deliveries and meet the requirements of the Company's service maintenance contracts. Selected models of large equipment, large engines, and some parts continue to be under managed distribution. Finning continues to work closely with Caterpillar and customers to ensure that demand for parts and equipment can be met.

Gross profit of $440.2 million in the second quarter increased 6.4% over the same period last year. As a percentage of revenue, gross profit for the quarter was 28.7%, up from 27.6% in the second quarter of 2007. A higher gross profit as a percentage of revenue was achieved by the Company's operations in Canada and South America, reflecting higher margins on customer support services and new equipment, partially due to price realization. These higher margins were partially offset by a lower gross profit as a percentage of revenue for the UK Group, primarily due to lower margins from the UK's rental business and a revenue mix shift to new equipment sales which typically have lower margins.

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



Excluding other operations – corporate head office

Earnings from continuing operations before interest and income taxes (EBIT) of $108.0 million decreased 12.3% from the previous year's second quarter. EBIT in the second quarter of 2008 included non-recurring costs related to the transition of newly acquired Collicutt Energy Services Ltd. (Collicutt) and restructuring costs in connection with the back office integration in the U.K. Excluding these non-recurring items, EBIT would have been $117.6 million, 4.5% lower than the second quarter of 2007.

The lower EBIT in the second quarter of 2008 was also primarily due to a stronger Canadian dollar and higher variable operating costs to support the increased level of activity anticipated in the last half of the year for deliveries and product support. This was partially offset by lower long-term incentive plan (LTIP) charges in the second quarter of 2008 which were $9.3 million lower than the same period in 2007. This was primarily due to a lower mark-to-market impact on the valuation of certain stock-based compensation plans, net of hedging activity, due to a stronger appreciation of the Company's share price in the second quarter of 2007.

Consolidated net income from continuing operations of $67.2 million decreased 10.8% in the second quarter of 2008 compared with the same period in 2007.

Basic Earnings Per Share (EPS) from continuing operations for the quarter was $0.39 compared with $0.42 in the same period last year, a decrease of 7.1%. As noted above, the second quarter results for 2008 included certain non-recurring items of approximately $0.04 per share. Excluding these items, basic EPS from continuing operations would have been $0.43, comparable to $0.42 in the second quarter of 2007. The total negative impact due to the much stronger Canadian dollar compared to the prior year second quarter was approximately $0.09 per share.

Cash Flow

Cash flow after changes in working capital for the second quarter was $37.3 million, an improvement from cash flow of $4.7 million generated in the same period last year. The Company's operations experienced an exceptionally high growth in working capital in 2007 as a result of strong demand. Throughout all operations, management continues to focus on improving cash cycle times and operating efficiencies.

The Company made a net investment in rental assets of $57.4 million in the second quarter of 2008, which was $107.9 million lower than the same period in 2007. Demand for rental assets was up in all operations in 2007 but particularly Hewden and Finning (Canada) which experienced higher demand for all rental lines of business.

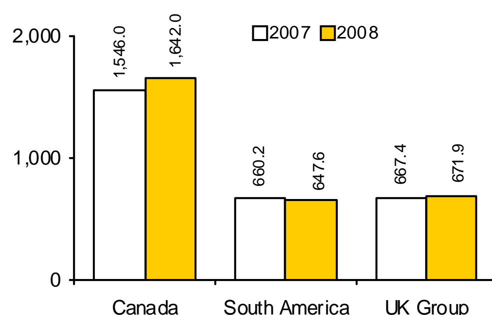
As a result of these items, cash flow used by operating activities was $19.9 million in the second quarter of 2008, an improvement from the use of cash of $145.5 million in the comparative period in 2007. Cash flow in the second quarter of 2007 reflected significant growth in working capital needs to manage customer demand.

Year-to-Date Overview

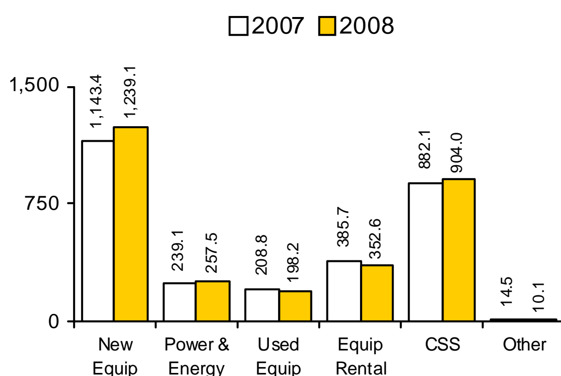
($ millions)	June 30 YTD 2008	June 30 YTD 2007	June 30 YTD 2008 (% of revenue)	June 30 YTD 2007 (% of revenue)
Revenue	**$ 2,961.5**	$ 2,873.6		
Gross profit	**849.8**	799.5	**28.7%**	27.8%
Selling, general & administrative expenses	**(638.8)**	(565.4)	**(21.6)%**	(19.7)%
Other income (expenses)	**6.8**	(0.4)	**0.2%**	—
Earnings from continuing operations before interest and income taxes [1]	**217.8**	233.7	**7.3%**	8.1%
Finance costs	**(40.3)**	(34.6)	**(1.3)%**	(1.2)%
Provision for income taxes	**(39.5)**	(53.1)	**(1.3)%**	(1.8)%
Net income from continuing operations	**138.0**	146.0	**4.7%**	5.1%
Loss from discontinued operations, net of tax	—	(2.0)	—	(0.1)%
Net income	**$ 138.0**	$ 144.0	**4.7%**	5.0%

[1] EBIT as defined above and referred to throughout this MD&A does not have a standardized meaning under generally accepted accounting principles. For a reconciliation of this amount to net income from continuing operations, see the heading "Description of Non-GAAP Measure" in this MD&A.

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



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



For the six month period ending June 30, 2008, revenues from continuing operations of almost $3.0 billion increased 3.1% over the same period last year, in spite of the continued negative impact from the significant strength of the Canadian dollar relative to the U.S. dollar and the U.K. pound sterling.

On a consolidated basis, strong demand continued in the first half of 2008 for new equipment and customer support services. New equipment sales continued to dominate revenue growth as a result of extremely strong demand for equipment, primarily in the mining and infrastructure sectors.

Gross profit of $849.8 million in the first six months of the year increased 6.3% over the same period last year, and gross profit as a percentage of revenue of 28.7% was higher compared with 27.8% in the first half of 2007. The gross profit margin in the Canadian and South American operations was higher when compared to the first half of the prior year primarily due to price realization. The UK operations had a lower gross profit margin, reflecting lower margins earned on UK rental revenues.

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

Excluding other operations – corporate head office

EBIT of $217.8 million decreased 6.8% compared with the first half of 2007. Results from the first half of 2008 included gains on the sale of certain properties in Hewden, partially offset by non-recurring costs related to the integration and transition of Collicutt and business support restructuring costs in the U.K. Excluding these non-recurring items, EBIT would have been $218.5 million, 6.5% lower than the second quarter of 2007.

The lower EBIT in the first half of 2008 was also primarily due to a stronger Canadian dollar and higher variable operating costs to support the increased level of activity anticipated in the last half of the year for deliveries and product support. This was partially offset by lower LTIP charges in the first six months of 2008 which were lower by $15.3 million compared with the same period in 2007. This was primarily due to a lower mark-to-market impact on the valuation of certain stock-based compensation plans, net of hedging activity, due to a stronger appreciation of the Company's share price in the first half of 2007.

Net income from continuing operations of $138.0 million was down 5.5% in the first six months of 2008.

Basic EPS from continuing operations for the six months ended June 30, 2008 was $0.80 compared with $0.81 in the same period last year. As noted above, the results from the first half of 2008 included gains on sale of certain properties in Hewden partially offset by other non-recurring costs. Excluding these items, basic EPS from continuing operations would have been $0.78 for the six months ended June 30, 2008, compared to $0.81 in the first half of 2007. The total negative impact due to the much stronger Canadian dollar compared to the first half of the prior year was approximately $0.19 per share.

Cash flow after changes in working capital for the six months ended June 30, 2008, was $25.0 million, compared with cash flow of $67.8 million generated in the same period last year. Throughout all operations, management continues to focus on improving cash cycle times and operating efficiencies.

The Company made a net investment in rental assets of $145.2 million in the first half of 2008, which was $176.3 million lower than the same period in 2007. Rental investment moderated in 2008 compared to the very high demand for rental assets in 2007, particularly at the Company's Canadian operations.

As a result of these items, cash flow used by operating activities was $119.3 million in the first six months of 2008 compared to $241.5 million in the comparative period in 2007.

Foreign Exchange

The Company's reporting currency is the Canadian dollar. However, due to the geographical diversity of the Company's operations, a significant portion of revenue and operating expenses are in a different currency. The most significant currencies the Company transacts business in are the Canadian dollar, the U.S. dollar, and the U.K. pound sterling. The most significant foreign exchange impact on the Company's net income is the translation of foreign currency based earnings into Canadian dollars. Compared to the second quarter of 2007, foreign exchange had a significant negative impact on consolidated revenues in the second quarter of 2008 compared to the prior year of approximately $115 million due to a stronger Canadian dollar relative to the U.S. dollar (8.0% stronger than the second quarter of 2007) and the U.K. pound sterling (8.7% stronger than the second quarter of 2007). As a result, net income was negatively impacted by approximately $0.09 per share in the second quarter of 2008 compared to the prior year.

Similarly, net income was negatively impacted by approximately $0.19 per share in the first half of 2008 compared to the same period last year due to the stronger Canadian dollar relative to the U.S. dollar (11.3% stronger than the first half of 2007) and the U.K. pound sterling (11.0% stronger than the first half of 2007).

Over time, the Company does not anticipate the same magnitude of foreign exchange affecting results and continually works to align its cost structure to mitigate the impact of foreign exchange.

The following tables provide details of revenue and EBIT contribution by operation and the foreign exchange impact for the three and six months ended June 30, 2008.

Three months ended June 30 ($ millions)	**Canada**	**South America**	**UK Group**	**Consolidated**
Revenues – Q2 2007	$ 846.4	$ 321.6	$ 329.6	$ 1,497.6
Foreign exchange impact	(61.1)	(20.8)	(32.3)	(114.2)
Operating revenue increase	63.8	39.9	44.2	147.9
Revenues – Q2 2008	$ 849.1	$ 340.7	$ 341.5	$ 1,531.3
Total revenue increase (decrease)	$ 2.7	$ 19.1	$ 11.9	$ 33.7
- percentage increase (decrease)	0.3%	5.9%	3.6%	2.3%
- percentage increase, excluding foreign exchange	7.5%	12.4%	13.4%	9.9%

Six months ended June 30 ($ millions)	**Canada**	**South America**	**UK Group**	**Consolidated**
Revenues – Q2 YTD 2007	$ 1,546.0	$ 660.2	$ 667.4	$ 2,873.6
Foreign exchange impact	(143.3)	(71.9)	(82.4)	(297.6)
Operating revenue increase	239.3	59.3	86.9	385.5
Revenues – Q2 YTD 2008	$ 1,642.0	$ 647.6	$ 671.9	$ 2,961.5
Total revenue increase (decrease)	$ 96.0	$ (12.6)	$ 4.5	$ 87.9
- percentage increase (decrease)	6.2%	(1.9)%	0.7%	3.1%
- percentage increase, excluding foreign exchange	15.5%	9.0%	13.0%	13.4%

Three months ended June 30 ($ millions)	Canada	South America	UK Group	Other	Consolidated
EBIT – Q2 2007	$ 85.1	$ 32.7	$ 18.2	$ (12.9)	$ 123.1
Foreign exchange impact	(11.7)	(8.4)	(0.9)	—	(21.0)
Operating EBIT increase (decrease)	(0.5)	11.9	(0.3)	(5.2)	5.9
EBIT – Q2 2008	$ 72.9	$ 36.2	$ 17.0	$ (18.1)	$ 108.0
Total EBIT increase (decrease)	$ (12.2)	$ 3.5	$ (1.2)	$ (5.2)	$ (15.1)
- percentage increase (decrease)	(14.3)%	10.7%	(6.6)%	40.3%	(12.3)%
- percentage increase (decrease), excluding foreign exchange	(0.6)%	36.4%	(1.6)%	40.3%	4.8%

Six months ended June 30 ($ millions)	Canada	South America	UK Group	Other	Consolidated
EBIT – Q2 YTD 2007	$ 149.7	$ 71.3	$ 34.2	$ (21.5)	$ 233.7
Foreign exchange impact	(29.2)	(14.5)	(5.3)	—	(49.0)
Operating EBIT increase (decrease)	3.4	15.9	17.2	(3.4)	33.1
EBIT – Q2 YTD 2008	$ 123.9	$ 72.7	$ 46.1	$ (24.9)	$ 217.8
Total EBIT increase (decrease)	$ (25.8)	$ 1.4	$ 11.9	$ (3.4)	$ (15.9)
- percentage increase (decrease)	(17.2)%	2.0%	34.8%	15.8%	(6.8)%
- percentage increase (decrease), excluding foreign exchange	2.3%	22.3%	50.3%	15.8%	14.2%

Results by Business Segment

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

Finning's operating units are as follows:

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

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

Three months ended June 30, 2008 ($ millions)	**Canada**	**South America**	**UK Group**	**Consolidated**	**Revenue percentage**
New mobile equipment	**$ 423.8**	**$ 118.9**	**$ 94.4**	**$ 637.1**	**41.6%**
New power & energy systems	**40.3**	**40.8**	**52.3**	**133.4**	**8.7%**
Used equipment	**63.8**	**9.2**	**31.0**	**104.0**	**6.8%**
Equipment rental	**65.0**	**15.3**	**95.8**	**176.1**	**11.5%**
Customer support services	**252.6**	**155.6**	**68.0**	**476.2**	**31.1%**
Other	**3.6**	**0.9**	**—**	**4.5**	**0.3%**
Total	**$ 849.1**	**$ 340.7**	**$ 341.5**	**$ 1,531.3**	**100.0%**
Revenue percentage by operations	**55.4%**	**22.3%**	**22.3%**	**100%**	

Three months ended June 30, 2007 ($ millions)	Canada	South America	UK Group	Consolidated	Revenue percentage
New mobile equipment	$ 397.5	$ 138.7	$ 83.9	$ 620.1	41.4%
New power & energy systems	50.8	21.9	43.7	116.4	7.8%
Used equipment	79.8	7.6	21.5	108.9	7.3%
Equipment rental	68.6	13.0	113.6	195.2	13.0%
Customer support services	242.2	139.7	66.9	448.8	30.0%
Other	7.5	0.7	—	8.2	0.5%
Total	$ 846.4	$ 321.6	$ 329.6	$ 1,497.6	100.0%
Revenue percentage by operations	56.5%	21.5%	22.0%	100.0%	

Six months ended June 30, 2008 ($ millions)	**Canada**	**South America**	**UK Group**	**Consolidated**	**Revenue percentage**
New mobile equipment	**$ 837.4**	**$ 228.1**	**$ 173.6**	**$ 1,239.1**	**41.8%**
New power & energy systems	**75.0**	**72.6**	**109.9**	**257.5**	**8.7%**
Used equipment	**107.7**	**19.5**	**71.0**	**198.2**	**6.7%**
Equipment rental	**133.7**	**29.4**	**189.5**	**352.6**	**11.9%**
Customer support services	**480.1**	**296.0**	**127.9**	**904.0**	**30.5%**
Other	**8.1**	**2.0**	**—**	**10.1**	**0.4%**
Total	**$ 1,642.0**	**$ 647.6**	**$ 671.9**	**$ 2,961.5**	**100.0%**
Revenue percentage by operations	**55.4%**	**21.9%**	**22.7%**	**100%**	

Six months ended June 30, 2007 ($ millions)	Canada	South America	UK Group	Consolidated	Revenue percentage
New mobile equipment	$ 674.2	$ 290.6	$ 178.6	$ 1,143.4	39.8%
New power & energy systems	106.6	43.7	88.8	239.1	8.3%
Used equipment	142.9	23.1	42.8	208.8	7.3%
Equipment rental	134.1	24.5	227.1	385.7	13.4%
Customer support services	475.0	277.0	130.1	882.1	30.7%
Other	13.2	1.3	—	14.5	0.5%
Total	$ 1,546.0	$ 660.2	$ 667.4	$ 2,873.6	100.0%
Revenue percentage by operations	53.8%	23.0%	23.2%	100.0%	

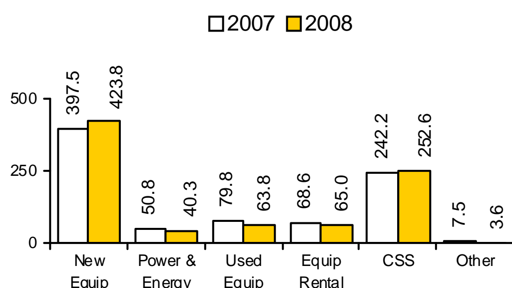
Canadian Operations

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

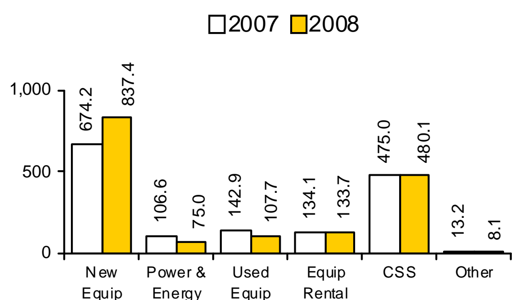
The table below provides details of the results from the Canadian operating segment:

	Three months ended June 30		Six months ended June 30	
($ millions)	**2008**	2007	**2008**	2007
Revenue from external sources	**$ 849.1**	$ 846.4	**$ 1,642.0**	$ 1,546.0
Operating costs	**(737.7)**	(721.6)	**(1,443.2)**	(1,317.0)
Depreciation and amortization	**(37.8)**	(39.6)	**(74.2)**	(78.9)
Other income (expenses)	**(0.7)**	(0.1)	**(0.7)**	(0.4)
Earnings before interest and taxes	**$ 72.9**	$ 85.1	**$ 123.9**	$ 149.7
Earnings before interest and taxes				
- as a percentage of revenue	**8.6%**	10.1%	**7.5%**	9.7%
- as a percentage of consolidated earnings before interest and taxes	**67.5%**	69.1%	**56.9%**	64.1%

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



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



Second quarter revenues from the Canadian operations of $849.1 million were slightly above the same period in 2007. This occurred in spite of an 8.0% strengthening of the Canadian dollar relative to the U.S. dollar year over year, and the very strong second quarter revenues earned in 2007, up 24.3% from the second quarter of 2006.

Revenues from new equipment continued to be strong in the second quarter, attributable primarily to continued strong market demand and growth in the mining sectors, particularly the Alberta oilsands.

Customer support services revenues in the second quarter of 2008 were 4.3% higher in comparison with the same period in 2007. The termination of Finning's fuels and lubricants distribution arrangement with Shell Canada Products in the fourth quarter of 2007 reduced revenues by approximately $25 million in the second quarter of 2008.

Second quarter revenues from the other lines of business in Canada were slightly lower than the levels in the second quarter of 2007.

In Canada, overall gross profit as a percentage of revenue in the second quarter of 2008 was higher than 2007, reflecting higher margin customer support services and better new equipment margins due to price realization.

The higher selling, general, and administrative (SG&A) costs in the second quarter of 2008 were largely due to the integration and transition of the Collicutt business, as well as the investment in headcount and people related costs in order to support the strong demand in Western Canada. Headcount for Finning (Canada) increased by almost 700 or approximately 17% compared to June 2007; approximately half of the increase was due to Collicutt. As a result, the higher SG&A costs incurred in the first half of 2008 were primarily growth related and will assist Finning in meeting the anticipated future demand from the oilsands sector. These costs were partially offset by lower LTIP costs due to the appreciation of the Company's share price in 2007.

EBIT totalled $72.9 million in the second quarter of 2008 compared with $85.1 million in the same period in 2007. The Canadian operating segment EBIT margin (EBIT divided by revenues) was 8.6% in the second quarter of 2008, down from 10.1% last year. The decline in EBIT margin is attributed primarily to the increase in SG&A costs from the Collicutt business integration and other cost increases noted above that were required to meet the strong demand in the Alberta oilsands, as well as the significant impact of foreign exchange. In the first quarter of 2008, the Company completed the acquisition of Collicutt and continued to incur costs in the second quarter to integrate and transition the Collicutt operations to support Finning customer service work. Excluding the costs incurred with this integration, EBIT margin would have been 9.7% in the second quarter of 2008, compared to the extremely strong second quarter in 2007 with EBIT margin at 10.1%. The negative impact on EBIT due to the much stronger Canadian dollar compared to the second quarter of the prior year was approximately $12 million.

Finning (Canada)'s order book at the end of the second quarter of 2008 remains strong. Growth in important core markets such as mining and infrastructure is expected to continue to counter weakness in areas of residential construction and forestry.

Revenues for the six months ended June 30, 2008 increased 6.2% to $1,642.0 million. Quarterly trends noted above also apply to the year-to-date results of the Company's Canadian operations. The Canadian operations contributed EBIT of $123.9 million for the six months ended June 30, 2008, compared with $149.7 million for the same period in the prior year, a decrease of 17.2%. Excluding the costs incurred with the Collicutt integration and transition in the first half of 2008, the 2008 EBIT margin would have been 8.5% compared with 9.7% achieved in the first half of 2007, reflecting the negative impact of foreign exchange and higher costs incurred in the first half of 2008 to meet future customer demand.

The aggregate purchase price on the acquisition of Collicutt was $135.3 million. The purchase price was funded through $84.3 million in cash, and 15,403 common shares of the Company with a value of $0.4 million. Acquisition costs of $5.8 million were incurred and paid on the transaction. On the date of the acquisition, the Company repaid $44.8 million of Collicutt's existing bank debt resulting in aggregate consideration of $135.3 million. This acquisition provides Finning (Canada) with the opportunity to expand its capacity of regional branches to enable Finning to undertake more customer service work, accelerate throughput of new equipment prepared for delivery to customers, and increase the ability to undertake machine overhaul and rebuild work. Finning (Canada) has begun to relocate its Edmonton-based new equipment preparation and used parts work to Collicutt's facilities in Red Deer, Alberta. This heavy equipment centre of excellence will free up existing service facility capacity and give the Company the opportunity to develop a mining/heavy equipment overhaul rebuild capability in Red Deer.

Finning, Finning (Canada), and OEM have been involved in legal proceedings for the past three years with the Alberta division of the International Association of Machinists and Aerospace Workers – Local Lodge 99 (IAM) relating to Finning (Canada)'s outsourcing of component repair and rebuilding services to OEM in 2005. On October 17, 2007, the Alberta Court of Appeal overturned previous decisions in favour of Finning and OEM made by the Court of Queens Bench and by a Reconsideration Panel of the Alberta

Labour Relations Board (ALRB), and reinstated a finding of the original ALRB panel. The original ALRB panel had found that OEM was a successor employer to Finning (Canada) in respect of the component repair and rebuilding activities being carried out by OEM as a service provider to Finning (Canada). The result of the Court of Appeal finding is that IAM may now have the right to assert that it is the authorized bargaining agent for some or all of the non-management employees of OEM. These OEM employees are currently represented by another union, the Christian Labour Association of Canada. The Court of Appeal did not overturn other aspects of the previous decisions in Finning's and OEM's favour. Finning, Finning (Canada), and OEM filed for leave to appeal this Court of Appeal decision to the Supreme Court of Canada but the application was denied. The full operational and legal implications of the Court's decision are still to be determined as further hearings with the ALRB must still take place. At this time, Finning, Finning (Canada), and OEM are confident that they can manage the operational impacts of this recent Court decision.

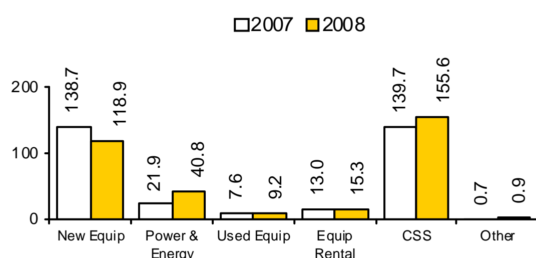
South America

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

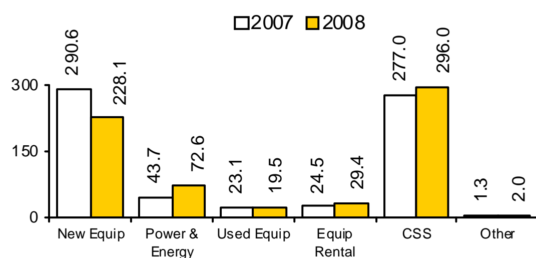
The table below provides details of the results from the South American operations:

	Three months ended June 30		Six months ended June 30	
($ millions)	**2008**	2007	**2008**	2007
Revenue from external sources	**$ 340.7**	$ 321.6	**$ 647.6**	$ 660.2
Operating costs	**(296.5)**	(281.9)	**(559.2)**	(575.5)
Depreciation and amortization	**(7.9)**	(7.0)	**(15.5)**	(13.4)
Other expenses	**(0.1)**	—	**(0.2)**	—
Earnings before interest and taxes	**$ 36.2**	$ 32.7	**$ 72.7**	$ 71.3
Earnings before interest and taxes				
- as a percentage of revenue	**10.6%**	10.2%	**11.2%**	10.8%
- as a percentage of consolidated earnings before interest and taxes	**33.5%**	26.6%	**33.4%**	30.5%

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



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



Revenues for the second quarter of 2008 were $340.7 million, 5.9% higher than the second quarter of 2007. Foreign exchange continued to have a significant negative impact on the translation of revenues due to the 8.0% strengthening of the Canadian dollar relative to the functional currency, the U.S. dollar, year over year. In functional currency, Finning South America revenues increased 15.1% this quarter, reflecting higher revenues from most lines of business, particularly customer support services. Power and energy system revenues were also up compared with the prior year, primarily in Chile and Argentina with higher demand for energy.

Growth in customer support services continues to be primarily driven by the higher number of Caterpillar units operating in the field and reflects the increasing number of mining maintenance and repair contracts entered into over the past couple of years as well as the increased coverage across the region from the investment in branches.

In Canadian dollars and functional currency, gross profit increased in the second quarter of 2008 compared with the comparative period in 2007 both in absolute terms and as a percentage of revenue. Stronger margins were achieved in most lines of business partially through price realization in a robust market. In order to meet the customer service demand and the increasing number of service maintenance contracts, over 600 additional revenue-generating employees and support staff have been hired, representing a 12% increase over June 2007 levels.

As a result of an increased headcount for associated support staff, SG&A expenses included higher salaries and benefit costs in the second quarter of 2008 compared with the same period in 2007. Other operating costs continued to reflect the upward pressure of inflationary increases. Where possible, price increases have been implemented to offset rising costs.

EBIT of the Company's South American operations of $36.2 million for the three months ended June 30, 2008, was 10.7% higher than the second quarter of 2007. In functional currency, EBIT increased 20.5% over the prior year driven by the higher volumes and margins. EBIT as a percentage of revenue for Finning South America increased to 10.6%, up from 10.2% in the second quarter of 2007. The negative impact on EBIT due to the much stronger Canadian dollar compared to the second quarter of the prior year was approximately $8 million.

For the six months ended June 30, 2008, revenue decreased 1.9% to $647.6 million. In functional currency, revenue increased by 10.4% in the first half of 2008 compared with the same period in 2007, reflecting very strong growth in customer support services. For the first half of 2008, EBIT of $72.7 million was slightly higher compared to the same period last year, reflecting the quarterly trends noted above and occurred in spite of a stronger Canadian dollar relative to the U.S. dollar year over year. In functional currency, EBIT was 15.0% higher than the first half of 2007. In addition, as a result of higher price realization as well as the revenue mix shift in the first half of 2008 to higher margin customer support services revenue, EBIT as a percentage of revenue for Finning South America improved to 11.2%, up from 10.8% in the same period in 2007.

United Kingdom ("UK") Group

The Company's UK Group includes the following four lines of business: Heavy Construction, General Construction, Power Systems, and Rental (Hewden).

In July 2007, Hewden sold its Tool Hire Division. The results from the Tool Hire Division are recorded as discontinued operations with prior period results restated accordingly.

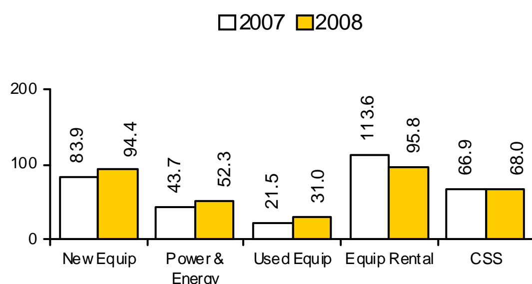
In the first quarter of 2008, Finning announced that it would centralize the business support services of its Finning UK Group into a single location at Cannock, England. As a result, Hewden will be closing its administration offices in Tannochside, near Glasgow, and strengthening a Hewden operational support team in Manchester.

Combined with investments in new information technology last year, the move is designed to achieve lower overall costs and a better integrated information technology, finance, and other support services across the Finning UK Group.

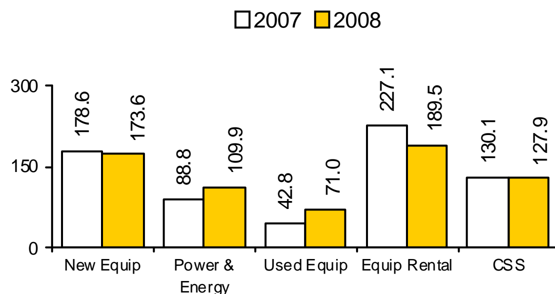
The table below provides details of the results of the continuing operations from the UK Group:

	Three months ended June 30		**Six months ended June 30**	
($ millions)	**2008**	2007	**2008**	2007
Revenue from external sources	**$ 341.5**	$ 329.6	**$ 671.9**	$ 667.4
Operating costs	**(289.6)**	(277.3)	**(574.2)**	(566.5)
Depreciation and amortization	**(32.4)**	(34.0)	**(64.2)**	(66.7)
Other income (expenses)	**(2.5)**	(0.1)	**12.6**	—
Earnings before interest and taxes	**$ 17.0**	$ 18.2	**$ 46.1**	$ 34.2
Earnings before interest and taxes				
- as a percentage of revenue	**5.0%**	5.5%	**6.9%**	5.1%
- as a percentage of consolidated earnings before interest and taxes	**15.7%**	14.8%	**21.1%**	14.6%

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



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



The UK Group's revenues for the second quarter of 2008 of $341.5 million were up 3.6% from the same period last year. This occurred in spite of an 8.7% strengthening of the Canadian dollar relative to the U.K. pound sterling year over year. In local currency, revenues were 13.4% higher compared with the second quarter of 2007.

Revenues, in local currency, from all lines of business improved compared with the second quarter of 2007, with the exception of rental revenue. In local currency, revenues from new equipment and power and energy systems were 25.7% higher in the second quarter of 2008 compared with the prior year.

Rental revenues continue to be affected by lower utilization rates at Hewden. Various initiatives and efforts are underway to improve results from this business unit.

Gross profit, in local currency, for the second quarter of 2008 was higher compared with the same period last year in absolute terms, but decreased as a percentage of revenue partially due to a revenue mix shift towards a higher proportion of new equipment sales which typically attract a lower margin. The rental business continued to experience lower margins.

In both Canadian and local currency, SG&A costs were lower in the second quarter of 2008 compared with 2007 and were lower as a percentage of revenue. The improvement is a result of various initiatives and management's focus on realizing cost efficiencies, as well as lower LTIP costs in 2008.

Further to the reorganization of the UK Group business model in the fourth quarter of 2006, it was announced in the first quarter of 2008 that the Hewden Tannochside office located in Scotland would be closed. The business support functions of the UK Group will be integrated into one operation located in Cannock, England, that will provide common head office services, generating additional synergies among the four market units. Other expenses for the second quarter of 2008 included restructuring and other costs incurred in connection with the integration of approximately $2.3 million. A further $9 million is anticipated to be spent during the remainder of 2008 and early 2009. This integration will promote efficiencies and is expected to substantially reduce administrative support costs over time when the business units move to one common system.

In the second quarter of 2008, the UK Group contributed $17.0 million of EBIT, a 6.6% decrease compared with that achieved in the second quarter of 2007. In local currency, after adjusting for the restructuring costs noted above, EBIT would have been higher in the second quarter of 2008 by 15.0% compared with the same period last year.

EBIT as a percentage of revenue for the UK Group was 5.0% in the second quarter of 2008 compared with 5.5% in the same period last year. Excluding the restructuring costs, the second quarter 2008 EBIT margin would have been 5.7%, comparable with the second quarter of 2007.

For the six months ended June 30, 2008, revenues of $671.9 million were comparable to the same period in the prior year. In local currency, total revenue was 13.0% higher compared to that reported in the first six months of 2007 and quarterly trends noted above also hold for the year to date results. For the first half of 2008, the UK Group contributed $46.1 million of EBIT, 34.8% higher than the EBIT contributed during the first six months of 2007. The results for the first half of 2008 included a $14.7 million pre-tax gain on the sale of certain properties at Hewden, as well as $2.8 million in restructuring and other costs incurred in connection with the business support integration initiative. Excluding the gain on the properties sale and the restructuring costs, the EBIT margin for the first half of 2008 would have been 5.1%, comparable with the same period last year. The improved results from the UK Group's dealership business offset the lower results from the UK Group's rental business.

Discontinued Operations – Tool Hire Division

On July 31, 2007, Hewden sold its Tool Hire Division. This division is classified as discontinued operations within the consolidated income statements for all periods presented prior to the disposition.

The table below provides details of the discontinued operations of the Tool Hire Division for the three and six months ended June 30, 2007:

($ millions)	Three months ended June 30, 2007	Six months ended June 30, 2007
Revenue from external sources	$ 46.7	$ 97.1
Operating costs	(32.5)	(68.9)
Depreciation and amortization	(9.7)	(20.1)
Other expenses	(6.6)	(8.9)
Earnings before interest and taxes	$ (2.1)	$ (0.8)

Corporate and Other Operations

	Three months ended June 30		Six months ended June 30	
($ millions)	**2008**	2007	**2008**	2007
Operating costs	**$ (13.2)**	$ (12.9)	**$ (19.9)**	$ (21.5)
Depreciation and amortization	**(0.1)**	—	**(0.1)**	—
Other income (expense)	**(4.8)**	—	**(4.9)**	—
Earnings before interest and taxes	**$ (18.1)**	$ (12.9)	**$ (24.9)**	$ (21.5)

For the three months ended June 30, 2008, operating costs were $0.3 million higher than the same period in 2007.

For the six months ended June 30, 2008, operating costs decreased to $19.9 million, compared with $21.5 million for the same period in 2007. LTIP costs incurred at the Corporate level were $2.5 million lower than the first half of 2007. This was primarily due to a lower mark-to-market impact on the valuation of certain stock-based compensation plans, net of hedging activity, resulting from the appreciation of the Company's share price which was incrementally higher in the second half of 2007.

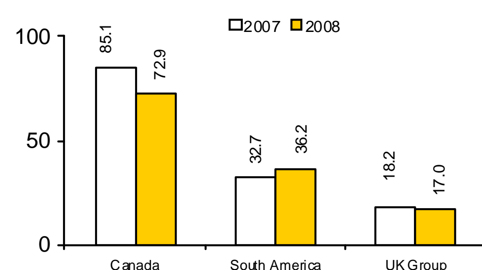
Costs included in other expenses in the first half of 2008 relate to the implementation of a new information technology system for the Company's global operations.

Earnings Before Interest and Taxes from Continuing Operations (EBIT)

Gross profit increased $26.3 million to $440.2 million in the second quarter of 2008 compared with the second quarter of 2007. However, the increase in gross profit was more than offset by higher SG&A costs, which were incurred to meet anticipated growth and customer demand, as well as cost increases in both Western Canada and South America.

On a consolidated basis, EBIT from continuing operations in the second quarter of 2008 of $108.0 million decreased by 12.3% over the same period in 2007. The second quarter 2008 results included several non-recurring items, including costs related to the transition of the newly acquired Collicutt business and restructuring costs in connection with the business support integration initiative in the U.K. Adjusting the second quarter 2008 results for these non-recurring items, EBIT would have been $117.6 million, down 4.5% from the comparable period of 2007. Although there continues to be strong demand and activity at the Company's Canadian, South American, and UK dealership operations, foreign exchange continued to have a significant negative impact on earnings in the second quarter of 2008 due to the stronger 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. Adjusting for the non-recurring items noted above, EBIT as a percentage of revenue (EBIT margin) of 7.8% was comparable to the 8.2% for the same period in 2007.

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



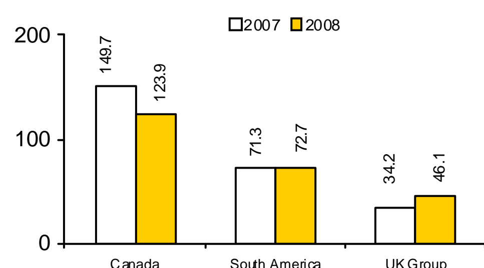
Excluding other operations – corporate head office

Major components of the EBIT variance were:

	($ millions)
2007 Q2 EBIT	123.1
Net growth in operations	11.9
Foreign exchange impact	(21.0)
Collicutt integration and start-up costs	(7.3)
Restructuring costs in the U.K.	(2.3)
Lower LTIP costs	9.3
Other net expenses *(see Note 2 to the Consolidated Financial Statements)*	(5.7)
2008 Q2 EBIT	**108.0**

For the six months ended June 30, 2008, EBIT decreased by 6.8% over the same period in 2007 to $217.8 million. EBIT in the first half of 2008 included gains realized in the first quarter on the sale of certain properties, partially offset by costs related to the transition of Collicutt and the restructuring costs in the U.K. Adjusting for these non-recurring items, EBIT as a percentage of revenue would have been 7.5%, compared with 8.1% for the same period in 2007. The year to date activity reflects similar variances as the quarterly impacts above.

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



Excluding other operations – corporate head office

Major components of the EBIT variance were:

	($ millions)
2007 Year-to-Date EBIT	233.7
Net growth in operations	23.2
Foreign exchange impact	(49.0)
Gain on sale of certain properties in Hewden	14.7
Collicutt integration and start-up costs	(12.6)
Restructuring costs in the U.K.	(2.8)
Lower LTIP costs	15.3
Other net expenses *(see Note 2 to the Consolidated Financial Statements)*	(4.7)
2008 Year-to-Date EBIT	**217.8**

Finance Costs

Finance costs for the three months ended June 30, 2008 were $20.5 million (year-to-date 2008: $40.3 million) compared with $18.5 million in the second quarter of 2007 (year-to-date 2007: $34.6 million). The higher finance costs in 2008 is primarily due to higher debt in 2008 as a result of the acquisition of Collicutt, the repurchase of the Company's common shares as part of a normal course issuer bid, as well as to support the Company's higher working capital requirements.

Provision for Income Taxes

The effective income tax rate for the second quarter of 2008 was 23.2% compared to 28.0% in the comparable period of the prior year. The lower effective tax rate is primarily due to a reduction in corporate income tax rates in 2008 in the UK and Canada compared to 2007, and a tax benefit recognized on the wind up of Collicutt in the second quarter of 2008.

The year-to-date 2008 effective income tax rate was 22.3% compared to 26.7% for the same period last year, reflecting the reduction in tax rates as well as lower capital tax rates applied to the sale of properties in the U.K in the first quarter of 2008 and the tax benefit recognized in the second quarter of 2008 noted above. Adjusting for these gains and other non-recurring items, the effective tax rate would have been 23.9%. The Company continues to expect its consolidated annual effective tax rate to be within current guidance of 25-30%.

Net Income

Finning's net income from continuing operations decreased 10.8% to $67.2 million in the second quarter of 2008 compared with $75.3 million in the comparative period in 2007. The Company realized improved margins but this was more than offset by higher costs to meet customer demand. Second quarter 2008 net income continued to be negatively impacted by foreign exchange of approximately $15 million after tax, primarily due to translating foreign currency based earnings with a stronger Canadian dollar. In addition, results for the second quarter of 2008 included non-recurring costs related to the integration of Collicutt, and restructuring costs in connection with the business support integration in the U.K.

Basic EPS decreased 7.1% to $0.39 per share in the second quarter of 2008 compared with $0.42 per share in the comparative period last year. Excluding the non-recurring items noted above, basic EPS would have been $0.43 per share, comparable to the second quarter of 2007. The negative impact due to the much stronger Canadian dollar compared to the prior year second quarter was approximately $0.09 per share.

For the six months ended June 30, 2008, net income from continuing operations decreased by 5.5% to $138.0 million. The stronger Canadian dollar in 2008 reduced earnings by approximately $34 million. Finning's 2008 earnings included gains on the sale of certain properties at Hewden partially offset by the non-recurring costs related to the integration of Collicutt and restructuring costs noted above.

Basic EPS in the first six months of 2008 of $0.80 per share was comparable with $0.81 per share in the same period in 2007. Excluding the non-recurring items noted above, basic EPS would have been $0.78 in the first half of 2007, 3.7% lower than the first six months of 2007. The total negative impact due to a much stronger Canadian dollar compared to the first half of the prior year was approximately $0.19 per share.

Liquidity and Capital Resources

Cash Flow from Operating Activities

For the three months ended June 30, 2008, cash flow generated after working capital changes was $37.3 million, an increase from cash flow of $4.7 million generated during the same period in 2007. Working capital requirements were higher in 2007 primarily due to stronger demand at the Company's operations. Throughout all operations, management continues to focus on improving cash cycle times and operating efficiencies.

For the six months ended June 30, 2008, cash flow after working capital changes was $25.0 million, compared with $67.8 million in the first half of 2007.

The Company made a net investment in rental assets of $57.4 million during the second quarter of 2008 (2007: $165.3 million), and a net investment in the first six months of 2008 of $145.2 million (2007: $321.5 million). Rental investment moderated in 2008 compared to the very high demand for rental assets in 2007, particularly at the Company's Canadian operations.

Overall, cash flow used by operating activities was $19.9 million in the second quarter of 2008 (year-to-date: $119.3 million) compared to $145.5 million in the second quarter of 2007 (year-to-date: $241.5 million).

Cash Used For Investing Activities

Net cash used in investing activities in the three months ended June 30, 2008 totalled $21.2 million (year-to-date 2008: $142.1 million) compared with cash used in investing activities of $17.0 million in the second quarter of 2007 (year-to-date 2007: $35.1 million). The higher use of cash in the first half of 2008 related to the acquisition of Collicutt in the first quarter for $135.2 million, net of cash received.

Gross capital additions for the three months ended June 30, 2008 were $19.6 million (year-to-date 2008: $42.0 million) which is slightly lower than the $21.3 million invested in the three months ended June 30, 2007 (year-to-date 2007: $39.4 million). The capital additions in 2008 and 2007 reflect general capital spending to support operations. Capital additions in 2008 included capitalized costs related to the Company's new global information system, and capital additions in the prior year included the capitalization of certain costs related to the development of Hewden's new information system.

Investing activities in the first half of 2008 included approximately $8.6 million in proceeds on the sale of vehicles at Hewden. These vehicles were subsequently leased back under an operating lease.

In the first quarter of 2008, the Company increased its investment in Energyst B.V. by $4.6 million, increasing its equity investment to 24.85%. In the first quarter of 2007, the Company acquired one Cat Rental Store for $2.7 million.

Financing Activities

As at June 30, 2008, the Company's short and long-term borrowings totalled $1.6 billion, an increase of $388.6 million, or 33.0% since December 31, 2007, primarily to support the acquisition of Collicutt and the repurchase of common shares as part of a normal course issuer bid, as well as support the Company's higher invested working capital requirements.

In the first quarter of 2008, the Company's long-term debt rating was upgraded to A (low) by Dominion Bond Rating Service, and was confirmed at BBB+ by Standard & Poor's.

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

Financing activities in 2008 also included a payment of $8.9 million on the settlement of a derivative that hedged future cash flows associated with the new MTN issuances noted above.

Dividends paid to shareholders were $19.0 million, $2.9 million higher than the second quarter of 2007 due to the increase in the quarterly dividend rate from $0.09 to $0.11 per share. Similarly, dividends paid to shareholders for the first six months of 2008 increased 18.9% to $36.3 million.

The Company had an active share repurchase program in effect until March 29, 2008. During the first quarter of 2008, the Company repurchased 3,581,500 common shares at an average price of $27.21 per share for an aggregate amount of $97.5 million. Subsequent to the second quarter of 2008, the Company renewed its normal course issuer bid. The renewed share repurchase program will be in effect until July 8, 2009.

In the second quarter of 2007, an additional pension payment of $17.1 million was made to fund the UK pension plans as agreed at the time of the sale of the Materials Handling Division.

Description of Non-GAAP Measure

EBIT is defined herein as earnings from continuing operations before interest expense, interest income, and income taxes and is a measure of performance utilized by management to measure and evaluate the financial performance of its operating segments. It is also a measure that is commonly reported and widely used in the industry to assist in understanding and comparing operating results. EBIT does not have any standardized meaning prescribed by generally accepted accounting principles (GAAP) and is therefore unlikely to be comparable to similar measures presented by other issuers. Accordingly, this measure should not be considered as a substitute or alternative for net income or cash flow, in each case as determined in accordance with GAAP.

Reconciliation between EBIT and net income from continuing operations:

	Three months ended June 30		**Six months ended June 30**	
($ millions)	**2008**	2007	**2008**	2007
Earnings from continuing operations before interest and income taxes (EBIT)	**$ 108.0**	$ 123.1	**$ 217.8**	$ 233.7
Finance costs	**(20.5)**	(18.5)	**(40.3)**	(34.6)
Provision for income taxes	**(20.3)**	(29.3)	**(39.5)**	(53.1)
Net income from continuing operations	**$ 67.2**	$ 75.3	**$ 138.0**	$ 146.0

Risk Management

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

The Company is dedicated to a strong risk management culture to protect and enhance shareholder value. The processes within Finning's risk management function are designed to ensure that risks are properly identified, managed, and reported. The Company discloses all of its key risks in its most recent Annual Information Form (AIF) with key financial risks also included in the Company's Annual Management's Discussion and Analysis (MD&A). On a quarterly basis, the Company assesses all of its key risks and any changes to key financial or business risks are disclosed in the Company's quarterly MD&A. 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, 2007.

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, 2007, which can be found at www.sedar.com and www.finning.com.

Sensitivity to variances in foreign exchange rates

The Company is geographically diversified, with significant investments in several different countries. The Company transacts business in multiple currencies, the most significant of which are the Canadian dollar, the U.S. dollar (USD), the U.K. pound sterling (GBP), and the Chilean peso (CLP). As a result, the Company has a certain degree of foreign currency exposure with respect to items denominated in foreign currencies. The three main types of foreign exchange risk of the Company are investment in foreign operations, transaction exposure, and translation exposure. These are explained further in the 2007 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 June 2008 month end rates, without any change in local currency volumes or hedging activities.

Currency	June 30, 2008 month end rates	Increase (decrease) in annual net income $ millions
USD	**1.0186**	(18)
GBP	**2.0276**	(2)
CLP	**0.0019**	2

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.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer (and other executives assuming these responsibilities), together with other members of management, have designed the Company's disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would have been known to them, and by others, within those entities.

Management have also designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles. There has been no change in the design of the Company's internal control over financial reporting during the quarter ended June 30, 2008, that would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

While the officers of the Company have designed the Company's disclosure controls and procedures and internal control over financial reporting, they expect that these controls and procedures may not prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

Outstanding Share Data

As at August 8, 2008	
Common shares outstanding	172,692,068
Options outstanding	6,268,270

Selected Quarterly Information

$ millions, except for share and option data	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2	2007 Q1	2006 Q4	2006 Q3	2006 Q2
Revenue [1]									
Canada	**$ 849.1**	$ 792.9	$ 750.3	$ 639.9	$ 846.4	$ 699.6	$ 737.0	$ 594.7	$ 681.0
South America	**340.7**	306.9	348.0	317.4	321.6	338.6	301.0	261.0	216.2
UK Group	**341.5**	330.4	361.2	371.8	329.6	337.8	327.1	312.0	294.5
Total revenue	**$1,531.3**	$1,430.2	$1,459.5	$1,329.1	$1,497.6	$1,376.0	$1,365.1	$1,167.7	$1,191.7
Net income (loss) [1]									
from continuing operations	**$ 67.2**	$ 70.8	$ 70.5	$ 63.6	$ 75.3	$ 70.7	$ 53.1	$ 71.8	$ 56.0
from discontinued operations	**—**	—	—	—	(1.2)	(0.8)	(0.4)	(33.9)	0.6
Total net income	**$ 67.2**	$ 70.8	$ 70.5	$ 63.6	$ 74.1	$ 69.9	$ 52.7	$ 37.9	$ 56.6
Basic Earnings (Loss) Per Share [1] [2]									
from continuing operations	**$ 0.39**	$ 0.41	$ 0.40	$ 0.35	$ 0.42	$ 0.39	$ 0.30	$ 0.40	$ 0.31
from discontinued operations	**—**	—	—	—	(0.01)	—	—	(0.19)	—
Total basic EPS	**$ 0.39**	$ 0.41	$ 0.40	$ 0.35	$ 0.41	$ 0.39	$ 0.30	$ 0.21	$ 0.31
Diluted Earnings (Loss) Per Share [2]									
from continuing operations	**$ 0.39**	$ 0.40	$ 0.39	$ 0.35	$ 0.42	$ 0.39	$ 0.29	$ 0.40	$ 0.31
from discontinued operations	**—**	—	—	—	(0.01)	—	—	(0.19)	—
Total diluted EPS	**$ 0.39**	$ 0.40	$ 0.39	$ 0.35	$ 0.41	$ 0.39	$ 0.29	$ 0.21	$ 0.31
Total assets [1]	**$4,603.8**	$4,527.8	$4,134.2	$4,079.7	$4,434.4	$4,386.2	$4,200.8	$3,786.4	$3,900.2
Long-term debt									
Current	**$ 100.5**	$ 215.9	$ 215.7	$ 204.2	$ 204.1	$ 2.2	$ 2.2	$ 79.3	$ 79.1
Non-current	**1,121.8**	605.7	590.4	554.5	600.6	753.8	735.9	710.7	851.5
Total long-term debt [3]	**$1,222.3**	$ 821.6	$ 806.1	$ 758.7	$ 804.7	$ 756.0	$ 738.1	$ 790.0	$ 930.6
Cash dividends paid per common share [2]	**$ 0.11**	$ 0.10	$ 0.10	$ 0.09	$ 0.09	$ 0.08	$ 0.08	$ 0.065	$ 0.065
Common shares outstanding (000's) [2]	**172,692**	172,623	176,132	178,521	179,601	179,272	179,090	178,808	178,778
Options outstanding (000's) [2]	**6,343**	4,576	4,656	4,737	4,934	3,606	3,904	4,302	4,330

(1) On July 31, 2007, the Company's U.K. subsidiary, Hewden Stuart Plc, sold its Tool Hire Division. On September 29, 2006, the Company's U.K. subsidiary, Finning (UK), sold its Materials Handling Division.

Results from the Tool Hire and Materials Handling divisions qualify as discontinued operations and have been reclassified to that category for all periods presented. Included in the loss from discontinued operations in the third quarter of 2007 is the after-tax gain on the sale of the Tool Hire Division of $0.1 million. Restructuring and other costs associated with the disposition of $2.0 million after tax were recorded in the second and third quarters of 2007. Included in the loss from discontinued operations in the third quarter of 2006 is the after-tax loss on the sale of the Materials Handling Division of $32.7 million or $0.18 per share. Revenues from the UK Tool Hire and Materials Handling divisions have been excluded from the revenue figures above. Assets from the Tool Hire and Materials Handling divisions have been included in the total assets figures for periods prior to their sale.

On January 15, 2008, the Company's Canadian operations purchased Collicutt Energy Services Ltd. The results of operations and financial position of Collicutt are included in the Q1 and Q2 2008 figures above.

(2) On May 9, 2007, the Company's shareholders approved a split of the Company's outstanding common shares on a two-for-one basis. Each shareholder of record at the close of business on May 30, 2007, received one additional share for every outstanding share held on the record date. All share and per-share data have been adjusted to reflect the stock split. During the first quarter of 2008, the Company repurchased 3,581,500 common shares at an average price of $27.21 as part of a normal course issuer bid. During the third and fourth quarters of 2007, 3,691,400 common shares were repurchased at an average price of $27.82.

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

(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.

New Accounting Pronouncements

Change in Accounting Policies in 2008

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA): Section 3031, *Inventories*; Section 3862, *Financial Instruments – Disclosures*; and Section 3863, *Financial Instruments – Presentation*. The principal changes related to these standards are described below.

i. Inventories

The new standard provides more guidance on the measurement and disclosure requirements for inventories. Specifically the new pronouncement requires inventories to be measured at the lower of cost and net realizable value, and provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value.

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories are stated at the lower of cost and net realizable value. Cost is determined on a specific item basis for on-hand equipment, and on a weighted average cost basis for parts and supplies. The cost of inventories includes all costs of purchase, conversion costs, and other costs incurred in bringing inventories to their existing location and condition. In the case of internal service work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

The new standard has been applied prospectively; accordingly comparative periods have not been restated. However, prior period financial statements retroactively reflect the classification of unbilled service work in progress. Adjustments to the previous carrying amount of inventories have been recognized as an adjustment of the balance of retained earnings as at January 1, 2008.

As at January 1, 2008, the impact on the consolidated balance sheet as a result of the adoption of these standards was an increase in inventory of $8.7 million; an increase in future income tax liability of $2.4 million; and an increase in retained earnings of $6.3 million.

The effect of these changes in accounting policies on net income for the three and six months ended June 30, 2008 is not material.

Details of the specific impact of these standards on the Company are disclosed in Note 1 to the Company's Consolidated Interim Financial Statements.

ii. Financial Instrument Disclosures

Section 3862 *Financial Instruments – Disclosures* and Section 3863 *Financial Instruments – Presentation*, together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements for financial instruments. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

The Company implemented these disclosures in the first quarter of 2008 (see Note 4 to the Company's Consolidated Interim Financial Statements).

Future Accounting Pronouncements

(a) Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets*, replacing Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs*. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This Section is effective in the first quarter of 2009, and the Company is currently evaluating the impact of the adoption of this new Section on its consolidated financial statements.

(b) Convergence with International Financial Reporting Standards

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

While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences on recognition, measurement, and disclosures. The Company commenced its IFRS conversion project in late 2007. The project consists of four phases: raise awareness; assessment; design; and implementation. With the assistance of an external expert advisor, the Company has begun a high level review of the major differences between Canadian GAAP and IFRS. It is expected that this work will be completed during the last half of 2008. Subsequently, the Company will initiate the design phase which will involve establishing issue-specific work teams to focus on generating options and making recommendations in identified areas. The Company will also establish a communications plan, begin to develop staff training programs, and evaluate the impacts of the IFRS transition on other business activities.

Earnings Coverage Ratio

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

Twelve months ended June 30, 2008	
Earnings coverage ratio	5.6

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

Market Outlook

The Company's mining and oil sands customers continue to expand their fleets of mining equipment. As well, a large number of major infrastructure additions and expansions in each of the Company's market areas drive equipment demand from the heavy construction sector. Strong business activity in both sectors support growing demand for customer support services.

The outlook for Finning's business in Western Canada remains good overall. The mining industry (including the oil sands) continues to expand and capital expenditure plans for equipment remain robust for mining customers. Major construction activity also continues at attractive levels and spending on infrastructure remains strong. Residential construction has slowed somewhat which has modestly impacted sales of smaller equipment to this sector. The forestry and conventional oil and gas industries in Western Canada are undergoing more challenging business conditions and equipment purchases are at lower levels as a result. For forestry, this situation is expected to continue through 2008 and into 2009. In the case of conventional oil and gas, increased equipment purchases are expected to begin by the fourth quarter of 2008 as the industry ramps up its 2008/2009 winter drilling season. Some uncertainty over general economic conditions is evident as a result of the ongoing weakness in the US housing market and the credit related concerns facing the banking industry.

The heavy equipment markets in the Company's South American operations remain healthy and demand for the Company's products and services remains strong. The construction and power markets in Argentina and Chile are strong and demand for equipment support services continues to grow. Copper prices are expected to remain at attractive levels supporting ongoing good business conditions in mining. Demand for support services for mining customers will continue to grow at attractive rates over the next several years reflecting the impact of the large volume of new equipment sales to the industry in the recent past. In Argentina, significant inflationary cost pressures continue and constrained liquidity in the banking sector is challenging some customers in arranging financing for equipment purchases. The Company expects to be able to manage the cost increases arising from inflation by promptly passing along price increases to customers and by ensuring its operations are run as efficiently as possible.

Business at the Caterpillar dealership in the UK continues to improve and is expected to continue at satisfactory levels as equipment demand from infrastructure construction and the coal mining and waste management sectors remain healthy. Demand for power systems products and services also remain strong. The UK housing market has weakened and GDP growth expectations are lower which has reduced demand for smaller construction equipment and rentals. As a result, market conditions in the UK plant hire (equipment rental) industry are more challenging. The business remains highly competitive. At Hewden, senior executive management changes are expected to place renewed focus on operational improvements. It is expected to take several quarters for these improvements to become visible in operating results. The recent announcement of the closing of Hewden's Glasgow, Scotland back office will lower overhead costs going forward and generate future efficiencies by further centralizing back office functions in Finning's Cannock location.

Additional human resources are required to meet the projected growth in business in Western Canada and South America. To date, Finning has been successful in attracting significant numbers of new employees and anticipates it will attract the requisite human resources to meet future growth.

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 2008 results will be negatively impacted as a result of translating foreign currency based earnings should the strengthening of the Canadian dollar continue against the U.S. dollar and the U.K. pound sterling.

The Company's outlook remains positive for the medium term.

August 12, 2008

INTERIM CONSOLIDATED STATEMENTS OF INCOME

	Three months ended June 30		Six months ended June 30	
($ thousands, except share and per share amounts)	**2008 unaudited**	2007 unaudited	**2008 unaudited**	2007 unaudited
Revenue				
New mobile equipment	**$ 637,105**	$ 620,143	**$1,239,045**	$1,143,370
New power and energy systems	**133,457**	116,408	**257,557**	239,147
Used equipment	**104,034**	108,930	**198,230**	208,822
Equipment rental	**176,047**	195,157	**352,549**	385,698
Customer support services	**476,181**	448,816	**904,017**	882,126
Other	**4,506**	8,172	**10,123**	14,459
Total revenue	**1,531,330**	1,497,626	**2,961,521**	2,873,622
Cost of sales	**1,091,130**	1,083,751	**2,111,706**	2,074,092
Gross profit	**440,200**	413,875	**849,815**	799,530
Selling, general, and administrative expenses	**324,062**	290,560	**638,846**	565,373
Other expenses (income) (Note 2)	**8,158**	177	**(6,785)**	401
Earnings from continuing operations before interest and income taxes	**107,980**	123,138	**217,754**	233,756
Finance costs (Note 3)	**20,510**	18,501	**40,301**	34,648
Income from continuing operations before provision for income taxes	**87,470**	104,637	**177,453**	199,108
Provision for income taxes	**20,327**	29,372	**39,516**	53,127
Net income from continuing operations	**67,143**	75,265	**137,937**	145,981
Loss from discontinued operations, net of tax (Note 10)	**—**	(1,208)	**—**	(2,034)
Net income	**$ 67,143**	$ 74,057	**$ 137,937**	$ 143,947
Earnings (loss) per share – basic				
From continuing operations (Note 7)	**$ 0.39**	$ 0.42	**$ 0.80**	$ 0.81
From discontinued operations	**—**	(0.01)	**—**	(0.01)
	$ 0.39	$ 0.41	**$ 0.80**	$ 0.80
Earnings (loss) per share – diluted				
From continuing operations (Note 7)	**$ 0.39**	$ 0.42	**$ 0.79**	$ 0.81
From discontinued operations	**—**	(0.01)	**—**	(0.01)
	$ 0.39	$ 0.41	**$ 0.79**	$ 0.80
Weighted average number of shares outstanding				
Basic	**172,651,019**	179,407,385	**173,206,923**	179,311,542
Diluted	**174,014,533**	181,123,577	**174,550,553**	180,957,974

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

INTERIM CONSOLIDATED BALANCE SHEETS

($ thousands)	June 30, 2008 unaudited	December 31, 2007 audited
ASSETS		
Current assets		
Cash and cash equivalents	**$ 30,989**	$ 61,860
Accounts receivable	**835,054**	713,677
Service work in progress	**119,172**	83,742
Inventories (Note 8)	**1,337,692**	1,207,802
Other assets	**204,803**	181,861
Total current assets	**2,527,710**	2,248,942
Finance assets	**12,895**	26,714
Rental equipment	**1,067,648**	1,028,301
Land, buildings, and equipment	**442,896**	348,923
Intangible assets	**41,085**	24,548
Goodwill	**264,369**	251,099
Other assets	**247,165**	205,636
	$ 4,603,768	$ 4,134,163
LIABILITIES		
Current liabilities		
Short-term debt	**$ 343,222**	$ 370,942
Accounts payable and accruals	**1,121,788**	1,106,392
Income tax payable	**8,184**	32,440
Current portion of long-term debt	**100,495**	215,663
Total current liabilities	**1,573,689**	1,725,437
Long-term debt	**1,121,835**	590,382
Long-term obligations	**94,125**	101,699
Future income taxes	**125,837**	98,848
Total liabilities	**2,915,486**	2,516,366
SHAREHOLDERS' EQUITY		
Share capital	**561,287**	571,402
Contributed surplus	**19,993**	15,356
Accumulated other comprehensive loss	**(178,355)**	(232,223)
Retained earnings	**1,285,357**	1,263,262
Total shareholders' equity	**1,688,282**	1,617,797
	$ 4,603,768	$ 4,134,163

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

($ thousands)	Three months ended June 30 2008 unaudited	Three months ended June 30 2007 unaudited	Six months ended June 30 2008 unaudited	Six months ended June 30 2007 unaudited
Net income	**$ 67,143**	$ 74,057	**$ 137,937**	$ 143,947
Other comprehensive income (loss), net of income tax				
Currency translation adjustments	**(10,865)**	(94,539)	**50,267**	(104,700)
Unrealized gains on net investment hedges	**19,039**	38,115	**7,086**	45,594
Tax recovery	**(3,412)**	(10,552)	**(1,154)**	(12,221)
	15,627	27,563	**5,932**	33,373
Unrealized gains (losses) on cash flow hedges	**4,202**	241	**(3,615)**	335
Tax expense (recovery)	**(1,551)**	(41)	**992**	(57)
	2,651	200	**(2,623)**	278
Realized losses (gains) on cash flow hedges, reclassified to earnings, net of tax	**261**	(488)	**292**	(760)
Comprehensive income	**$ 74,817**	$ 6,793	**$ 191,805**	$ 72,138

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Share Capital			Accumulated Other Comprehensive Income			
($ thousands, except share amounts)	Shares	Amount	Contributed Surplus	Foreign Currency Translation and Gains / (Losses) on Net Investment Hedges	Gains / (Losses) on Cash Flow Hedges	Retained Earnings	Total
Balance, January 1, 2007	179,090,738	573,482	7,791	(77,046)	(4,303)	1,140,415	1,640,339
Comprehensive income	—	—	—	(71,327)	(482)	143,947	72,138
Issued on exercise of stock options	510,162	7,359	(1,398)	—	—	—	5,961
Stock option expense	—	—	4,890	—	—	—	4,890
Dividends on common shares	—	—	—	—	—	(30,490)	(30,490)
Balance, June 30, 2007	179,600,900	$ 580,841	$ 11,283	$ (148,373)	$ (4,785)	$ 1,253,872	$ 1,692,838
Balance, December 31, 2007	**176,131,879**	**$ 571,402**	**$ 15,356**	**$ (223,661)**	**$ (8,562)**	**$ 1,263,262**	**$ 1,617,797**
Transition adjustment (Note 1)	—	—	—	—	—	**6,282**	**6,282**
Balance, January 1, 2008	**176,131,879**	**571,402**	**15,356**	**(223,661)**	**(8,562)**	**1,269,544**	**1,624,079**
Comprehensive income	—	—	—	**56,199**	**(2,331)**	**137,937**	**191,805**
Issued on exercise of stock options	**126,286**	**1,067**	**(87)**	—	—	—	**980**
Issued for acquisition (Note 9)	**15,403**	**398**	**65**	—	—	—	**463**
Repurchase of common shares	**(3,581,500)**	**(11,580)**	—	—	—	**(85,870)**	**(97,450)**
Stock option expense	—	—	**4,659**	—	—	—	**4,659**
Dividends on common shares	—	—	—	—	—	**(36,254)**	**(36,254)**
Balance, June 30, 2008	**172,692,068**	**$ 561,287**	**$ 19,993**	**$ (167,462)**	**$ (10,893)**	**$ 1,285,357**	**$ 1,688,282**

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

	Three months ended June 30		Six months ended June 30	
($ thousands)	**2008 unaudited**	2007 unaudited	**2008 unaudited**	2007 unaudited
OPERATING ACTIVITIES				
Net income	**$ 67,143**	$ 74,057	**$ 137,937**	$ 143,947
Add items not affecting cash				
Depreciation and amortization	**78,270**	90,261	**154,054**	179,037
Future income taxes	**4,842**	(5,878)	**6,738**	(10,556)
Stock-based compensation	**5,316**	14,575	**8,219**	23,537
Gain on disposal of capital assets	**(512)**	(536)	**(16,189)**	(1,446)
Other	**61**	(681)	**435**	(1,154)
	155,120	171,798	**291,194**	333,365
Changes in working capital items (Note 12)	**(117,856)**	(167,095)	**(266,218)**	(265,534)
Cash provided after changes in working capital items	**37,264**	4,703	**24,976**	67,831
Rental equipment, net of disposals	**(57,418)**	(165,268)	**(145,258)**	(321,506)
Equipment leased to customers, net of disposals	**199**	15,123	**956**	12,218
Cash flow used in operating activities	**(19,955)**	(145,442)	**(119,326)**	(241,457)
INVESTING ACTIVITIES				
Additions to capital assets	**(19,606)**	(21,310)	**(42,052)**	(39,423)
Proceeds on disposal of capital assets	**1,330**	4,624	**39,701**	7,275
Acquisition of businesses	**(2,898)**	—	**(139,729)**	(2,670)
Payment of contingent consideration	**—**	(267)	**—**	(267)
Cash used in investing activities	**(21,174)**	(16,953)	**(142,080)**	(35,085)
FINANCING ACTIVITIES				
Increase (decrease) in short-term debt	**(330,668)**	87,284	**(30,637)**	170,637
Increase in long-term debt	**403,577**	72,794	**401,173**	94,019
Payment on settlement of derivative	**(8,914)**	—	**(8,914)**	—
Defined benefit pension plan special funding	**—**	(17,066)	**—**	(17,066)
Issue of common shares on exercise of stock options and on acquisition	**561**	4,426	**1,443**	5,961
Repurchase of common shares (Note 5)	**—**	—	**(97,450)**	—
Dividends paid	**(18,991)**	(16,149)	**(36,254)**	(30,490)
Cash provided by financing activities	**45,565**	131,289	**229,361**	223,061
Effect of currency translation on cash balances	**(645)**	(1,801)	**1,174**	(2,659)
Increase (decrease) in cash and cash equivalents	**3,791**	(32,907)	**(30,871)**	(56,140)
Cash and cash equivalents, beginning of period	**27,198**	55,252	**61,860**	78,485
Cash and cash equivalents, end of period	**$ 30,989**	$ 22,345	**$ 30,989**	$ 22,345

See supplemental cash flow information, Note 12

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

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited Interim Consolidated Financial Statements (Interim Statements) have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) on a basis consistent with those disclosed in the most recent audited annual financial statements. These Interim Statements do not include all the information and note disclosures required by GAAP for annual financial statements and therefore should be read in conjunction with the December 31, 2007 audited annual consolidated financial statements and the notes below.

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

(a) Change in Accounting Policies

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA): Section 3031, *Inventories*; Section 3862, *Financial Instruments – Disclosures*; and Section 3863, *Financial Instruments – Presentation*. The principal changes related to these standards are described below.

(i) Inventories

The new standard provides more guidance on the measurement and disclosure requirements for inventories. Specifically the new pronouncement requires inventories to be measured at the lower of cost and net realizable value, and provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value.

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories are stated at the lower of cost and net realizable value. Cost is determined on a specific item basis for on-hand equipment, and on a weighted average cost basis for parts and supplies. The cost of inventories includes all costs of purchase, conversion costs, and other costs incurred in bringing inventories to their existing location and condition. In the case of service work in progress on equipment (internal service work in progress), cost includes an appropriate share of overheads based on normal operating capacity.

The new standard has been applied prospectively; accordingly comparative periods have not been restated. However, prior period financial statements retroactively reflect the separate presentation of external unbilled service work in progress, which was previously presented in inventory. Adjustments to the previous carrying amount of inventories have been recognized as an adjustment of the balance of retained earnings as at January 1, 2008. The adoption of the new standard resulted in the following adjustments as of January 1, 2008 in accordance with the transition provisions:

1. Allocation of Fixed and Variable Overhead

In accordance with the new standard, fixed and variable overheads have been applied to internal service work in progress. Upon adoption, the carrying value of internal service work in progress has been increased by $8.7 million, with an increase in future income tax liability of $2.4 million and an increase in retained earnings of $6.3 million.

2. Presentation of Service Work in Progress

Service work in progress relates to unbilled work in progress for external customers and represents the costs incurred plus recognized profits, net of any recognized losses and progress billings. Revenue is recognized on service work in progress on a basis proportionate to the service work that has been performed based on the parts and labour service provided. Service work in progress was previously included in inventory. It is presented as a current asset and the 2007 figure has been reclassified for comparative purposes.

The effect on net income for the three and six months ended June 30, 2008 as a result of adopting the new standard is not material.

(ii) Financial Instrument Disclosures

Section 3862 *Financial Instruments – Disclosures* and Section 3863 *Financial Instruments – Presentation*, together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements for financial instruments, as discussed further in Note 4 to the unaudited interim consolidated financial statements. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

(b) Convergence with International Financial Reporting Standards

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

While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences on recognition, measurement, and disclosures. The Company commenced its IFRS conversion project in late 2007. The project consists of four phases: raise awareness; assessment; design; and implementation. With the assistance of an external expert advisor, the Company has begun a high level review of the major differences between Canadian GAAP and IFRS. It is expected that this work will be completed during the last half of 2008. Subsequently, the Company will initiate the design phase which will involve establishing issue-specific work teams to focus on generating options and making recommendations in identified areas. The Company will also establish a communications plan, begin to develop staff training programs, and evaluate the impact of the IFRS transition on other business activities.

(c) Comparative Figures

Certain comparative figures have been reclassified to conform to the 2008 presentation. The 2007 quarterly 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 June 30 2008	Three months ended June 30 2007	Six months ended June 30 2008	Six months ended June 30 2007
Gain on sale of properties in Hewden (a)	**$ (538)**	$ —	**$ (15,275)**	$ —
Restructuring and project costs	**8,670**	713	**9,404**	1,847
Loss (gain) on sale of other surplus properties	**26**	(536)	**(914)**	(1,446)
	$ 8,158	$ 177	**$ (6,785)**	$ 401

The tax recovery on other expenses for the three months ended June 30, 2008 was $2.6 million (2007: $0.1 million) and during the six-month period ended June 30, 2008 was $0.6 million (2007: $0.2 million).

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

3. SHORT-TERM AND LONG-TERM DEBT

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

($ thousands)	Three months ended June 30 2008	Three months ended June 30 2007	Six months ended June 30 2008	Six months ended June 30 2007
Interest on debt securities:				
Short-term debt	**$ 4,382**	$ 7,630	**$ 10,246**	$ 13,732
Long-term debt	**15,198**	10,879	**26,786**	21,712
	19,580	18,509	**37,032**	35,444
Interest on swap contracts	**70**	(206)	**599**	(411)
Other finance related expenses, net of sundry interest earned	**860**	1,847	**2,670**	2,798
	20,510	20,150	**40,301**	37,831
Less: interest expense related to discontinued operations	**—**	(1,649)	**—**	(3,183)
Finance costs from continuing operations	**$ 20,510**	$ 18,501	**$ 40,301**	$ 34,648

Medium Term Notes

In May 2008, the Company issued two unsecured Medium Term Notes (MTN). The 5-year, $250 million MTN has a coupon interest rate of 5.16% per annum, payable semi-annually commencing September 3, 2008. The MTN was priced at 99.994% of its principal amount to yield 5.163% per annum. The 10-year, $350 million MTN has a coupon interest rate of 6.02% per annum, payable semi-annually commencing December 1, 2008. The MTN was priced at 99.936% of its principal amount to yield 6.028% per annum.

Proceeds from these issuances were used for debt repayment, including the repayment of the Company's existing $200 million 7.40% MTN which matured in June 2008 as well as outstanding commercial paper borrowings.

4. FINANCIAL RISK MANAGEMENT

OVERVIEW

Finning and its subsidiaries are exposed to market, credit, liquidity, and other risks from its use of financial instruments. The Enterprise Risk Management process within the Company's risk management function is designed to ensure that such risks are identified, managed and reported. On a quarterly basis, the Audit Committee reviews the Company's process with respect to risk assessment and management of key risks, including the Company's major financial risks and exposures and the steps taken to monitor and control such exposures. Changes to the key risks are reviewed by the Audit Committee.

This note presents information about the Company's exposure to these risks and the Company's objectives, policies, and processes for managing risk.

CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, instalment notes receivables, and derivative counterparties.

Trade and other receivables

The Company has a large diversified customer base, and is not dependent on any single customer or group of customers. Credit risk is minimized because of the diversification of the Company's operations as well as its large customer base and its geographical dispersion.

The Company establishes an allowance for impairment that represents its estimate of potential losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that may have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Counterparty credit risk

The Company does have a certain degree of credit exposure arising from its derivative contracts and investments. There is a risk that counterparties to these derivative contracts and investments may default on their obligations. However, the Company minimizes this risk by ensuring there is no excessive concentration of credit risk with any single counterparty, by active credit management and monitoring, and by dealing only with financial institutions that have a credit rating of at least A- from Standard & Poor's and A (low) from DBRS. Given these high ratings, management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

($ thousands)	June 30, 2008
Cash and cash equivalents	$ 30,989
Accounts receivable	835,054
Supplier claims receivable	38,548
Instalment notes receivable	32,398
Other accrued customer receivables	15,915
Cross currency interest rate swaps used as a hedge of net investment	56,667
Forward foreign currency contracts	3,313
	$ 1,012,884

The maximum exposure to credit risk for trade receivables at the reporting date by geographic location of customer was:

($ thousands)		**June 30, 2008**
Canada	**$**	**415,621**
U.K.		**231,024**
South America		**169,697**
U.S.		**13,638**
Other		**4,923**
	$	**834,903**

Impairment losses

The aging of trade receivables at the reporting date was:

	June 30, 2008			
($ thousands)		**Gross**		**Allowance**
Not past due	**$**	**633,950**	**$**	**162**
Past due 0 – 30 days		**113,079**		**1,012**
Past due 31 – 90 days		**51,358**		**1,907**
Past due 91 – 120 days		**17,199**		**1,424**
Past due greater than 120 days		**45,393**		**21,571**
Total	**$**	**860,979**	**$**	**26,076**

The movement in the allowance for doubtful accounts in respect of trade receivables during the period was as follows:

Three months ended June 30 **($ thousands)**		**2008**		2007
Balance, beginning of period	**$**	**31,236**	$	27,972
Additional allowance		**1,536**		3,109
Receivables written off		**(6,098)**		(1,588)
Foreign exchange translation adjustment		**(598)**		(1,613)
Balance, end of period	**$**	**26,076**	$	27,880

Six months ended June 30 **($ thousands)**		**2008**		2007
Balance, beginning of period	**$**	**28,229**	$	28,248
Additional allowance		**4,823**		5,591
Receivables written off		**(7,700)**		(3,947)
Foreign exchange translation adjustment		**724**		(2,012)
Balance, end of period	**$**	**26,076**	$	27,880

The allowance amounts in respect of trade receivables are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount is considered not recoverable and is written off against the financial asset directly.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

The following are the contractual maturities of financial liabilities and derivatives. The amounts presented represent the future undiscounted principal and interest cash flows and therefore do not equate to the carrying amount on the consolidated balance sheet.

	Carrying amount	Contractual cash flows			
($ thousands)	June 30, 2008	Jul 1-Dec 31 2008	2009-2010	2011-2012	Thereafter
Non-derivative financial liabilities					
Short-term debt	$ 343,222	$ (343,222)	$ —	$ —	$ —
Unsecured Medium Term Notes	746,773	(19,054)	(81,860)	(224,570)	(725,917)
Eurobond	251,459	—	(28,514)	(28,514)	(265,715)
Unsecured global bank facility	203,995	(91,912)	(10,948)	(121,815)	—
Other term loans	20,103	(13,314)	(5,994)	(2,196)	—
Capital lease liabilities	12,231	(1,178)	(3,203)	(2,278)	(15,798)
Accounts payable and accruals	1,121,788	(1,121,788)	—	—	—
Derivatives					
Cross currency interest rate swaps					
Pay £ (fixed)	—	(13,534)	(27,068)	(27,068)	(412,414)
Receive CAD (fixed)	56,667	14,749	29,498	29,498	446,181
Forward foreign currency contracts					
Sell CAD	—	(131,980)	(31,438)	—	—
Buy USD	1,807	133,433	31,616	—	—
Sell GBP	(29)	(3,467)	—	—	—
Buy CAD	—	3,432	—	—	—
Sell ARS	(100)	(3,274)	—	—	—
Buy USD	—	3,056	—	—	—
Sell CLP	—	(16,837)	—	—	—
Buy USD	1,506	18,335	—	—	—
Sell USD	(541)	(12,223)	—	—	—
Buy CLP	—	11,750	—	—	—
Share forward					
Sell	(7,832)	—	—	(69,923)	—
Buy	$ —	$ —	$ —	$ 89,598	$ —

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Company buys and sells derivatives in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Company's Global Hedging Policy approved by the Audit Committee.

Currency risk

The Company is geographically diversified, with significant investments in several different countries. The Company transacts business in multiple currencies, the most significant of which are the U.S. dollar, the Canadian dollar, the U.K. pound sterling, and the Chilean peso. As a result, the Company has foreign currency exposure with respect to items denominated in foreign currencies. The three main types of foreign exchange risk of the Company can be categorized as follows:

Investment in Foreign Operations

All of the Company's foreign operations are considered self-sustaining. Accordingly, assets and liabilities are translated into Canadian dollars using the exchange rates in effect at the balance sheet dates. Any unrealized translation gains and losses are recorded as an item of comprehensive income and accumulated other comprehensive income. Cumulative currency translation adjustments are recognized in net income when there is a reduction in the Company's net investment in the self-sustaining foreign operations.

It is the Company's objective to manage its exposure to currency fluctuations arising from its foreign investments. The Company has hedged a portion of its foreign investments through foreign currency denominated loans and other derivative contracts. Any exchange gains or losses arising from the translation of the hedging instruments are recorded as an item of comprehensive income and accumulated other comprehensive income.

Transaction Exposure

Many of the Company's operations purchase, sell, rent, and lease products as well as incur costs throughout the world in different currencies. This mismatch of currencies creates transactional exposure at the operational level, which may affect the Company's profitability as exchange rates fluctuate. It may also impact the Company's competitive position as relative currency movements affect the business practices and/or pricing strategies of the Company's competitors.

It is the Company's objective to manage the impact of exchange rate movements and volatility in results. Each operation manages the majority of its transactional exposure through sales pricing policies and practices. The Company also enters into forward exchange contracts to manage residual mismatches in foreign currency cash flows. As a result, the foreign exchange impact on earnings with respect to transactional activity is not significant.

Translation Exposure

The most significant foreign exchange impact on the Company's net income is the translation of foreign currency based earnings into Canadian dollars each reporting period. All of the Company's foreign subsidiaries report their operating results in currencies other than the Canadian dollar. Therefore, exchange rate movements in the U.S. dollar and U.K. pound sterling relative to the Canadian dollar will impact the consolidated results of the South American and U.K. operations in Canadian dollar terms. In addition, the Company's Canadian results are impacted by the translation of its U.S. dollar based earnings. Some of the Company's earnings translation exposure is offset by interest on foreign currency denominated loans.

Exposure to currency risk

The Group is exposed to foreign currency risk. The currencies of the Group's financial instruments, based on notional amounts, were as follows:

June 30, 2008 (thousands)	CAD	USD	GBP	CLP
Cash and cash equivalents	**8,686**	**4,086**	**2,811**	**5,100,668**
Accounts receivable	**405,173**	**175,148**	**113,735**	**8,492,414**
Short-term and long-term debt	**(1,009,632)**	**(159,849)**	**(193,873)**	**—**
Accounts payable and accruals	**(509,235)**	**(301,921)**	**(126,569)**	**(7,235,836)**
Gross balance sheet exposure	**(1,105,008)**	**(282,536)**	**(203,896)**	**6,357,246**
Cross currency interest rate swaps	**328,190**	**—**	**(150,000)**	**—**
Foreign forward exchange contracts	**(159,986)**	**171,035**	**(1,710)**	**(2,620,860)**

Sensitivity analysis

A 5 percent strengthening of the Canadian dollar against the following currencies for a full year relative to the June 30, 2008 month end rates would have increased (decreased) profit or loss by the amounts shown below. A 5% strengthening of the Canadian dollar against the following currencies as at June 30, 2008 would have increased (decreased) equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, and hedging activities are unchanged.

June 30, 2008 ($ thousands)	Equity	Profit or Loss
USD	**$ (24,200)**	**$ (17,700)**
GBP	**(21,500)**	**(1,800)**
CLP	**$ —**	**$ 2,200**

A 5 percent weakening of the Canadian dollar against the above currencies at June 30 would have had an equal but opposite effect on the above currencies in the amounts shown above, on the basis that all other variables are unchanged.

Interest rate risk

The Company's interest bearing financial assets comprise instalment note receivables, which bear interest at a fixed rate. The Company's debt portfolio comprises both fixed and floating rate debt instruments, with terms to maturity ranging up to ten years. In relation to its debt financing, the Company is exposed to potential changes in interest rates, which may cause the Company's borrowing costs to fluctuate. Floating rate debt exposes the Company to fluctuations in short-term interest rates, while fixed rate debt exposes the Company to future interest rate movements upon refinancing the debt at maturity. Fluctuations in current or future interest rates could result in a material adverse impact on the Company's financial results, by causing related finance expense to rise. Further, the fair value of the Company's fixed rate debt obligations may be negatively affected by declines in interest rates, thereby exposing the Company to potential losses on early settlements or refinancing.

The Company minimizes its interest rate risk by balancing its portfolio of fixed and floating rate debt, as well as managing the term to maturity of its debt portfolio. At certain times the Company utilizes derivative instruments such as interest rate swaps to adjust the balance of fixed and floating rate debt to appropriately determined levels.

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

June 30, 2008 ($ thousands)	
Fixed rate instruments	
Financial assets	**$ 32,398**
Financial liabilities	**(1,010,463)**
	$ (978,065)
Variable rate instruments	
Financial liabilities	**$ (567,319)**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not currently have any derivatives (interest rate swaps) designated as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates for a full year relative to the interest rates at the reporting date would have increased or decreased equity by approximately $48 million.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in short-term interest rates for a full year relative to the interest rates at the reporting date would have increased or decreased profit or loss by approximately $6 million. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Other risk

The Company's revenues can be indirectly affected by fluctuations in commodity prices; in particular, changes in views on long-term commodity prices. In Canada, commodity price movements in the forestry, metals, coal, and petroleum sectors can have an impact on customers' demands for equipment and customer service. In Chile and Argentina, significant fluctuations in the price of copper and gold can have similar effects, as customers base their capital expenditure decisions on the long-term outlook for metals. In the U.K., changes to prices for thermal coal may impact equipment demand in that sector. While commodity prices continue to be strong, significant fluctuations in future prices could result in a material adverse impact on the Company's financial results.

5. SHARE CAPITAL

The Company repurchased 3,581,500 common shares during the first quarter of 2008 as part of a normal course issuer bid. These shares were repurchased at an average price of $27.21 per share, which has been allocated to reduce share capital by $11.6 million and retained earnings by $85.9 million.

6. Stock-Based Compensation Plans

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

Stock Options

Details of the stock option plans are as follows:

	Six months ended June 30, 2008			Twelve months ended December 31, 2007		
	Options		**Weighted Average Exercise Price**	Options		Weighted Average Exercise Price
Options outstanding, beginning of period	**4,656,402**	**$**	**20.99**	3,903,526	$	14.44
Issued	**1,853,100**	**$**	**29.83**	1,721,000	$	31.59
Exercised / cancelled	**(166,032)**	**$**	**13.06**	(968,124)	$	13.42
Options outstanding, end of period	**6,343,470**	**$**	**23.78**	4,656,402	$	20.99
Exercisable at period end	**2,850,824**	**$**	**17.59**	1,745,280	$	11.92

In the second quarter of 2008, the Company issued 1,853,100 common share options to senior executives and management of the Company (Q2 2007: 1,721,000 common share options). In 2008 and 2007, long term incentives for executives and senior management were made primarily 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, 2003 using the fair value-based method of accounting for stock options. This method of accounting uses an option-pricing model to determine the fair value of stock options granted which is amortized over the vesting period. The fair value of the options granted in 2008 has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Dividend yield	1.27%
Expected volatility	25.44%
Risk-free interest rate	4.250%
Expected life	5.5 years

At the grant date, the weighted average fair value of options granted during the year was $8.35 per share (2007: $7.89 per share). Total stock options expense in the second quarter was $2.7 million (2007: $4.0 million) and for the six month period was $4.7 million. (2007: $4.9 million).

Other Stock-Based Compensation Plans

The Company has other stock-based compensation 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, 2007 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 55,649 share units in May 2008 (May 2007: 13,859 share units), which were granted to the Directors and expensed over the calendar year as the units are issued.

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

Six months ended June 30	**2008**				2007			
Units	**DSU-A**	**DSU-B**	**DDSU**	**Total**	DSU-A	DSU-B	DDSU	Total
Outstanding and vested, beginning of period	**57,179**	**1,139,700**	**294,033**	**1,490,912**	104,964	1,353,496	358,280	1,816,740
Additions	**451**	**7,103**	**50,929**	**58,483**	438	7,512	13,459	21,409
Exercised/cancelled	**(32,834)**	**(404,395)**	**(25,204)**	**(462,433)**	(32,318)	(112,648)	—	(144,966)
Outstanding and vested, end of period	**24,796**	**742,408**	**319,758**	**1,086,962**	73,084	1,248,360	371,739	1,693,183
Liability ($ thousands)								
Balance, beginning of period	**$ 1,639**	**$ 32,664**	**$ 8,427**	**$ 42,730**	$ 2,508	$ 32,342	$ 8,561	$ 43,411
Expense (income)	**(46)**	**(1,905)**	**424**	**(1,527)**	478	8,180	2,695	11,353
Exercised/cancelled	**(961)**	**(11,827)**	**(697)**	**(13,485)**	(773)	(2,721)	—	(3,494)
Balance, end of period	**$ 632**	**$ 18,932**	**$ 8,154**	**$ 27,718**	$ 2,213	$ 37,801	$ 11,256	$ 51,270

Management Share Appreciation Rights Plan (SAR)

In 2008 and 2007, there were no SAR units issued to management. Details of the SAR plans, excluding the impact of the VRSF hedge, are as follows:

Six months ended June 30 **Units**	**2008**	2007
Outstanding, beginning of period	**836,875**	1,162,132
Exercised/cancelled	**(121,889)**	(180,692)
Outstanding, end of period	**714,986**	981,440
Vested, beginning of period	**711,102**	762,722
Vested	**122,105**	265,937
Exercised/cancelled	**(118,221)**	(172,992)
Vested, end of period	**714,986**	855,667
Liability ($ thousands)		
Balance, beginning of period	**$ 11,443**	$ 9,965
Expense (income)	**(2,132)**	7,295
Exercised/cancelled	**(1,649)**	(2,504)
Balance, end of period	**$ 7,662**	$ 14,756
Strike price ranges:	**$13.03 - $16.22**	

Summary – Impact of Stock Based Compensation Plans

Changes in the value of all deferred share units and share appreciation rights is a result of fluctuations in the Company's common share price and the impact of new issues, including stock options, partially offset by the impact of the VRSF hedge. The total impact was an expense of $5.3 million in the second quarter of 2008 (2007: $14.6 million) and during the six-month period was an expense of $8.2 million (2007: $23.5 million).

7. EARNINGS PER SHARE

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

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 June 30			Six months ended June 30		
2008	**Income**	**Shares**	**Per Share**	**Income**	**Shares**	**Per Share**
Basic EPS from continuing operations:						
Net income from continuing operations	**$ 67,143**	**172,651,019**	**$ 0.39**	**$ 137,937**	**173,206,923**	**$ 0.80**
Effect of dilutive securities: stock options	**—**	**1,363,514**	**—**	**—**	**1,343,630**	**—**
Diluted EPS from continuing operations:						
Net income from continuing operations and assumed conversions	**$ 67,143**	**174,014,533**	**$ 0.39**	**$ 137,937**	**174,550,553**	**$ 0.79**
2007						
Basic EPS from continuing operations:						
Net income from continuing operations	$ 75,265	179,407,385	$ 0.42	$ 145,981	179,311,542	$ 0.81
Effect of dilutive securities: stock options	—	1,716,192	—	—	1,646,432	—
Diluted EPS from continuing operations:						
Net income from continuing operations and assumed conversions	$ 75,265	181,123,577	$ 0.42	$ 145,981	180,957,974	$ 0.81

8. INVENTORIES

($ thousands)	June 30, 2008	December 31, 2007
On-hand equipment	**$ 920,878**	$ 844,699
Parts and supplies	**348,688**	326,581
Internal service work in progress	**68,126**	36,522
Inventories	**$ 1,337,692**	$ 1,207,802

For the three months ended June 30, 2008, on-hand equipment, parts, supplies, and changes in internal service work in progress recognized as an expense amounted to $960.6 million (2007: $959.8 million), and for the six months ended June 30, 2008 amounted to an expense of $1,861.0 million (2007: $1,830.0 million). For the three months ended June 30, 2008, the write-down of inventories to net realizable value, included in cost of sales, amounted to $6.1 million (2007: $2.2 million) and for the six months ended June 30, 2008 amounted to $10.9 million (2007: $6.8 million).

9. ACQUISITION

On January 15, 2008, the Company's Canadian operation, Finning (Canada), acquired all of the issued and outstanding common shares of Collicutt Energy Services Ltd., a Canadian oilfield service company. The results of Collicutt's operations have been included in the consolidated financial statements since that date.

The purchase price of Collicutt acquisition totaled $135.3 million. The purchase price was funded through $84.3 million in cash and 15,403 common shares of the Company with a value of $0.4 million. Acquisition costs of $5.8 million were incurred and paid on the transaction. On the date of the acquisition, the Company repaid $44.8 million of Collicutt's existing bank debt resulting in aggregate consideration of $135.3 million.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition. The preliminary allocation of the purchase price is based on management's best estimate at June 30, 2008. The increase in the purchase price from the price reported in the first quarter of 2008 is due to the assumption of a higher debt level than previously estimated.

($ thousands)		
Cash	$	159
Current assets		21,072
Inventories		33,143
Property, plant, and equipment		99,255
Intangible assets		6,670
Goodwill		7,247
Total assets acquired		167,546
Current liabilities		19,076
Future income taxes – long-term		13,126
Total liabilities assumed		32,202
Net assets acquired	$	135,344

The intangible assets acquired primarily represent customer relationships and non-competition agreements. Customer relationships of $4.4 million are being amortized on a straight-line basis over their estimated life of ten years, and the non-competition agreements of $1.9 million are being amortized on a straight-line basis over their estimated life of seven years.

The goodwill was assigned to the Canada operating segment and is not expected to be deductible for tax purposes.

10. Disposition of Discontinued Operation

On July 31, 2007, the Company sold the business and assets of the Tool Hire Division of the Company's U.K. subsidiary, Hewden Stuart Plc, excluding real estate, for cash proceeds of $242.9 million (approximately £112 million), net of costs.

The gross sale price, net of taxes and transaction costs, was approximately equal to the net book value of the net tangible assets and goodwill associated with the tools rental business, and resulted in an after-tax gain on disposal of $0.1 million.

The results of operations of the Tool Hire 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 Tool Hire Division had previously been reported in the Finning UK Group segment.

Loss from the Tool Hire Division is summarized as follows:

	Three months ended June 30, 2007	Six months ended June 30, 2007
Revenue	$ 46,643	$ 97,078
Loss before provision for income taxes	(2,825)	(3,094)
Provision for write-down to fair market value less cost to sell	(908)	(908)
Provision for income taxes	2,525	1,968
Loss from discontinued operations	$ (1,208)	$ (2,034)

The significant net cash flows from the Tool Hire Division are as follows:

($ thousands)	Three months ended June 30, 2007	Six months ended June 30, 2007
Cash flows provided by operating activities	$ 2,051	$ 2,682
Cash used in investing activities	$ (2,404)	$ (2,091)

11. Currency Rates

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

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

Exchange rate	**June 30, 2008**	December 31, 2007	June 30, 2007
U.S. dollar	**1.0186**	0.9881	1.0634
U.K. pound sterling	**2.0276**	1.9600	2.1333

Three months ended June 30 Average exchange rates	**2008**	2007
U.S. dollar	**1.0101**	1.0975
U.K. pound sterling	**1.9914**	2.1803

Six months ended June 30 Average exchange rates	**2008**	2007
U.S. dollar	**1.0072**	1.1349
U.K. pound sterling	**1.9888**	2.2357

12. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in working capital

($ thousands)	Three months ended June 30 2008	Three months ended June 30 2007	Six months ended June 30 2008	Six months ended June 30 2007
Accounts receivable and other	**$ (7,559)**	$ (95,489)	**$ (98,320)**	$ (127,541)
Inventories – on-hand equipment	**(36,828)**	(6,074)	**(62,007)**	(69,743)
Inventories – parts and supplies	**(15,652)**	(45,701)	**(41,036)**	(90,268)
Accounts payable and accruals	**(39,049)**	(28,254)	**(27,866)**	19,532
Income taxes	**(18,768)**	8,423	**(36,989)**	2,486
Changes in working capital items	**$ (117,856)**	$ (167,095)	**$ (266,218)**	$ (265,534)

Components of cash and cash equivalents

June 30 ($ thousands)	2008	2007
Cash	**$ 30,090**	$ 21,252
Short-term investments	**899**	1,093
Cash and cash equivalents	**$ 30,989**	$ 22,345

Interest and tax payments

($ thousands)	Three months ended June 30 2008	Three months ended June 30 2007	Six months ended June 30 2008	Six months ended June 30 2007
Interest paid	$ (41,218)	$ (38,886)	$ (50,794)	$ (46,034)
Income taxes paid	$ (33,301)	$ (33,153)	$ (62,220)	$ (57,354)

13. EMPLOYEE FUTURE BENEFITS

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

Three months ended June 30 ($ thousands)	2008 Canada	2008 UK Group	2008 Total	2007 Canada	2007 UK Group	2007 Total
Defined contribution plans	**$ 5,371**	**$ 296**	**$ 5,667**	$ 4,100	$ 257	$ 4,357
Defined benefit plans	**2,595**	**293**	**2,888**	2,195	2,924	5,119
Total benefit plan expense	**$ 7,966**	**$ 589**	**$ 8,555**	$ 6,295	$ 3,181	$ 9,476

Six months ended June 30 ($ thousands)	2008 Canada	2008 UK Group	2008 Total	2007 Canada	2007 UK Group	2007 Total
Defined contribution plans	**$ 10,236**	**$ 580**	**$ 10,816**	$ 7,952	$ 518	$ 8,470
Defined benefit plans	**4,431**	**587**	**5,018**	4,569	6,012	10,581
Total benefit plan expense	**$ 14,667**	**$ 1,167**	**$ 15,834**	$ 12,521	$ 6,530	$ 19,051

14. SEGMENTED INFORMATION

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

The reportable operating segments are:

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

Three months ended June 30, 2007 ($ thousands)	Canada	South America	UK Group	Other	Consolidated
Revenue from external sources	$ 846,364	$ 321,556	$ 329,704	$ 2	$ 1,497,626
Operating costs	(721,562)	(281,947)	(277,322)	(12,877)	(1,293,708)
Depreciation and amortization	(39,602)	(6,947)	(34,054)	—	(80,603)
Other income (expenses)	(64)	—	(113)	—	(177)
Earnings from continuing operations before interest and taxes	$ 85,136	$ 32,662	$ 18,215	$ (12,875)	$ 123,138
Finance costs					(18,501)
Provision for income taxes					(29,372)
Net income from continuing operations					75,265
Loss from discontinued operations, net of tax					(1,208)
Net income					$ 74,057
Identifiable assets	$ 1,760,725	$ 863,740	$ 1,754,104	$ 55,782	$ 4,434,351
Gross capital expenditures	$ 3,935	$ 8,079	$ 9,296	$ —	$ 21,310
Gross rental asset expenditures	$ 132,086	$ 16,538	$ 88,769	$ —	$ 237,393
Capital assets	$ 158,962	$ 57,486	$ 172,145	$ 339	$ 388,932

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

Six months ended June 30, 2007 ($ thousands)	**Canada**	**South America**	**UK Group**	**Other**	**Consolidated**
Revenue from external sources	$ 1,546,011	$ 660,158	$ 667,450	$ 3	$ 2,873,622
Operating costs	(1,316,998)	(575,505)	(566,521)	(21,522)	(2,480,546)
Depreciation and amortization	(78,891)	(13,357)	(66,671)	—	(158,919)
Other income (expenses)	(349)	—	(52)	—	(401)
Earnings from continuing operations before interest and taxes	$ 149,773	$ 71,296	$ 34,206	$ (21,519)	$ 233,756
Finance costs					(34,648)
Provision for income taxes					(53,127)
Net income from continuing operations					145,981
Loss from discontinued operations, net of tax					(2,034)
Net income					$ 143,947
Identifiable assets	$ 1,760,725	$ 863,740	$ 1,754,104	$ 55,782	$ 4,434,351
Gross capital expenditures	$ 9,858	$ 11,205	$ 19,381	$ —	$ 40,444
Gross rental asset expenditures	$ 257,749	$ 30,698	$ 157,663	$ —	$ 446,110
Capital assets	$ 158,962	$ 57,486	$ 172,145	$ 339	$ 388,932