FINNING

News Release *August 11, 2010*

Finning reports stronger second quarter results - improving market activity in all operations

Q2 2010 HIGHLIGHTS (from continuing operations)

- Consolidated EBIT of $67 million, while below Q2 2009, improved by 61% from Q1 2010 driven by higher EBIT performance from Canada and the U.K. Results from South America continued to be solid.
- Product support remained strong in mining and improved in non-mining sectors, particularly construction. Consolidated product support revenues increased by 10% from Q2 2009 and were up significantly in all operations, by 16% - 18% in local currencies.
- The Company remains on track to achieve its annual targets for permanent cost reduction, free cash flow and net debt to capital ratio.
- Market activity continued to improve in all operations and across all sectors. Consolidated order backlog of $1.0 billion was up 10% from Q1 2010.

Vancouver, British Columbia – Finning International Inc. (TSX: FTT) reported the following second quarter 2010 results from continuing operations: revenues of $1.1 billion, earnings before interest and income taxes (EBIT) of $67 million and diluted earnings per share (EPS) of $0.21. The second quarter 2010 results included net non-operational charges of $0.06 per share.

“Market conditions are improving for all our operations and the recovery is unfolding earlier than we expected,” said Mike Waites, president and chief executive officer of Finning International Inc. “Mining remains strong and activity in non-mining markets is picking up. We are also starting to see the benefits of our operational excellence initiatives as we are generating improved EBIT margins.”

“Looking forward, we will continue to capture growth opportunities that play to our core competencies in product support, mining and power systems,” continued Mike Waites. “We are making selective investments in capacity in South America and Canada to support the growing product support business. The recently announced acquisition of the Caterpillar dealerships in Northern Ireland and The Republic of Ireland leverages our existing infrastructure and power systems expertise in the U.K. and will be accretive to EBIT.”

As previously announced, on May 5, 2010, the Company sold Hewden, its UK rental business, for an after-tax loss of $244 million or $1.43 per share. Gross proceeds on sale were GBP 110 million (C$ 171 million). This transaction completed the strategic realignment of the Company’s UK operations. The results of operations of Hewden for the periods up to May 5, 2010 have been reclassified as discontinued operations in the consolidated statements of income and cash flow. The assets and liabilities of Hewden in the balance sheet for the periods prior to the date of disposition have been presented separately.

Q2 2010 FINANCIAL SUMMARY (from continuing operations)

C$ millions, except per share amounts (unaudited)	Three months ended June 30		
	2010	2009	% Change
Revenue	**1,075**	1,097	(2)
Earnings before interest and income taxes (EBIT) [1]	**67**	73	(9)
Net income	**36**	57	(36)
Diluted EPS	**0.21**	0.33	(36)
Earnings before interest, income taxes, depreciation and amortization (EBITDA) [1]	**105**	121	(13)
Free cash flow [1][2]	**33**	140	

- Revenues of $1.1 billion were 2% lower than in Q2 2009. New equipment sales were down 12%, primarily in Canada. Used equipment sales and rental revenues declined by 2% and 15% respectively. Product support revenues increased in all operations. Consolidated product support revenues were up 10% from Q2 2009 reflecting improved market conditions and the Company's focus on growing its product support business. Foreign exchange had a negative impact on quarterly revenues of approximately $125 million due to the 12% stronger Canadian dollar relative to the U.S. dollar and the 15% stronger Canadian dollar relative to the U.K. pound sterling for Q2 2010 compared to Q2 2009.

- Gross profit increased by $2 million or 1% from Q2 2009 despite lower revenues. Gross profit margin of 30.8% was slightly higher than 30.0% in Q2 2009 due to the shift in revenue mix to higher margin product support and improved margins in other lines of business. Product support accounted for 48% of the total revenues compared to 43% in Q2 2009.

- Selling, general and administrative (SG&A) expenses were $13 million or 5% higher than in Q2 2009. The Company continues to realize cost savings from initiatives announced last year and remains on track to meet the permanent cost reductions targeted by the end of 2010. Cost savings realized in Q2 2010 were more than offset by costs relating to a 10% increase in the workforce in South America to support growing demand for product support and Q2 2009 SG&A included $8 million of foreign exchange gains.

- EBIT of $67 million was 9% below Q2 2009. While consolidated EBIT margin of 6.2% was lower than 6.6% in Q2 2009, it improved significantly from Q1 2009 EBIT margin of 4.2% as a result of higher EBIT margins in Canada and the U.K. Driving improved EBIT margin performance remains at the top of the Company's near-term priorities.

- Net income decreased by 36% to $36 million. Diluted EPS was $0.21 compared to $0.33 in Q2 2009 and $0.14 in Q1 2010. Foreign exchange had a negative impact of $0.10 per share compared Q2 2009. Non-operational costs totaled $0.06 per share and included IT system implementation costs of $0.03 per share and the premium and related costs associated with the partial purchase of the Company's Eurobond Notes of $0.03 per share.

- EBITDA, which is an indicator of a company's cash operating performance and generation of operating cash flow, was $105 million compared to $121 million in Q2 2009.

- Free cash flow was $33 million, compared to $140 million in Q2 2009 due to higher inventory levels to meet growing customer demand. Year to date, free cash flow was

$132 million, and the Company remains on track to generate approximately $200 million of free cash flow in 2010.

- Net debt to total capital was 37%, comparable to the March 31, 2010 level and down from 39% at December 2009. The net debt to total capital ratio is expected to be in the mid 30%s range by the end of 2010.
- Consolidated backlog was $1.0 billion at June 30, 2010, up from $0.9 billion at March 31, 2010, the third consecutive quarterly increase in backlog. While the new order intake continues to be driven by the mining sector, there was an increase in new orders from the non-mining markets in the second quarter.

HIGHLIGHTS BY OPERATIONS

Canada

- Second quarter revenues were down 4% from Q2 2009. The decline in new equipment sales and rental revenues, which were down 23% and 17% respectively, was partly offset by strong product support growth. Product support revenues were 18% higher than in Q2 2009, driven primarily by mining, including the oil sands, and also increased in non-mining sectors. Mining product support revenues increased by 19% from Q2 2009. Used equipment sales increased by 7% in the second quarter, over Q2 2009.

- Cost savings related to workforce reductions and productivity improvements reduced SG&A in Q2 2010. In spite of this, SG&A was higher than the prior year as Q2 2009 included an $8 million foreign exchange gain on US denominated payables and Q2 2010 included higher bad debt provisions. The Canadian operations incurred IT system implementation costs of $4 million in Q2 2010 ($2 million in Q2 2009). The Company is on track to launch the new system in Canada in Q4 2010.

- EBIT of $33 million was below $38 million in Q2 2009, but improved substantially from the Q1 2010 EBIT of $9 million. EBIT margin of 5.8% was down compared to 6.5% in Q2 2009, but improved significantly from 1.9% in Q1 2010. Finning (Canada) remains focused on increasing service labor productivity and implementing supply chain efficiencies to drive higher EBIT margin.

- The backlog continued to increase in Q2 2010 with most of the order intake driven by the mining sector, including the oil sands. In addition, activity in the non-mining sectors improved in the second quarter.

South America

- Second quarter revenues declined by 3% from Q2 2009; however, in functional currency (USD), revenues were up 10%. New equipment sales declined 5% (up 8% in functional currency) as lower new equipment sales in mining were more than offset by higher deliveries to the construction and power systems sectors. Product support revenues increased by 2% from Q2 2009 and were up 16% in functional currency. Mining product support revenues were up 15% in functional currency from Q2 2009 and also grew in construction.

- EBIT was $33 million, compared to $38 million in Q2 2009. In functional currency, EBIT declined by 4% due to an increase in the workforce and higher IT implementation costs as Finning South America continued to invest in product support growth. EBIT margin was 9.3% compared to 10.6% in Q2 2009.

- Order intake was strong in all market segments. The backlog continued to increase in Q2 2010 driven by the strong mining sector and rising activity in construction and power systems. The backlog does not include the order for Codelco’s Ministro Hales mine. Market conditions in South America continue to improve. The momentum in mining is

expected to continue into 2011 and 2012, and Finning is in an excellent position to capture equipment and product support opportunities. Construction activity is strengthening due to growing demand from public infrastructure and mining customers.

United Kingdom (continuing operations)

- Quarterly revenues rose 5% from Q2 2009, primarily due to higher new equipment sales to the coal mining sector. In functional currency (GBP), quarterly revenues were up 24%, driven by a 31% increase in new equipment sales and an 18% increase in product support revenues over Q2 2009. Used equipment sales were up 28% in local currency.

- EBIT from UK operations improved to $7 million compared to $3 million in Q2 2009, reflecting increased revenues and on-going discipline around SG&A costs. EBIT margin increased to 4% from 2% in Q2 2009 and in Q1 2010.

- Equipment sales in the U.K. improved in the second quarter in coal mining, quarries waste management and plant hire sectors. Outlook for other sectors remains uncertain due to reduced government funding. The order backlog increased from Q1 2010.

CORPORATE AND BUSINESS DEVELOPMENTS

Dealerships in Northern Ireland and the Republic of Ireland

On August 2, 2010, Finning was appointed the Caterpillar dealer for Northern Ireland. The Company reached agreement on the acquisition of certain assets from the Administrator of the previous Caterpillar dealership for Northern Ireland. The total purchase price for the assets is approximately GBP 3.1 million.

On August 9, 2010, Finning was appointed the Caterpillar dealer for the Republic of Ireland. The Company reached agreement on the acquisition of certain assets from the Receiver of the previous Caterpillar dealer in the Republic of Ireland and from Caterpillar for approximately Euro 2.7 million.

Executive Appointments

On July 7, 2010, Finning announced the appointment of Andy Fraser as *executive vice-president power systems and global business development for Finning International. Most recently, Mr. Fraser oversaw the Company's UK operations as managing director. A*ssuming leadership of the UK operations will be Neil Dickinson, who was appointed managing director of Finning UK. Most recently, Neil was director, construction for the UK operations.

Dividend

The Board of Directors approved a quarterly dividend at $0.12 per common share, payable on September 10, 2010, to shareholders of record on August 27, 2010. This dividend will be considered an eligible dividend for Canadian income tax purposes.

SELECTED CONSOLIDATED FINANCIAL INFORMATION: Q2 AND YTD 2010, UNAUDITED
(from continuing operations unless otherwise stated, C$ millions, except per share amounts)

	Three months ended June 30			Six months ended June 30		
Revenue	**2010**	2009	% Change	**2010**	2009	% Change
New equipment	**411.3**	465.3	(12)	**757.0**	1,097.4	(31)
Used equipment	**86.1**	87.4	(2)	**155.6**	159.4	(2)
Equipment rental	**63.9**	74.9	(15)	**133.9**	163.5	(18)
Product support	**511.8**	466.6	10	**1,003.4**	960.3	5
Other	**2.1**	3.2	(33)	**5.0**	6.2	(19)
Total revenue	**1,075.2**	1,097.4	(2)	**2,054.9**	2,386.8	(14)
Gross profit	**331.1**	328.9	1	**624.6**	698.7	(11)
Gross profit margin (3)	***30.8%***	*30.0%*		***30.4%***	*29.3%*	
SG&A	**(257.1)**	(244.4)	(5)	**(501.3)**	(519.7)	4
Other expenses	**(7.5)**	(11.8)	36	**(15.5)**	(19.0)	19
EBIT	**66.5**	72.7	(9)	**107.8**	160.0	(33)
EBIT margin (4)	***6.2%***	*6.6%*		**5.2%**	6.7%	
Income from continuing operations	**36.0**	56.5	(36)	**59.1**	109.4	(46)
Loss from discontinued operations, net of tax	**(246.1)**	(8.7)		**(249.1)**	(16.6)	
Net income (loss)	**(210.1)**	47.8		**(190.0)**	92.8	
Diluted earnings (loss) per share (EPS)						
from continuing operations	0.21	0.33	(36)	0.35	0.64	(45)
from discontinued operations	(1.44)	(0.05)		(1.46)	(0.10)	
Total diluted earnings (loss) per share	**(1.23)**	0.28		**(1.11)**	0.54	
EBITDA	**104.8**	120.9	(13)	**189.2**	262.7	(28)
Free cash flow*	**32.6**	139.7		**131.9**	137.9	(4)
				Jun 30, 2010	Dec 31, 2009	
Total assets*				**3,401.5**	3,671.4	
Total shareholders' equity*				**1,363.6**	1,515.7	
Net debt to total capital (5)*				**37%**	39%	

* Free cash flow and assets from Hewden have been included in the figures for periods prior to the sale.

Q2 2010 RESULTS INVESTOR CALL
Management will hold an investor conference call on Thursday, August 12 at 11:00 am Eastern Time. Dial-in numbers: 1-866-223-7781 (anywhere within Canada and the U.S.) or (416) 340-8018 (for participants dialing from Toronto and overseas).

The call will be webcast live and subsequently archived at www.finning.com. Playback recording will be available at 1-800-408-3053 from 1:00 pm Eastern Time on August 12 until August 19. The pass code to access the playback recording is 6407118 followed by the number sign.

Q3 2010 RESULTS – NOVEMBER 10, 2010
Finning's third quarter 2010 results will be released on November 10, 2010 after market close. An investor conference call will be held on November 11, 2010.

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

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Footnotes

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

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

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

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

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

Forward-Looking Disclaimer

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

Unless otherwise indicated by us, forward-looking statements in this report describe our expectations at August 11, 2010. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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

Forward-looking statements made in this report are based on a number of assumptions that we believed were reasonable on the day we made the forward-looking statements. Refer in particular to the Market Outlook section of the MD&A. Some of the assumptions, risks, and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this report are discussed in the Company's current Annual Information Form (AIF) in Section 4.

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Results of Operations

The results from continuing operations described in this Management's Discussion and Analysis (MD&A) include those of acquired businesses from the date of their purchase and exclude results from operations that have been disposed or are classified as discontinued. Results of operations from businesses that qualified as discontinued operations have been reclassified to that category for all periods presented unless otherwise noted.

Following an extensive strategic review, on May 5, 2010 the Company sold Hewden, its UK equipment rental business, for an after-tax loss of $244.1 million or $1.43 per share. The results of operations of Hewden for the periods up to May 5, 2010 have been reclassified as discontinued operations in the consolidated statements of income and cash flow. The assets and liabilities of Hewden in the balance sheet for periods prior to the date of disposition have been presented separately.

Please see the section entitled "Discontinued Operations – Hewden" for a discussion of these operations.

Second Quarter Overview

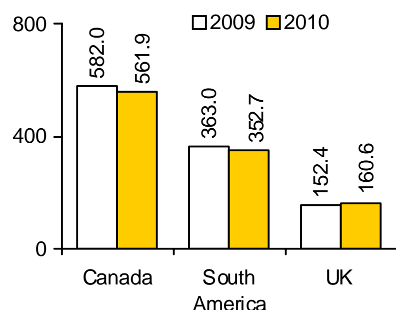
	Q2 2010	Q2 2009	**Q2 2010**	Q2 2009
	($ millions)		(% of revenue)	
Revenue	**$ 1,075.2**	$ 1,097.4		
Gross profit	**331.1**	328.9	**30.8%**	30.0%
Selling, general & administrative expenses	**(257.1)**	(244.4)	**(23.9)%**	(22.3)%
Other expenses	**(7.5)**	(11.8)	**(0.7)%**	(1.1)%
Earnings from continuing operations before interest and income taxes (EBIT) [(1)]	**66.5**	72.7	**6.2%**	6.6%
Finance costs	**(22.6)**	(12.0)	**(2.1)%**	(1.1)%
Provision for income taxes	**(7.9)**	(4.2)	**(0.7)%**	(0.4)%
Income from continuing operations	**$ 36.0**	$ 56.5	**3.4%**	5.1%
Loss from discontinued operations, net of tax[(3)]	**(246.1)**	(8.7)	**(22.9)%**	(0.8)%
Net income (loss)	**$ (210.1)**	$ 47.8	**(19.5)%**	4.3%
Basic earnings (loss) per share (EPS)				
from continuing operations	**$ 0.21**	$ 0.33		
from discontinued operations[(3)]	**$ (1.44)**	$ (0.05)		
Total basic earnings (loss) per share	**$ (1.23)**	$ 0.28		
Earnings from continuing operations before interest, taxes, depreciation, and amortization (EBITDA) [(1)]	**$ 104.8**	$ 120.9	**9.7%**	11.0%
Free Cash Flow [(1) (2)]	**$ 32.6**	$ 139.7		

[(1)] These amounts do not have a standardized meaning under generally accepted accounting principles. For a reconciliation of these amounts to net income and cash flow from operating activities, see the heading "Description of Non-GAAP Measures" below.

[(2)] Free Cash Flow is defined as cash provided by (used in) operating activities less net capital expenditures.

[(3)] On May 5, 2010, the Company sold Hewden, its UK equipment rental business. As a consequence, the results of operations of Hewden have been reclassified as discontinued operations for all periods presented.

Revenue from Continuing Operations
($ millions)
Three months ended June 30



Second quarter consolidated revenues of $1.1 billion were slightly lower (2.0%) than the comparable quarter in 2009, with lower revenues contributed by both the Canadian and South American operations.

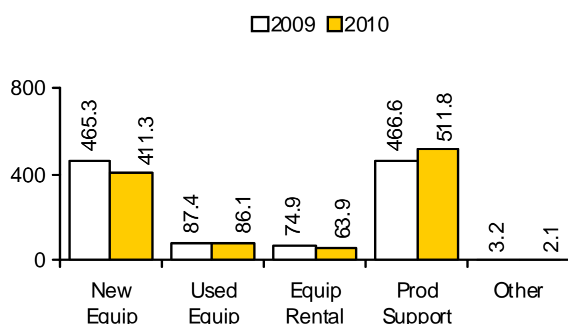
Foreign exchange had a negative impact on revenues of approximately $125 million (or 12%) due to the 11.9% stronger Canadian dollar relative to the U.S. dollar and the 15.2% stronger Canadian dollar relative to the U.K. pound sterling for the three months ended June 30, 2010 compared to the same period last year.

Revenues from the Company's Canadian operations decreased 3.5% in the second quarter of 2010 compared with the same period last year, primarily due to the negative impact of foreign exchange and lower new equipment sales. The Canadian operations' new equipment sales were 23.3% lower than the second quarter of 2009, reflecting the negative impact from foreign exchange and lower deliveries. Despite lower new equipment revenue, product support revenues were 17.7% higher than the comparative period in 2009, and up 26.2% when adjusted for the impact of foreign exchange.

Revenues from the Company's operations in South America decreased 2.8% compared to the second quarter of 2009. However, excluding the negative impact of foreign exchange, revenues for the second quarter of 2010 in functional currency (the U.S. dollar) increased by 10.0% in the Company's South American operations over the second quarter of 2009. This was driven mainly by higher product support revenues in all sectors, most notably in the mining sector, as well as higher new equipment revenues in the power systems and construction sectors.

In the U.K., revenues were up 5.4% over the second quarter of 2009, and were up 24.3% in local currency, largely due to higher new equipment sales to the mining sector and higher product support revenues.

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



Overall, new equipment sales were down 11.6% compared with the second quarter of 2009, affected by lower volumes in the Company's Canadian operations.

Product support revenues in the second quarter of 2010 were up 9.7% overall compared with the same quarter last year, with increases reported in all regions. Growth in product support revenues was driven primarily by the mining sectors in Canada and South America.

Used equipment sales and rental revenues declined by 1.5% and 14.7%, respectively, compared to the second quarter of 2009.

Finning's global order book or backlog (the retail value of new equipment units ordered by customers for future deliveries) was just over $1.0 billion at the end of the second quarter of 2010, up 10% from the March 2010 level of $900 million, and up almost 75% compared with the December 2009 and June 2009 levels of $600 million. New order intake, although down from Q1 2010 and Q4 2009, was 75% higher compared to the second quarter of 2009. While the new order intake continues to be driven by the mining sector, there was an increase in new orders from non-mining markets in the second quarter.

The Company is dependent on Caterpillar Inc. (Caterpillar) for the timely supply of equipment to fulfill its deliveries. With global demand increasing, Caterpillar is challenged to meet all equipment demand in 2010. Caterpillar is taking steps to increase production capacity. Finning continues to work closely with Caterpillar and customers to ensure that demand for equipment can be met.

Earnings from Continuing Operations Before Interest and Taxes (EBIT)

On a consolidated basis, EBIT in the second quarter of 2010 of $66.5 million decreased 8.5% compared with the same period of 2009 primarily due to higher selling, general, and administrative (SG&A) costs to support increasing customer demand and the negative impact of foreign exchange.

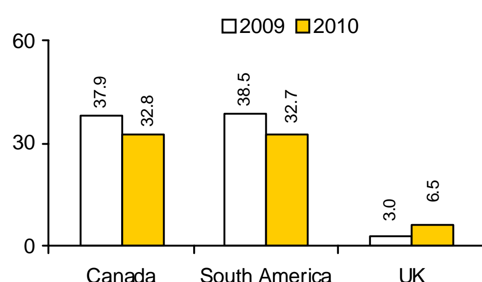
Gross profit of $331.1 million in the second quarter of 2010 compared to the second quarter of 2009 was up slightly on lower revenues. Quarterly gross profit margin (gross profit as a percentage of revenue) of 30.8% was also slightly higher than the prior year's second quarter margin (30.0%) as the Company realized higher margins in most lines of business. In the second quarter of 2010, the Company experienced a shift in revenue mix to higher margin product support business in its Canadian and South American operations. Product support revenues made up 47.6% of total revenues in the second quarter of 2010, compared with 42.5% of total revenues in the same period last year.

SG&A expenses were $12.7 million or 5.2% higher than the second quarter of 2009. The Company continues to realize cost savings from initiatives announced last year and remains on track to meet the permanent cost reductions targeted by the end of 2010. The quarterly cost savings realized in the second quarter of 2010 were more than offset by costs related to a 10% increase in the number of employees in the Company's South American operations to support current and future demand for product support. In 2009, SG&A included $8.0 million of foreign exchange gains related to the revaluation of U.S. denominated accounts payable.

EBIT in the second quarter of 2010 included $7.1 million of costs (Q2 2009: $5.5 million) related to the implementation of a new information technology (IT) system for the Company's global operations, and restructuring and severance costs of $0.4 million (Q2 2009: $6.3 million).

The Company's EBIT margin (EBIT divided by revenues) was 6.2% in the second quarter of 2010, up from 4.2% in the first quarter of 2010 primarily due to improved margins from the Company's Canadian and UK operations, but slightly down from 6.6% earned in the second quarter of 2009.

EBIT from Continuing Operations
($ millions)
Three months ended June 30



Excluding other operations – corporate head office

Major components of the EBIT variance were:

	($ millions)
2009 Q2 EBIT	72.7
Net change in operations	11.1
Foreign exchange impact	(21.6)
Lower restructuring costs in 2010	5.9
Higher IT system implementation costs in 2010	(1.6)
2010 Q2 EBIT	**66.5**

Earnings from Continuing Operations Before Interest, Taxes, Depreciation, and Amortization (EBITDA) and Free Cash Flow

EBITDA, which management views as an indicator of a company's operating performance and generation of operating cash flow, was $104.8 million in the second quarter of 2010 compared to $120.9 million in the second quarter of 2009.

The Company's Free Cash Flow generated in the second quarter of 2010 was as expected, at $32.6 million compared to $139.7 million in the comparative period of the prior year. The decline in Free Cash Flow reflected an increase in customer demand with a corresponding increase in inventory levels. Management continues to closely manage working capital levels. Free Cash Flow from Hewden has been included in the reported amounts for periods prior to the sale – see "Description of Non-GAAP Measures".

Finance Costs

Finance costs for the three months ended June 30, 2010 were $22.6 million compared with $12.0 million in the second quarter of 2009. Finance costs related to interest on outstanding short and long term debt declined $1.5 million in Q2 2010 versus Q2 2009 due to lower interest rates and lower debt outstanding.

Following the sale of Hewden that reduced the Company's U.K. pound sterling denominated assets, the Company took advantage of favourable market conditions and exchange rates and used a portion of the sale proceeds to

purchase and cancel £45 million of its £115 million outstanding Eurobond Notes in June 2010. As a result, the Company recorded charges of approximately $6.4 million, reflecting the premium paid to purchase the Notes, costs associated with the recognition of deferred original financing costs, and related purchase costs. Following the purchase, £70 million of the 5.625% Notes due 2013 remain outstanding. The second quarter of 2009 comparative period finance costs benefited from $3.5 million of interest income related to a tax recovery.

Provision for Income Taxes

The effective income tax rate for the second quarter of 2010 was 18.0% compared to 6.9% in the comparable period of the prior year. Second quarter 2009 income tax expense was reduced by $8.5 million due to a change in the estimated tax rate related to items that had been recorded directly to other comprehensive income in prior periods. This one-time tax adjustment reduced the Company's tax rate by 14.1% in 2009. The effective tax rate was also lower in the prior year's second quarter due to a positive outcome related to a review by tax authorities.

Income from Continuing Operations

Finning's income from continuing operations was $36.0 million in the second quarter of 2010 compared with $56.5 million in the comparative period in 2009.

Basic EPS from continuing operations was $0.21 in the second quarter of 2010 compared with $0.33 in the same period last year. Finance costs ($0.03 per share) incurred on the purchase and cancellation of a portion of the Company's Eurobond Notes contributed to the decline, as well as higher SG&A costs, most notably from the Company's Canadian and South American operations. Foreign exchange had a negative impact of approximately $0.10 per share in the second quarter of 2010 compared to the prior's year second quarter due to the stronger Canadian dollar relative to the U.S. dollar and the U.K. pound sterling. Results for the second quarter of 2009 also included a one-time income tax recovery of approximately $0.05 per share related to the change in the estimated tax rate noted above.

Second quarter 2010 basic EPS from continuing operations was up from $0.14 earned in the first quarter of 2010. This improvement was primarily due to higher sales volumes in all operations and lower SG&A as a percentage of revenue in the second quarter of 2010.

Discontinued Operations — Hewden

As previously announced, on May 5, 2010, the Company sold Hewden, its UK equipment rental business. The Company determined that a large, short-term rental business operating separately from its UK dealership was not aligned with the Company's strategic objectives. Gross proceeds on the sale of Hewden of $171.1 million (£110.2 million) comprised cash of £90.2 million and a £20.0 million interest bearing 5-year note receivable with a fair value of £16.9 million.

The after-tax loss on sale was $244.1 million or $1.43 per share, which included the realization of $100.8 million ($0.59 per share) of foreign exchange losses related to the Company's investment in Hewden previously recorded in accumulated other comprehensive loss, and $68.0 million ($0.40 per share) related to Hewden's unfunded pension liability, which the buyer assumed. After taking this into account, the balance of $75.3 million or $0.44 per share can be attributed to the loss on the Company's net carrying value of Hewden operations, net of tax.

The results of operations of Hewden for the periods up to May 5, 2010 have been reclassified as discontinued operations in the consolidated statements of income and cash flow. The assets and liabilities of Hewden in the balance sheet for periods prior to the date of disposition have been presented separately.

The Company expects to maintain an ongoing commercial relationship with Hewden. A further discussion regarding the divestiture of Hewden can be found in Note 6 to the Interim Consolidated Financial Statements.

Significant Developments Subsequent to Quarter End

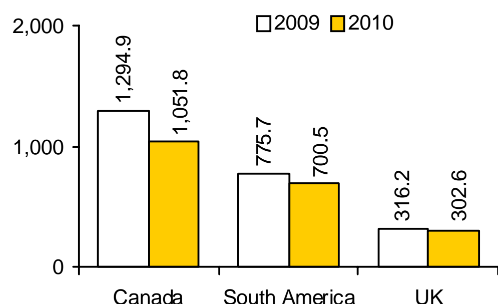
On August 2, 2010, Finning was appointed the Caterpillar dealer for Northern Ireland. The Company reached agreement on the acquisition of certain assets from the Administrator of the previous Caterpillar dealership for Northern Ireland. The total purchase price for the assets is approximately GBP 3.1 million.

On August 9, 2010, Finning was appointed the Caterpillar dealer for the Republic of Ireland. The Company reached agreement on the acquisition of certain assets from the Receiver of the previous Caterpillar dealer in the Republic of Ireland and from Caterpillar for approximately Euro 2.7 million.

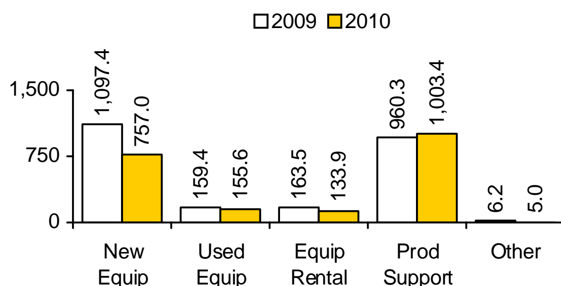
Year-to-Date Overview

	YTD 2010	YTD 2009	YTD 2010	YTD 2009
	($ millions)		(% of revenue)	
Revenue	**$ 2,054.9**	$ 2,386.8		
Gross profit	**624.6**	698.7	**30.4%**	29.3%
Selling, general & administrative expenses	**(501.3)**	(519.7)	**(24.4)%**	(21.8)%
Other expenses	**(15.5)**	(19.0)	**(0.8)%**	(0.8)%
Earnings from continuing operations before interest and income taxes (EBIT)	**107.8**	160.0	**5.2%**	6.7%
Finance costs	**(36.0)**	(29.1)	**(1.7)%**	(1.2)%
Provision for income taxes	**(12.7)**	(21.5)	**(0.6)%**	(0.9)%
Income from continuing operations	**$ 59.1**	$ 109.4	**2.9%**	4.6%
Loss from discontinued operations, net of tax	**(249.1)**	(16.6)	**(12.1)%**	(0.7)%
Net income (loss)	**$ (190.0)**	$ 92.8	**(9.2)%**	3.9%
Basic earnings (loss) per share (EPS)				
from continuing operations	**$ 0.35**	$ 0.64		
from discontinued operations	**$ (1.46)**	$ (0.10)		
Total basic earnings (loss) per share	**$ (1.11)**	$ 0.54		
Earnings from continuing operations before interest, taxes, depreciation, and amortization (EBITDA)	**$ 189.2**	$ 262.7	**9.2%**	11.0%
Free cash flow	**$ 131.9**	$ 137.9		

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



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



For the six month period ending June 30, 2010, revenues of $2.1 billion decreased 13.9% over the same period last year, with lower new equipment revenues in the Canadian operations, which benefited from a significantly higher opening backlog level in the prior year. In functional currency, the Company's South American and UK operations had higher revenues in the first half of 2010 compared with the same period last year.

Foreign exchange had a negative impact on revenues of approximately $250 million (or 12%) due to the 14.3% stronger Canadian dollar relative to the U.S. dollar and the 12.2% stronger Canadian dollar relative to the U.K. pound sterling for the six months ended June 30, 2010 compared to the same period last year.

On a consolidated basis, new equipment sales were 31.0% lower than the first half of 2009, with lower volumes in the Company's Canadian and South American operations. Product support revenues were 4.5% higher than the first half of the prior year, and up in all operations in local currency. Growth in product support revenues continued to be driven primarily by the mining sectors in Canada and South America, and has improved in certain non-mining sectors.

Used equipment sales and rental revenues declined by 2.4% and 18.1%, respectively, compared to the first half of 2009.

Earnings from Continuing Operations Before Interest and Taxes (EBIT)

EBIT of $107.8 million decreased 32.6% compared with the first half of 2009 primarily due to lower revenues and the negative impact of foreign exchange.

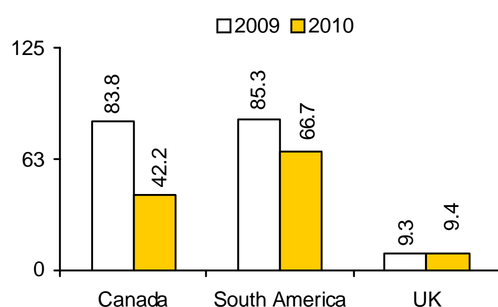
Gross profit of $624.6 million in the first six months of the year decreased 10.6% over the same period last year; however, gross profit as a percentage of revenue was 30.4%, compared with 29.3% in the first half of 2009, primarily due to the shift in revenue mix to higher margin product support business in all operations. Product support revenues made up 48.8% of total revenues in the first half of 2010, compared with 40.2% of total revenues in the same period last year.

SG&A costs were 3.5% lower than the first half of 2009 reflecting targeted cost reductions and productivity improvement measures. The overall improvement in SG&A costs as a result of these items was partially offset by higher employee costs in the Company's South American operations in the first half of 2010 to meet strong customer demand compared with the same period last year.

Results for the first half of 2010 included costs of $12.4 million (2009: $10.2 million) related to the ongoing implementation of a new information technology (IT) system for the Company's global operations and restructuring and severance costs of $3.1 million (2009: $8.8 million).

The Company's EBIT margin was 5.2% in the first half of 2010, down from 6.7% in the first six months of 2009 primarily due to the factors noted above.

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



Excluding other operations – corporate head office

Major components of the EBIT variance were:

	($ millions)
2009 Year-to-Date EBIT	160.0
Net change in operations	(13.4)
Foreign exchange impact	(42.3)
Lower restructuring costs in 2010	5.7
Higher IT system implementation costs in 2010	(2.2)
2010 Year-to-Date EBIT	**107.8**

Earnings from Continuing Operations Before Interest, Taxes, Depreciation, and Amortization (EBITDA) and Free Cash Flow

EBITDA, which management views as an indicator of a company's operating performance and generation of operating cash flow, was $189.2 million in the six months of 2010 compared to $262.7 million in the six months of 2009.

The Company's Free Cash Flow generated in the first six months of 2010 was $131.9 million compared to $137.9 million in the comparative period of the prior year. All of Finning's operations have seen significant improvements in the generation of Free Cash Flow from the fourth quarter of 2008 through to the first half of 2010. Free Cash Flow from Hewden has been included in the reported amounts for periods prior to the sale – see "Description of Non-GAAP Measures".

Finance Costs

Finance costs for the six months ended June 30, 2010 were $36.0 million compared with $29.1 million in the first half of 2009. Finance costs related to interest on outstanding short and long term debt declined $4.2 million in first six months of 2010 versus the first six months of 2009 due to lower interest rates and lower debt outstanding.

Following the sale of Hewden that reduced the Company's U.K. pound sterling denominated assets, the Company took advantage of favourable market conditions and exchange rates and used a portion of the sale proceeds to purchase £45 million of its £115 million outstanding Eurobond Notes in June 2010. As a result, the Company recorded charges of approximately $6.4 million, reflecting the premium paid to purchase the Notes, costs associated with the recognition of deferred original financing costs, and related purchase costs. Following the purchase, £70 million of the 5.625% Notes due 2013 remain outstanding. The first half of 2009 comparative period finance costs benefited from $3.5 million of interest income related to a tax recovery.

Provision for Income Taxes

The effective income tax rate for the first half of 2010 was 17.6% compared to 16.4% in the comparable period of the prior year. The income tax expense in the first half of 2009 was lower by $8.5 million due to a change in the estimated tax rate related to items that had been recorded directly to other comprehensive income in prior periods. This one-time tax adjustment reduced the Company's tax rate by 4.6% for the first half of 2009. The effective tax rate was also lower in the first half of the prior year due to a positive outcome related to a review by tax authorities.

Income from Continuing Operations

Finning's income from continuing operations of $59.1 million was down 46.0% in the first six months of 2010 compared with the same period in 2009.

Basic EPS from continuing operations for the six months ended June 30, 2010 was $0.35 per share compared with $0.64 per share in the same period last year. Results for the first six months of 2010 included incremental finance costs ($0.03 per share) incurred on the repurchase of a portion of the Company's Eurobond Notes. Foreign exchange had a negative impact of approximately $0.18 per share in the first half of 2010 compared to the prior year's first half due to the stronger Canadian dollar relative to the U.S. dollar and the U.K. pound sterling. Results for the second quarter of 2009 also included a one-time income tax recovery of approximately $0.05 per share related to the change in the estimated tax rate noted above.

Foreign Exchange

Translation

The Company's reporting currency is the Canadian dollar. However, due to the geographical diversity of the Company's operations, a significant portion of revenue and operating expenses are in different currencies. The most significant currencies in which the Company transacts business are the U.S. dollar, the Canadian dollar, and the U.K. pound sterling. Changes in the Canadian dollar / U.S. dollar and Canadian dollar / U.K. pound sterling relationship affects reported results on the translation of the financial statements of the Company's South American and UK operations as well as U.S. dollar based earnings of the Company's Canadian operations.

Foreign exchange had a negative impact on consolidated revenues in the second quarter of 2010 of approximately $125 million due to an 11.9% stronger Canadian dollar relative to the U.S. dollar, and a 15.2% stronger Canadian dollar relative to the U.K. pound sterling, all compared to the second quarter of 2009. As a result, EBIT was negatively impacted by approximately $22 million and net income was negatively impacted by approximately $0.10 per share in the second quarter of 2010 compared to the prior year's second quarter.

For the first half of 2010, foreign exchange had a negative impact on consolidated revenues of approximately $250 million due to a 14.3% stronger Canadian dollar relative to the U.S. dollar, and a 12.2% stronger Canadian dollar relative to the U.K. pound sterling, all compared to the first half of 2009. As a result, EBIT was negatively impacted by approximately $42 million and net income was negatively impacted by approximately $0.18 per share in the first half of 2010 compared to the first six months of 2009.

The Canadian dollar has historically correlated to commodity prices. If commodity prices strengthen, the Canadian dollar is likely to strengthen. In this scenario, the Company's mining and oil sands customers increase production and demand; however, the Company is negatively impacted when U.S. dollar based revenues and earnings are translated into lower Canadian dollar reported revenues and earnings due to the stronger Canadian dollar, although lags may occur.

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

The following tables provide details of revenue and EBIT from continuing operations and the foreign exchange impact for the three and six months ended June 30, 2010.

Three months ended June 30 ($ millions)	**Canada**	**South America**	**UK**	**Consolidated**
Revenues – Q2 2009	$ 582.0	$ 363.0	$ 152.4	$ 1,097.4
Foreign exchange impact	(46.9)	(50.1)	(28.5)	(125.5)
Operating revenue increase (decrease)	26.8	39.8	36.7	103.3
Revenues – Q2 2010	$ 561.9	$ 352.7	$ 160.6	$ 1,075.2
Total revenue increase (decrease)	$ (20.1)	$ (10.3)	$ 8.2	$ (22.2)
- percentage increase (decrease)	(3.5)%	(2.8)%	5.4%	(2.0)%
- percentage increase (decrease), excluding foreign exchange	4.6%	11.0%	24.1%	9.4%

Six months ended June 30 ($ millions)	**Canada**	**South America**	**UK**	**Consolidated**
Revenues – Q2 YTD 2009	$ 1,294.9	$ 775.7	$ 316.2	$ 2,386.8
Foreign exchange impact	(95.5)	(110.6)	(43.8)	(249.9)
Operating revenue increase (decrease)	(147.6)	35.4	30.2	(82.0)
Revenues – Q2 YTD 2010	$ 1,051.8	$ 700.5	$ 302.6	$ 2,054.9
Total revenue increase (decrease)	$ (243.1)	$ (75.2)	$ (13.6)	$ (331.9)
- percentage increase (decrease)	(18.8)%	(9.7)%	(4.3)%	(13.9)%
- percentage increase (decrease) , excluding foreign exchange	(11.4)%	4.6%	9.6%	(3.4)%

Three months ended June 30 ($ millions)	**Canada**	**South America**	**UK**	**Other**	**Consolidated**
EBIT – Q2 2009	$ 37.9	$ 38.5	$ 3.0	$ (6.7)	$ 72.7
Foreign exchange impact	(14.2)	(6.4)	(1.0)	—	(21.6)
Operating EBIT increase (decrease)	9.1	0.6	4.5	1.2	15.4
EBIT – Q2 2010	$ 32.8	$ 32.7	$ 6.5	$ (5.5)	$ 66.5
Total EBIT increase (decrease)	$ (5.1)	$ (5.8)	$ 3.5	$ 1.2	$ (6.2)
- percentage increase (decrease)	(13.5)%	(15.1)%	116.7%	—	(8.5)%
- percentage increase (decrease), excluding foreign exchange	24.0%	1.6%	150.0%	—	21.2%

Six months ended June 30 ($ millions)	**Canada**	**South America**	**UK**	**Other**	**Consolidated**
EBIT – Q2 YTD 2009	$ 83.8	$ 85.3	$ 9.3	$ (18.4)	$ 160.0
Foreign exchange impact	(28.9)	(12.1)	(1.3)	—	(42.3)
Operating EBIT increase (decrease)	(12.7)	(6.5)	1.4	7.9	(9.9)
EBIT – Q2 YTD 2010	$ 42.2	$ 66.7	$ 9.4	$ (10.5)	$ 107.8
Total EBIT increase (decrease)	$ (41.6)	$ (18.6)	$ 0.1	$ 7.9	$ (52.2)
- percentage increase (decrease)	(49.6)%	(21.8)%	1.1%	—	(32.6)%
- percentage increase (decrease), excluding foreign exchange	(15.2)%	(7.6)%	15.1%	—	(6.2)%

Investment in Foreign Operations

Assets and liabilities of the Company's self-sustaining foreign operations 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 other comprehensive income and accumulated other comprehensive income.

Currency translation adjustments arise as a result of fluctuations in foreign currency exchange rates at the period reporting date compared to the previous period reporting date. The unrealized currency translation loss of $39.3 million recorded in the first six months of 2010 resulted from the stronger spot Canadian dollar against the U.K. pound sterling of 6.3%, partially offset by the weaker spot Canadian dollar against the U.S. dollar of 1.3%, at June 30, 2010 compared to December 31, 2009. This was partially offset by $11.2 million (after tax) of unrealized foreign exchange gains on net investment hedged. In addition, the Company realized an after-tax loss of $100.8 million on foreign currency translation, net of realized gain on net investment hedges, reclassified to earnings on disposal of discontinued operations. For more details, refer to the Interim Consolidated Statements of Comprehensive Income (Loss).

Results by Business Segment

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

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

The table below provides details of revenue by operations and lines of business for continuing operations. Comparative periods have been reclassified to conform to the 2010 presentation.

Three months ended June 30, 2010 ($ millions)	**Canada**	**South America**	**UK**	**Consolidated**	**Revenue percentage**
New equipment	**$ 182.0**	**$ 144.6**	**$ 84.7**	**$ 411.3**	**38.3%**
Used equipment	**61.6**	**5.8**	**18.7**	**86.1**	**8.0%**
Equipment rental	**44.5**	**12.8**	**6.6**	**63.9**	**5.9%**
Product support	**272.1**	**189.1**	**50.6**	**511.8**	**47.6%**
Other	**1.7**	**0.4**	**—**	**2.1**	**0.2%**
Total	**$ 561.9**	**$ 352.7**	**$ 160.6**	**$ 1,075.2**	**100.0%**
Revenue percentage by operations	**52.3%**	**32.8%**	**14.9%**	**100.0%**	

Three months ended June 30, 2009 ($ millions)	Canada	South America	UK	Consolidated	Revenue percentage
New equipment	$ 237.3	$ 151.9	$ 76.1	$ 465.3	42.4%
Used equipment	57.8	12.4	17.2	87.4	8.0%
Equipment rental	53.7	12.6	8.6	74.9	6.8%
Product support	231.1	185.0	50.5	466.6	42.5%
Other	2.1	1.1	—	3.2	0.3%
Total	$ 582.0	$ 363.0	$ 152.4	$ 1,097.4	100.0%
Revenue percentage by operations	53.0%	33.1%	13.9%	100.0%	

Six months ended June 30, 2010 ($ millions)	**Canada**	**South America**	**UK**	**Consolidated**	**Revenue percentage**
New equipment	**$ 322.8**	**$ 280.5**	**$ 153.7**	**$ 757.0**	**36.8%**
Used equipment	**102.1**	**19.5**	**34.0**	**155.6**	**7.6%**
Equipment rental	**95.6**	**25.3**	**13.0**	**133.9**	**6.5%**
Product support	**527.3**	**374.2**	**101.9**	**1,003.4**	**48.8%**
Other	**4.0**	**1.0**	**—**	**5.0**	**0.3%**
Total	**$ 1,051.8**	**$ 700.5**	**$ 302.6**	**$ 2,054.9**	**100.0%**
Revenue percentage by operations	**51.2%**	**34.1%**	**14.7%**	**100.0%**	

Six months ended June 30, 2009 ($ millions)	Canada	South America	UK	Consolidated	Revenue percentage
New equipment	$ 578.2	$ 351.8	$ 167.4	$ 1,097.4	46.0%
Used equipment	111.6	21.9	25.9	159.4	6.7%
Equipment rental	120.4	26.1	17.0	163.5	6.8%
Product support	480.4	374.0	105.9	960.3	40.2%
Other	4.3	1.9	—	6.2	0.3%
Total	$ 1,294.9	$ 775.7	$ 316.2	$ 2,386.8	100.0%
Revenue percentage by operations	54.3%	32.5%	13.2%	100.0%	

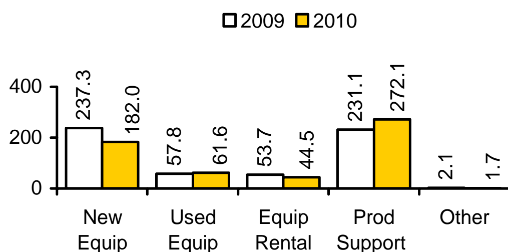
Canadian Operations

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

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

($ millions)	Three months ended June 30 **2010**	Three months ended June 30 2009	Six months ended June 30 **2010**	Six months ended June 30 2009
Revenue from external sources	**$ 561.9**	$ 582.0	**$ 1,051.8**	$ 1,294.9
Operating costs	**(499.9)**	(504.7)	**(946.2)**	(1,132.0)
Depreciation and amortization	**(24.8)**	(32.2)	**(54.2)**	(69.9)
	37.2	45.1	**51.4**	93.0
Other income (expenses)				
Information technology system implementation costs	**(4.0)**	(1.8)	**(6.3)**	(3.2)
Restructuring costs	**(0.4)**	(5.4)	**(2.9)**	(6.0)
Earnings before interest and taxes (EBIT)	**$ 32.8**	$ 37.9	**$ 42.2**	$ 83.8
EBIT				
- as a percentage of revenue	**5.8%**	6.5%	**4.0%**	6.5%
- as a percentage of consolidated EBIT	**49.3%**	52.1%	**39.1%**	52.4%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**$ 57.6**	$ 70.1	**$ 96.4**	$ 153.7

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



Second quarter revenues decreased 3.5% over 2009 to $561.9 million. Foreign exchange had a negative impact on revenues of approximately $47 million in the second quarter of 2010 due to an 11.9% stronger Canadian dollar relative to the U.S. dollar compared to the same period last year. Adjusting for the impact of foreign exchange, revenues were 4.6% higher in the quarter.

Significant growth in product support was partially offset by lower new equipment sales. Product support revenues were 17.7% higher than the comparative period of 2009, and up 26.2% when adjusted for the impact of foreign exchange. Product support revenues from the mining sector continued to be strong (up 18.8% over the same period of last year) and product support also increased in non-mining sectors.

New equipment sales were 23.3% lower than the second quarter of 2009, reflecting the negative impact from foreign exchange as well as lower deliveries in the second quarter of 2010. Order activity, however, has increased from the prior year. Finning (Canada)'s current backlog is at its highest level since December 2008 which reflects improving market conditions. The existing backlog reflects future deliveries largely to mining customers scheduled to be made later in 2010 and 2011, and includes the initial order for the Kearl oil sands project. Demand for construction and conventional oil & gas sectors remains soft, although these sectors are showing signs of increased activity.

In Canada, gross profit as a percentage of revenue was higher than the second quarter of 2009 primarily due to the shift in revenue mix to a higher proportion of product support revenues which typically return higher margins than new equipment sales. Product support revenues made up 48.4% of total revenues in the second quarter of 2010, compared with 39.7% in the same period last year. Gross profit margins were also higher in new and used equipment and equipment rental compared with the second quarter of 2009.

SG&A costs in the second quarter of 2010 were higher compared to the same period in 2009. Lower salary and wages as a result of workforce reductions as well as other actions taken to reduce expenses and improve efficiencies were more than offset by $8.0 million of unrealized foreign exchange gains recorded in the second quarter of 2009 on U.S. denominated payables due to a significant strengthening of the Canadian dollar in 2009. In

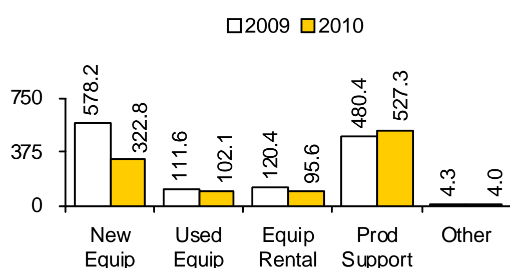
addition, a higher bad debt provision contributed to the increase in SG&A in the second quarter of 2010 compared with the same quarter of the prior year.

Included in other expenses in the second quarter of 2010 were restructuring costs of $0.4 million (Q2 2009: $5.4 million). The number of employees at Finning (Canada) was approximately 7% lower than June 2009, primarily due to downsizing its workforce in response to the downturn in the economy and aligning its costs with revenue levels.

Finning (Canada) incurred $4.0 million of costs in the second quarter of 2010 (Q2 2009: $1.8 million) representing its share of the costs related to the implementation of a new information technology (IT) system for the Company's global dealership operations.

EBIT totalled $32.8 million in the second quarter of 2010 compared with $37.9 million in the same period in 2009. EBIT margin was 5.8%, lower than the EBIT margin of 6.5% achieved in the second quarter of 2009. Strong growth in product support sales and the reduction of expenses through cost saving initiatives were more than offset by the negative impact of foreign exchange and lower new equipment sales. Compared to the prior year, foreign exchange negatively impacted EBIT by approximately $14 million in the second quarter of 2010. Overall, EBIT margin of 5.8% in the second quarter reflected a strong improvement from the first quarter of 2010 (1.9%) and the second half of 2009.

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



Revenues for the six months ended June 30, 2010 decreased 18.8% to $1,051.8 million. Quarterly trends noted above also apply to the year-to-date results of the Company's Canadian operations. Product support revenues in the first six months of 2010 were up 9.8% compared with the same period in 2009, while new equipment revenues were 44.2% lower than the first half of 2009.

SG&A costs for the first half of 2010 were lower in absolute dollar terms but higher as a percentage of revenue compared to the first half of 2009, due to similar reasons noted for the quarter. The Canadian operations contributed EBIT of $42.2 million for the six months ended June 30, 2010, compared with $83.8 million for the same period in the prior year, a decrease of 49.6%. Compared to the prior year, foreign exchange negatively impacted EBIT by $29 million in the first half of 2010.

<u>Other Developments</u>

Finning (Canada)'s collective bargaining agreement with the Alberta division of the International Association of Machinists and Aerospace Workers (IAM) – Local Lodge 99 (Alberta Union) expired at the end of April 2010. Negotiations with the Alberta Union are underway. The Company is committed to the collective bargaining process and to concluding a fair contract for its employees and for Finning.

The Company continues to be involved in Alberta Labour Relations Board proceedings with the IAM – Local Lodge 99 relating to Finning (Canada)'s outsourcing of component repair and rebuilding services to OEM in 2005. Decisions from the Alberta Labour Relations Board are expected some time in 2010.

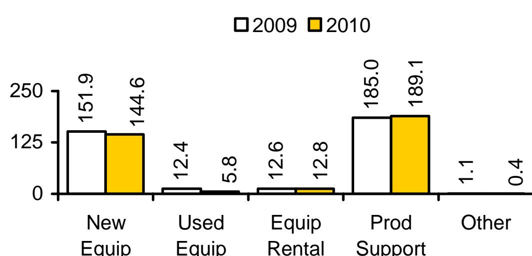
South American Operations

Finning's South American operations sell, service, and rent mainly Caterpillar mobile equipment and engines in Chile, Argentina, Uruguay, and Bolivia. The Company's end markets comprise principally mining, construction, and power systems.

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

($ millions)	Three months ended June 30		Six months ended June 30	
	2010	2009	**2010**	2009
Revenue from external sources	**$ 352.7**	$ 363.0	**$ 700.5**	$ 775.7
Operating costs	**(309.1)**	(314.5)	**(612.4)**	(669.5)
Depreciation and amortization	**(8.7)**	(9.4)	**(17.4)**	(19.8)
	34.9	39.1	**70.7**	86.4
Other expenses				
Information technology system implementation costs	**(2.2)**	(0.3)	**(4.0)**	(0.6)
Restructuring costs	—	(0.3)	—	(0.5)
Earnings before interest and taxes (EBIT)	**$ 32.7**	$ 38.5	**$ 66.7**	$ 85.3
EBIT				
- as a percentage of revenue	**9.3%**	10.6%	**9.5%**	11.0%
- as a percentage of consolidated EBIT	**49.2%**	53.0%	**61.9%**	53.3%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**$ 41.4**	$ 47.9	**$ 84.1**	$ 105.1

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



Finning South America's revenues decreased 2.8% over the second quarter of 2009, but increased 10.0% in functional currency (the U.S. dollar). Revenues in functional currency were at record levels for a second quarter for Finning's South American operations. Compared to the second quarter of 2009, foreign exchange had an approximately $50 million negative impact on the translation of revenues, due to the 11.9% strengthening of the Canadian dollar relative to the U.S. dollar.

Second quarter 2010 revenues, in functional currency, reflected strong product support revenues in all sectors (up 15.9%), but most significantly in mining. Product support revenues from the mining sector were up 15.1% in functional currency. Total new equipment revenues, in functional currency, were up 7.6% compared to the second quarter of 2009, reflecting stronger demand in power systems and construction. New equipment backlog, in functional currency, was slightly higher compared to the March 2010 level.

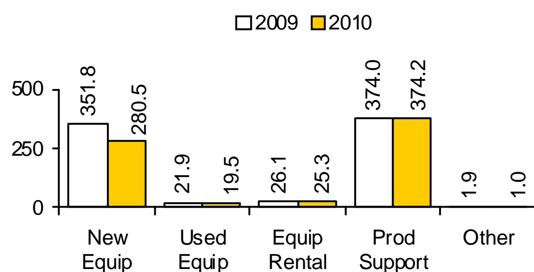
In functional currency, gross profit increased in the second quarter of 2010 in absolute terms and as a percentage of revenue. This occurred primarily due to a shift in revenues to higher margin product support revenues, as well as higher margins on new equipment sales. Product support revenues made up 53.7% of total revenues in the second quarter of 2010, compared with 51.0% of total revenues in the same period last year.

SG&A costs, in functional currency, have increased both in absolute dollars and as a percentage of revenue, partly due to an increase in the workforce and other volume related costs to support higher revenues and the growing product support business. The number of employees increased over 10% to 5,300 employees at June 30, 2010 compared to June 30, 2009 to meet current and anticipated increased customer demand for product support.

Included in other expenses was $2.2 million (Q2 2009: $0.3 million) of costs representing the South American operations' share of the costs related to the implementation of a new IT system for the Company's global dealership operations.

EBIT from the Company's South American operations of $32.7 million in the second quarter of 2010 was 15.1% lower than in the second quarter of 2009. In functional currency, EBIT decreased 4.0% over the second quarter of the prior year largely due to higher SG&A (growth related) and higher IT implementation costs. EBIT as a percentage of revenue for Finning South America was 9.3%, compared with the EBIT margin of 10.6% achieved in the second quarter of 2009.

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



For the six months ended June 30, 2010, revenues decreased 9.7% to $700.5 million. In functional currency, revenues were up 5.5% compared with the first half of 2009, reflecting strong product support sales, particularly to mining customers, but partly offset by lower new equipment sales.

For the first half of 2010, EBIT of $66.7 million was 21.8% lower compared to the same period last year; however, in functional currency, EBIT was 8.7% lower than the first half of 2009, reflecting the quarterly trends noted. SG&A costs were also higher in the first half of 2010 compared with the same period of 2009 primarily due to an increase in the number of employees to deal with customer demand as well as costs attributable to the earthquake that struck Chile in February 2010. The earthquake had minimal impact on the Company's South American operations. EBIT as a percentage of revenue for Finning South America was 9.5% for the first half of 2010, compared to the EBIT margin of 11.0% achieved in the same period in 2009.

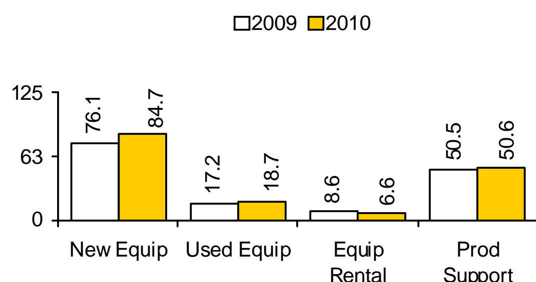
United Kingdom ("UK") Operations

The Company's UK operations sell, service, and rent mainly Caterpillar mobile equipment and engines in England, Scotland, Wales, Falkland Islands, and the Channel Islands. The Company's markets comprise principally mining, quarrying, construction, power systems, and rental services.

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

	Three months ended June 30		Six months ended June 30	
($ millions)	**2010**	2009	**2010**	2009
Revenue from external sources	**$ 160.6**	$ 152.4	**$ 302.6**	$ 316.2
Operating costs	**(148.5)**	(142.2)	**(281.6)**	(291.6)
Depreciation and amortization	**(4.8)**	(6.5)	**(9.8)**	(12.9)
	7.3	3.7	**11.2**	11.7
Other income (expenses)				
Information technology system implementation costs	**(0.8)**	(0.1)	**(1.6)**	(0.1)
Restructuring costs	**—**	(0.6)	**(0.2)**	(2.3)
Earnings before interest and taxes (EBIT)	**$ 6.5**	$ 3.0	**$ 9.4**	$ 9.3
EBIT				
- as a percentage of revenue	**4.0%**	2.0%	**3.1%**	2.9%
- as a percentage of consolidated EBIT	**9.8%**	4.1%	**8.7%**	5.8%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**$ 11.3**	$ 9.5	**$ 19.2**	$ 22.2

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



The UK revenues for the second quarter of 2010 of $160.6 million were up 5.4% from the same period last year, and were up 24.3% in local currency, largely due to higher new equipment sales to the coal mining sector.

Revenues, in local currency, from most lines of business were higher compared with the second quarter of 2009, with the exception of equipment rental. In local currency, product support revenues were up 18.2%, and revenues from new and used equipment were 31.2% and 28.2% higher, respectively, in the second quarter of 2010 compared with the second quarter of 2009.

Compared to the second quarter of 2009, foreign exchange had an approximately $28 million negative impact on the translation of revenues, due to the 15.2% strengthening of the Canadian dollar relative to the U.K. pound sterling.

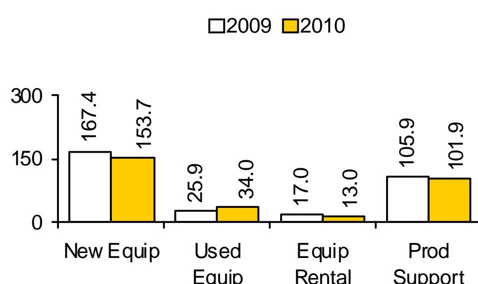
Gross profit, in local currency, in the second quarter of 2010 was higher compared with the same period last year in absolute terms. However, gross profit as a percentage of revenue was lower than the second quarter of 2009, reflecting not only a shift in revenue mix to a higher proportion of new equipment revenues (which typically return lower margins than product support revenues) but also lower gross margins in new equipment and product support in a very competitive market environment.

SG&A costs, in local currency, were lower in the second quarter of 2010 compared with the second quarter of 2009 both in absolute terms and as a percentage of revenue. Management has been successful in implementing a number of initiatives to reduce operating cost levels and improve the operating efficiencies which have had a positive impact.

Other expenses in 2010 included costs of $0.8 million representing the UK dealership's share of the costs related to the implementation of a new IT system for the Company's global dealership operations (Q2 2009: $0.1 million).

In the second quarter of 2010, the UK operations generated EBIT of $6.5 million, compared with EBIT of $3.0 million in the second quarter of 2009, reflecting an increase in revenues while containing costs. The UK's EBIT margin (EBIT as a percentage of revenue) for the second quarter of 2010 was double that earned in the same quarter last year.

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



For the six months ended June 30, 2010, revenues of $302.6 million were 4.3% lower than the same period in the prior year. In local currency, total revenues were 9.5% higher compared to that reported in the first six months of 2009. The higher results in the first six months of 2010 compared to the same period last year were primarily due to the same reasons as noted for the quarter.

Corporate and Other Operations

	Three months ended June 30		Six months ended June 30	
($ millions)	**2010**	2009	**2010**	2009
Operating costs – corporate	**$ (5.0)**	$ (7.3)	**$ (9.7)**	$ (13.0)
Income (loss) from equity investment	**0.2**	(1.0)	**(1.1)**	(1.5)
LTIP mark-to-market	**(0.6)**	5.0	**0.8**	2.5
Depreciation and amortization	—	(0.1)	—	(0.1)
	(5.4)	(3.4)	**(10.0)**	(12.1)
Other expenses (income)				
Information technology system implementation costs	**(0.1)**	(3.3)	**(0.5)**	(6.3)
Earnings before interest and taxes	**$ (5.5)**	$ (6.7)	**$ (10.5)**	$ (18.4)

For the three months ended June 30, 2010, corporate operating costs of $5.0 million were 31.5% lower compared with the same period in 2009. For the six months ended June 30, 2010, operating costs decreased to $9.7 million, compared with $13.0 million for the same period in 2009.

The income from equity investment for the three months ended June 30, 2010 relates to the Company's investment in Energyst B.V., The loss of $1.1 million for the six months ended June 30, 2010 reflected reduced sale and rental activity in power systems as a result of the weak economic conditions in Europe.

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

Costs included in other expenses in the three and six months of 2010 relate to Corporate's share of costs related to the ongoing implementation of a new information technology system for the Company's global operations. In 2009, all of the costs related to the IT system implementation were recorded at the corporate level, and proportionately allocated to the operations based on relative revenues in the fourth quarter of 2009. In 2010, the IT system implementation costs are allocated to the operations on a quarterly basis.

Discontinued Operations — Hewden

Following an extensive strategic review, in May 2010, the Company sold Hewden, its UK equipment rental business.

The results of operations of Hewden for the periods up to May 5, 2010 have been reclassified as discontinued operations in the consolidated statements of income and cash flow. The assets and liabilities of Hewden in the balance sheet for periods prior to the date of disposition have been presented separately. Approximately 1,300 employees were transferred to the buyer with the sale of Hewden.

The table below provides details of the discontinued operations of Hewden:

	Three months ended June 30		Six months ended June 30	
($ millions)	**2010**	2009	**2010**	2009
Revenue from external sources	**$ 16.9**	$ 67.5	**$ 65.3**	$ 142.4
Operating costs	**(12.6)**	(58.0)	**(52.4)**	(123.4)
Depreciation and amortization	**(4.6)**	(19.0)	**(18.9)**	(39.0)
	(0.3)	(9.5)	**(6.0)**	(20.0)
Other income (expenses)				
Loss on sale of Hewden	**(238.0)**	—	**(238.0)**	—
Gain on sale of properties	—	0.5	**2.4**	2.6
Restructuring costs	**(1.2)**	(3.3)	**(2.0)**	(6.6)
Earnings (loss) before interest and taxes (EBIT)	**$ (239.5)**	$ (12.3)	**$ (243.6)**	$ (24.0)

Liquidity and Capital Resources

Cash Flow from Operating Activities

For the three months ended June 30, 2010, cash flow generated from continuing operations after working capital changes was $69.0 million, compared with a cash flow of $151.6 million generated during the same period in 2009. The decline in the second quarter of 2010 compared with the same period last year reflected an increase in customer demand with a corresponding increase in inventory levels and accounts receivable in 2010.

For the six months ended June 30, 2010, cash provided from continuing operations after working capital changes was $183.4 million, an improvement from $152.6 million provided in the first half of 2009. Throughout all operations, management has been focusing on improving cash cycle times and operating efficiencies while ensuring appropriate levels of working capital exist to support current activity levels. As a result, the Company’s working capital investment in the first half of 2010 was lower and improved $94.2 million compared with the working capital investment from continuing operations in the first half of the prior year.

In the second quarter of 2010, the Company invested $27.7 million in rental assets, net of disposals (year-to-date 2010: $28.6 million). In the comparable quarter in 2009, the Company generated proceeds on the disposal of rental assets, in excess of additions, in the amount of $8.8 million (year-to-date 2009: $1.9 million). As a result of lower demand and a focus on reducing rental expenditures, rental investment moderated in 2009, and underutilized rental assets were sold.

As a result of these items, cash provided by operating activities was $46.6 million in the second quarter of 2010 (year-to-date 2010: $155.8 million), compared to cash provided by operating activities of $166.9 million in the second quarter of 2009 (year-to-date 2009: $187.4 million).

EBITDA was $104.8 million in the second quarter of 2010 (year-to-date: $189.2 million) compared to $120.9 million in the second quarter of 2009 (year-to-date: $262.7 million).

Cash Used For Investing Activities

Net cash provided by investing activities in the three months ended June 30, 2010 totalled $104.0 million (year-to-date 2010: $120.1 million) compared with net cash used in investing activities of $22.9 million in the second quarter of 2009 (year-to-date 2009: $61.8 million). The primary source of cash in the second quarter of 2010 related to the sale of Hewden for net proceeds of $117.9 million, net of transaction costs and cash sold.

Gross capital additions from continuing operations for the three months ended June 30, 2010 were $14.5 million (year-to-date 2010: $29.1 million) which is lower compared with the $31.1 million invested in the three months ended June 30, 2009 (year-to-date 2009: $57.5 million).

Capital additions in 2010 and 2009 generally reflected capital spending related to growing product support demand. In addition, capital additions in the second quarter of 2010 included capitalized costs of $4.4 million (Q2 2009: $1.8 million) related to the Company's new global IT system (year-to-date 2010: $8.2 million; year-to-date 2009: $2.2 million). All capital spending is being monitored closely by management.

In the first quarter of 2010, the Company received proceeds of $26.0 million on the settlement of a cross currency interest rate swap that was part of a hedge against foreign subsidiary investments. In the second quarter of 2009, the Company received proceeds of approximately $4.4 million (year-to-date 2009: paid approximately $12.2 million) on the settlement of foreign currency swaps that were also part of a hedge against foreign subsidiary investments.

Financing Activities

As at June 30, 2010 the Company's short and long-term borrowings totalled $1.0 billion, a decrease of 15.6% from December 31, 2009. The decrease reflected the early purchase of £45 million of the outstanding £115 million Eurobond Notes with a portion of the proceeds received from the sale of Hewden. In addition, the Company repaid $105 million of commercial paper from cash flow generated by operations during the first six months of 2010.

Finning has committed bank facilities totalling approximately $950 million with various Canadian, U.S., and South American financial institutions. The largest of these facilities, an $800 million global credit facility, matures in December 2011. As at June 30, 2010 over $850 million was available under these committed facilities and no long-term debt matures until December 2011. Based upon the availability of these facilities, the Company's business operating plans, and the discretionary nature of some of the outflows like rental and capital expenditures, the Company believes it has sufficient liquidity to meet operational needs.

The Company's long-term and short-term debt ratings were reconfirmed at A (low) and R-1 (low), respectively, by Dominion Bond Rating Service on April 1, 2010.

Dividends paid to shareholders in the second quarter of 2010 were $20.5 million, up almost 10% compared to the second quarter of 2009, reflecting the increase of $0.01 per common share to a quarterly dividend of $0.12 per common share announced in May 2010. Dividends paid to shareholders for the first six months of 2010 increased 5.1% to $39.3 million.

The Company's Debt Ratio at June 30, 2010 was 36.6%, comparable to 37.2% at March 31, 2010.

Description of Non-GAAP Measures

EBIT is defined herein as earnings from continuing operations before interest expense, interest income, and income taxes. EBITDA is defined as earnings from continuing operations before interest, taxes, depreciation, and amortization. Free Cash Flow is defined as cash flow provided by (used in) operating activities less net capital expenditures. EBIT, EBITDA, and Free Cash Flow are measures of performance utilized by management to measure and evaluate the financial performance of its operating segments. EBITDA and Free Cash Flow are measures commonly reported and widely used by investors as an indicator of a company's cash operating performance and ability to raise and service debt. EBITDA is also commonly regarded as an indirect measure of operating cash flow, a significant indicator of success for many businesses and is a common valuation metric.

Management believes that these measures provide important information regarding the operational performance of the Company's business. By considering these measures in combination with the comparable GAAP measures set out below, management believes that shareholders are provided a better overall understanding of the Company's business and its financial performance during the relevant period than if they simply considered the GAAP measures alone. EBIT, EBITDA, and Free Cash Flow do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Accordingly, these measures should not be considered as a substitute or alternative for net income or cash flow, in each case as determined in accordance with GAAP.

A reconciliation between EBITDA, EBIT, and net income from continuing operations is as follows:

	Three months ended June 30		Six months ended June 30	
($ millions)	**2010**	2009	**2010**	2009
Earnings from continuing operations before interest, taxes, depreciation, and amortization (EBITDA)	**$ 104.8**	$ 120.9	**$ 189.2**	$ 262.7
Depreciation and amortization	**(38.3)**	(48.2)	**(81.4)**	(102.7)
Earnings from continuing operations before interest and income taxes (EBIT)	**66.5**	72.7	**107.8**	160.0
Finance costs	**(22.6)**	(12.0)	**(36.0)**	(29.1)
Provision for income taxes	**(7.9)**	(4.2)	**(12.7)**	(21.5)
Net income from continuing operations	**$ 36.0**	$ 56.5	**$ 59.1**	$ 109.4

A reconciliation of Free Cash Flow is as follows:

	Three months ended June 30		Six months ended June 30	
($ millions)	**2010**	2009	**2010**	2009
Cash flow provided by (used in) operating activities	**$ 46.6**	$ 166.9	**$ 155.8**	$ 187.4
Additions to capital assets	**(14.5)**	(31.1)	**(29.1)**	(57.5)
Proceeds on disposal of capital assets	**0.3**	1.6	**1.4**	3.0
Net capital expenditures of discontinued operations	**0.2**	2.3	**3.8**	5.0
Free cash flow	**$ 32.6**	$ 139.7	**$ 131.9**	$ 137.9

Free Cash Flow from Hewden has been included in the figures for periods prior to the sale – see Note 6 to the Interim Consolidated Financial Statements.

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 AIF with key financial risks also included in the Company's Annual MD&A. On a quarterly basis, the Company assesses all of its key risks and any changes to key financial or business risks are disclosed in the Company's quarterly MD&A. Also on a quarterly basis, the Audit Committee reviews the Company's process with respect to risk assessment and management of key risks, including the Company's major financial risks and exposures and the steps taken to monitor and control such exposures. Changes to the key risks are also reviewed by the Audit Committee. For further details on the management of liquidity and capital resources, financial derivatives, and financial risks and uncertainties, please refer to the Company's AIF and MD&A for the year ended December 31, 2009.

Apart from the removal of the previously identified risk with respect to Hewden which was sold in the second quarter of 2010, there have been no significant changes to existing risk factors or new key risks identified from the key risks as disclosed in the Company's current AIF for the year ended December 31, 2009, which can be found at www.sedar.com and www.finning.com.

Sensitivity to variances in foreign exchange rates

The Company is geographically diversified, with significant investments in several different countries. The Company transacts business in multiple currencies, the most significant of which are the U.S. dollar (USD), the Canadian dollar (CAD), the U.K. pound sterling (GBP), and the Chilean peso (CLP). As a result, the Company has foreign currency exposure with respect to items denominated in foreign currencies. The two main types of foreign exchange risk of the Company are translation exposure and transaction exposure. These are explained further in the 2009 annual MD&A.

The sensitivity of the Company's net income to fluctuations in average annual foreign exchange rates is summarized in the table below. A 5% strengthening of the Canadian dollar against the following currencies for a full year relative to the June 30, 2010 month end rates would increase / (decrease) annual net income by the amounts shown below. This analysis assumes that all other variables, in particular volumes, relative pricing, interest rates, and hedging activities are unchanged.

Currency	June 30, 2010 month end rates	Net Income $ millions
USD	**1.0606**	(20.8)
GBP	**1.5852**	(0.3)
CLP	**0.0020**	1.1

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

Controls and Procedures Certification

Disclosure Controls and Procedures

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

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

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

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

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Management has designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. There has been no change in the design of the Company's internal control over financial reporting during the quarter ended June 30, 2010, that would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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

Selected Quarterly Information

$ millions, except for share and option data	2010 Q2	2010 Q1	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2
Revenue from continuing operations [1]									
Canada	**$ 561.9**	$ 489.9	$ 601.8	$ 489.9	$ 582.0	$ 712.9	$ 826.0	$ 748.9	$ 849.1
South America	**352.7**	347.8	337.0	376.9	363.0	412.7	464.3	389.7	340.7
UK	**160.6**	142.0	142.0	145.5	152.4	163.8	187.6	218.9	239.1
Total revenue	**$1,075.2**	$ 979.7	$1,080.8	$1,012.3	$1,097.4	$1,289.4	$1,477.9	$1,357.5	$1,428.9
Net income (loss) [1] [3]									
from continuing operations	**$ 36.0**	$ 23.1	$ 21.7	$ 25.6	$ 56.5	$ 52.9	$ 46.8	$ 61.7	$ 68.6
from discontinued operations	**(246.1)**	(3.0)	(5.4)	(3.9)	(8.7)	(7.9)	(153.6)	3.1	(1.4)
Total net income	**$ (210.1)**	$ 20.1	$ 16.3	$ 21.7	$ 47.8	$ 45.0	$ (106.8)	$ 64.8	$ 67.2
Basic Earnings (Loss) Per Share [1] [3] [4]									
from continuing operations	**$ 0.21**	$ 0.14	$ 0.13	$ 0.15	$ 0.33	$ 0.31	$ 0.27	$ 0.36	$ 0.40
from discontinued operations	**(1.44)**	(0.02)	(0.03)	(0.02)	(0.05)	(0.05)	(0.90)	0.02	(0.01)
Total basic EPS	**$ (1.23)**	$ 0.12	$ 0.10	$ 0.13	$ 0.28	$ 0.26	$ (0.63)	$ 0.38	$ 0.39
Diluted Earnings (Loss) Per Share [1] [3] [4]									
from continuing operations	**$ 0.21**	$ 0.14	$ 0.13	$ 0.15	$ 0.33	$ 0.31	$ 0.27	$ 0.35	$ 0.39
from discontinued operations	**(1.44)**	(0.02)	(0.03)	(0.02)	(0.05)	(0.05)	(0.89)	0.02	—
Total diluted EPS	**$ (1.23)**	$ 0.12	$ 0.10	$ 0.13	$ 0.28	$ 0.26	$ (0.62)	$ 0.37	$ 0.39
Total assets [1]	**$3,401.5**	$3,492.2	$3,671.4	$3,892.4	$4,357.3	$4,639.6	$4,720.4	$4,604.4	$4,603.8
Long-term debt									
Current	**$ 32.4**	$ 23.7	$ 24.2	$ 23.9	$ 2.6	$ 2.6	$ 2.6	$ 2.5	$ 100.5
Non-current	**899.9**	973.7	991.7	1,013.8	1,206.4	1,437.3	1,410.7	1,313.1	1,121.8
Total long-term debt [2]	**$ 932.3**	$ 997.4	$1,015.9	$1,037.7	$1,209.0	$1,439.9	$1,413.3	$1,315.6	$1,222.3
Cash dividends paid per common share	**$ 0.12**	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11
Common shares outstanding (000's) [4]	**171,009**	170,907	170,747	170,661	170,631	170,545	170,445	171,356	172,692
Options outstanding (000's)	**6,455**	6,058	6,299	6,537	6,606	5,807	6,037	6,200	6,343

1) On May 5, 2010, the Company sold Hewden, its UK equipment rental business. Results from Hewden are presented as discontinued operations and have been reclassified to that category for all periods presented. Included in the loss from discontinued operations in the second quarter of 2010 is the after-tax loss on the disposition of Hewden of $244.1 million or $1.43 per share. Revenues from Hewden have been excluded from the revenue figures above. Assets from Hewden have been included in the total assets figures for periods prior to the sale – see Note 6 to the Interim Consolidated Financial Statements.

2) In the second quarter of 2010, the Company utilized funds from the sale of Hewden to redeem £45 million of its £115 million Eurobond Notes.

3) During 2009, the Company performed its annual goodwill impairment tests and determined that goodwill was not impaired at December 31, 2009. In 2008, the Company determined that the fair value of Hewden was less than its book value, which included goodwill on acquisition. As a result, the Company recorded a full goodwill impairment of $151.4 million for Hewden in the fourth quarter of 2008. The negative impact on basic earnings per share (EPS) for the fourth quarter of 2008 was $0.89 per share (diluted EPS: $0.88 per share) which is considered part of discontinued operations. The goodwill impairment charge was non-cash in nature and did not affect the Company's liquidity, cash flows from operating activities, or debt covenants and is not expected to have any adverse impact on future operations. The Company did not expect an income tax deduction from this charge.

4) During 2008, the Company repurchased 5,901,842 common shares at an average price of $24.99 as part of a normal course issuer bid.

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.

New Accounting Pronouncements

Changes in Accounting Policy in 2010

Business Combinations

In January 2009, the Canadian Institute of Chartered Accountants (CICA) issued Section 1582, *Business Combinations*, Section 1601, *Consolidations*, and Section 1602, *Non-controlling Interests*. These new standards are harmonized with International Financial Reporting Standards (IFRS). Section 1582 specifies a number of changes, including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a change in the basis of measurement of non-controlling interests, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. The new standards will become effective in 2011.

Effective January 1, 2010, the Company early adopted Sections 1582, 1601, and 1602 in accordance with the transitional provisions. The adoption of Sections 1601 and 1602 did not have a material impact on the Company's consolidated financial statements. Whether the Company will be materially affected by the new recommendations of Section 1582 will depend upon the specific facts of business combinations, if any, occurring subsequent to January 1, 2010.

Future Accounting Pronouncements

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.

Project management

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. The Company is currently in the implementation phase. While a number of differences were identified, the areas of highest potential impact to the Company are employee future benefits, income taxes, stock-based compensation, presentation, and disclosure, as well as the initial selection of applicable transitional exemptions under the provisions of IFRS 1 First Time Adoption. The Company has not identified any further areas subject to significant change during subsequent phases of the transition project.

The Company's IFRS transition project is on schedule. The following table indicates key milestones in the project. It is based on management's current expectations and is hence subject to change as a result of new International Accounting Standards Board (IASB) IFRS projects and standards, and management's experiences as its project progresses:

Activity	Milestone	Status
Technical analysis		
Initial scoping and risk assessment	High level review, using external expert advisor, to determine most significant GAAP differences applicable to the Company.	Completed 2008.
Technical review of each standard	Analysis of IFRS standards, identifying specific changes to the Company's accounting processes and policies.	Completed 2009.
Transitional election choice and approval	Identification, analysis, and selection of appropriate IFRS 1 transitional provisions to be used by the Company. Presentation of transitional choices to Audit Committee.	Transitional choices presented to Audit Committee in December 2009 and approved February 2010.
Go-forward accounting policy choices	Identification, analysis, and selection of accounting policy choices available under IFRS.	Initial accounting policy selections approved by Audit Committee in February, May, and August 2010, additional policy choices will be refined as required during comparative financial statement preparation phase during 2010.
Financial statement preparation		
Preparation of Opening Balance Sheet	Preparation of opening balance sheet and associated reconciliation from Canadian GAAP to IFRS.	Significant progress made during the second quarter of 2010. Audit procedures have commenced on the opening balance sheet. Work is ongoing with respect to the taxation adjustments arising from IAS 12 and the interpretation of IFRIC 14 in the context of the Company's Canadian defined benefit pension plans. Management anticipates that quantitative opening balance sheet impacts will be finalized in the second half of 2010.
Quarterly comparatives preparation	Preparation of quarterly comparative financials, including reconciliation from Canadian GAAP to IFRS balances.	Q1 comparative preparation process is underway. Subsequent quarterly comparative preparation will follow Canadian quarterly close process during 2010.
Financial statement template	Completion of IFRS-compliant financial statement template and associated note disclosures.	Completed in Q1 2010. Template will be refreshed as additional disclosure requirements are released through 2010.
Training		
Design and implementation of IFRS training plan	Design training plan. Provide overview training.	IFRS 'overview' training provided to finance personnel in all geographic regions in 2009. Comprehensive training session provided to Board of Directors in December 2009. Detailed topic-specific training sessions and communication activities ongoing through 2010.
Communication		
Design and implementation of communication plan	Design communication plan for internal and external stakeholders. Implement awareness-building and communication activities.	Communication provided through internal newsletters, forums, and intranet-based media. Investor relations team have been involved in development of the external communication plan.
Systems		
Dual reporting and additional data gathering	Ensure readiness of system to manage dual reporting requirements during 2010. Ensure existing data gathering process can provide data for additional IFRS disclosures.	Dual reporting capability of existing reporting system identified and testing has been initiated. Data gathering testing for full year disclosures ongoing.
Controls		
Internal control over financial reporting and disclosure controls and procedures	Perform review of controls to ensure adequacy of existing controls, or implementation of new controls where required.	Relevant controls are being assessed as each work stream progresses. Regional compliance managers have been briefed on IFRS impacts to enable timely assessment of controls throughout 2010.

Transitional impacts

The following summary of opening balance sheet transitional provisions to be adopted effective January 1, 2010 indicates the progress in each topic area identified as having a potential high impact. It is not an exhaustive list; if further transitional elections are found to be beneficial to the transition process as the opening balance sheet preparation progresses, then such exemptions may be taken.

- Employee future benefits: Any unamortized defined benefit pension plan actuarial gains and losses accumulated at January 1, 2010 will be recognized in retained earnings in accordance with the IFRS 1 transitional exemption. This is anticipated to be the Company's most significant opening balance sheet adjustment.

  The Company's future accounting policy choice under IFRS with respect to defined benefit pension plans is not yet confirmed, as this is an area subject to ongoing standard-setting activity by the IASB.

- Stock based compensation: IFRS 2, Share Based Payments, encourages application of its provisions to equity instruments granted on or before November 7, 2002, if fair value information about these instruments had previously been publicly disclosed. As the fair value of the Company's instruments had not been historically disclosed, the Company will not restate share based payment balances in relation to fully vested awards of share based payments. An opening balance sheet adjustment will be made to account for unvested share based payment plans upon transition and is not considered significant.
- Property, plant, and equipment (PP&E): No transitional elections will be taken. The Company will retain assets at historical cost upon transition rather than taking the allowed election to recognize assets at fair value.

In addition to the key areas outlined above, the use of the following additional transitional exemptions, available under IFRS 1, has also been agreed by management and the Audit Committee:

- Borrowing costs: Borrowing costs will not be capitalized retrospectively and the Company will only capitalize borrowing costs incurred after the date of transition (January 1, 2010).
- Business combinations: The Company will not retrospectively restate any business combinations; IFRS 3 will be applied prospectively to acquisitions after January 1, 2010. This date is consistent with the Company's adoption of the CICA's revised sections for business combinations, consolidations, and non controlling interests.
- Cumulative translation adjustments: All cumulative translation adjustments and associated cumulative hedging gains and losses will be transferred to retained earnings from Accumulated Other Comprehensive Income upon transition.

Accounting policy changes

In addition to the one time transitional impacts described above, there are several accounting policy differences which will impact the company on a go-forward basis. This is not an exhaustive list, but it provides an indication of the main accounting policy changes which will apply to the Company under IFRS effective January 1, 2011 with comparatives presented for 2010:

- Employee future benefits: Under Canadian GAAP, the Company applies the 'corridor' method of accounting, whereby actuarial gains and losses are deferred and amortized over time. Under IFRS, the Company has elected to record actuarial gains and losses arising from its defined benefit pension plans in Other Comprehensive Income. This will likely reduce the Company's income statement expense associated with the defined benefit pension plans as actuarial losses are no longer amortized, and increase variability in Other Comprehensive Income.
- Income taxes: Although the basis of computation of future income taxes is largely consistent between Canadian GAAP and IFRS, there are some specific differences relating to the recognition of future income taxes in relation to intra-group transfers, stock based compensation (in jurisdictions where such compensation is tax deductible) and foreign exchange differences on non monetary assets. In addition, all deferred taxes are classified as long term for IFRS purposes.
- Stock based compensation: All stock based compensation will be valued at fair value using a Black Scholes model under IFRS. This represents an accounting policy difference for the company's cash settled plans, as these are currently valued at intrinsic value. In addition, the valuation of stock options under IFRS requires individual 'tranche based' valuations for those option plans with graded vesting, whilst Canadian GAAP allows a single valuation for all tranches. The impact of these changes is not anticipated to be significant.

- Leases: Under IFRS, the gains from operating sale and leaseback transactions meeting certain criteria are recognized in full at the time of sale. The Company has identified certain sale and leaseback transactions of buildings and vehicles for which the gains on sale were deferred and amortized for Canadian GAAP; these gains will be recognized as a retained earnings adjustment upon transition to IFRS.
- PP&E: Under IFRS, property, plant, and equipment may be accounted for using either a cost or revaluation model. The Company has elected to use the cost model for all classes of property, plant, and equipment. This is consistent with the Company's current accounting policy and hence will not impact the Company's PP&E balances.
- Borrowing costs: Borrowing costs for all qualifying assets incurred after January 1, 2010 will be capitalized. This will reduce finance costs and increase PP&E balances and associated depreciation for those assets constructed after January 1, 2010; the impact of this policy change will be dependent on the magnitude of capital spend on qualifying assets in the future.
- Investment property: IFRS provides separate guidance on the accounting for properties held primarily for rental or resale. The Company has certain land and buildings which meet the IFRS definition of investment property, and intends to account for these using the cost model; this is consistent with the current accounting for these assets and hence will not impact the Company's PP&E balances.
- Impairment: IFRS requires property, plant, equipment, intangibles and goodwill to be assessed for impairment at the 'cash generating unit' level, rather than the reporting unit level considered by Canadian GAAP. The Company has identified more cash generating units than the reporting units currently used to assess for impairment under Canadian GAAP. Whether the Company will be materially impacted by this change will depend upon the facts at the time of each impairment test.
- Joint ventures: Under IFRS, reporters may currently choose between proportionate consolidation and equity accounting for jointly controlled entities. Under the proposals for the revised joint venture standard, due to be issued Q3 2010, the proportionate consolidation option would be eliminated. In anticipation of this change to IFRS, the Company intends to adopt the equity accounting method for its joint ventures, which are currently proportionately consolidated under Canadian GAAP. This has no overall impact on net income or net assets of the Company, but alters the presentation of the joint venture entities in the financial statements.

Management continues to monitor standards to be issued by the IASB, but it remains difficult to predict the IFRS that will be effective at the end of the Company's first IFRS reporting period, as the IASB work plan anticipates the completion of several projects in calendar years 2010 and 2011. Their projects on employee benefits, leases, and financial instruments are especially relevant to the Company as it plans to adopt IFRS on January 1, 2011, and management will be monitoring any changes to these standards closely.

Outstanding Share Data

As at August 5, 2010	
Common shares outstanding	**171,015,896**
Options outstanding	**6,439,067**

Outlook

Consolidated backlog increased for the third consecutive quarter and is the highest since the fourth quarter of 2008. The backlog is mainly driven by the mining sector, but the Company is now experiencing a modest increase in demand for new equipment from other sectors as well. The Company expects more equipment orders in 2010, as quotation activity continues to be strong.

Product support revenues are expected to continue to grow in the mining sector in all operations as the equipment sold in recent years remains highly utilized. In all regions, there is an increase in equipment rebuild work and related quoting activity for large mining equipment. Product support growth is also returning in non-mining sectors, as customers resume deferred maintenance. In the used equipment market, prices are increasing as late model, low hour machines are in short supply and some customers are making purchases in anticipation of the Tier 4 emission standards legislation coming into effect.

In Canada, the Company is experiencing increased demand for equipment and product support from oil sands, coal, and copper mine producers and contractors. In non-mining sectors, particularly construction and forestry, demand for equipment is strengthening. The current construction activity is mainly driven by public infrastructure projects, however the ongoing public funding of such projects is uncertain. The oil and gas sector is showing signs of improvement and there is renewed optimism for the winter drilling season. Product support revenues continue to grow in the mining industry and are improving in the other sectors.

In South America, the Company is actively quoting to mining customers and receiving new orders for large mining equipment. At current copper and gold prices, the mining industry is expected to remain very strong. Mining contracts are expected to continue to drive product support growth. Construction and power systems activity will remain robust in 2010 and is expected to increase in 2011. In Chile, the need for reconstruction of buildings and infrastructure in the aftermath of the earthquake earlier this year will continue to generate incremental sales activity. Non-mining equipment remains well-utilized and will continue to contribute to ongoing product support growth in South America. In Argentina, oil and gas activity is strong and is expected to improve in 2011.

In the UK, the market outlook is uncertain. While the backlog continues to grow, the economy remains fragile. To date, spending cuts announced by the government have not impacted ongoing large infrastructure projects. The Company sees opportunities with coal mining, quarry, waste, and plant hire customers for new equipment sales and product support. In the petroleum sector, product support is at healthy activity levels. Other power systems segments remain soft and competitive.

In 2010, revenues are expected to be slightly below 2009, with lower new equipment sales partly offset by higher product support revenues. The Company expects 2010 EBIT to be comparable to 2009 and, as a result, foresees a modest improvement in EBIT margin in 2010.

The Company is on track to meet its targeted SG&A permanent expense reductions. Free cash flow for the six months ended June 30, 2010 is $131.9 million and the Company anticipates achieving its target of generating approximately $200 million in 2010. The balance of free cash flow generation for the year is more heavily weighted to the fourth quarter. Free cash flow in 2010 will be lower than in 2009 as the Company has begun to purchase equipment to fill orders for mining customers and stock up certain models of other equipment for anticipated sales. The net debt to capital ratio is expected to be in the mid-30% range by the end of 2010.

August 11, 2010

Forward-Looking Disclaimer

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

Unless otherwise indicated by us, forward-looking statements in this report describe our expectations at August 11, 2010. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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

Forward-looking statements made in this report are based on a number of assumptions that we believed were reasonable on the day we made the forward-looking statements. Refer in particular to the Market Outlook section of the MD&A. Some of the assumptions, risks, and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this report are discussed in the Company's current Annual Information Form (AIF) in Section 4.

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

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

INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS)

	Three months ended June 30		Six months ended June 30	
($ thousands, except share and per share amounts)	**2010 unaudited**	2009 unaudited	**2010 unaudited**	2009 unaudited
Revenue				
New equipment	**$ 411,304**	$ 465,249	**$ 756,966**	$1,097,425
Used equipment	**86,084**	87,418	**155,552**	159,411
Equipment rental	**63,922**	74,909	**133,928**	163,513
Product support	**511,774**	466,585	**1,003,420**	960,248
Other	**2,152**	3,219	**5,082**	6,251
Total revenue	**1,075,236**	1,097,380	**2,054,948**	2,386,848
Cost of sales	**744,123**	768,501	**1,430,308**	1,688,193
Gross profit	**331,113**	328,879	**624,640**	698,655
Selling, general, and administrative expenses	**257,102**	244,387	**501,331**	519,654
Other expenses (Note 2)	**7,503**	11,782	**15,519**	19,045
Earnings from continuing operations before interest and income taxes	**66,508**	72,710	**107,790**	159,956
Finance costs (Note 3)	**22,611**	12,013	**35,962**	29,041
Income from continuing operations before provision for income taxes	**43,897**	60,697	**71,828**	130,915
Provision for income taxes	**7,873**	4,156	**12,712**	21,496
Income from continuing operations	**36,024**	56,541	**59,116**	$ 109,419
Loss from discontinued operations, net of tax (Note 6)	**(246,062)**	(8,726)	**(249,089)**	(16,578)
Net income (loss)	**$ (210,038)**	$ 47,815	**$ (189,973)**	$ 92,841
Earnings (loss) per share – basic				
From continuing operations (Note 5)	**$ 0.21**	$ 0.33	**$ 0.35**	$ 0.64
From discontinued operations	**(1.44)**	(0.05)	**(1.46)**	(0.10)
	$ (1.23)	$ 0.28	**$ (1.11)**	$ 0.54
Earnings (loss) per share – diluted				
From continuing operations (Note 5)	**$ 0.21**	$ 0.33	**$ 0.35**	$ 0.64
From discontinued operations	**(1.44)**	(0.05)	**(1.46)**	(0.10)
	$ (1.23)	$ 0.28	**$ (1.11)**	$ 0.54
Weighted average number of shares outstanding				
Basic	**170,828,096**	170,585,341	**170,903,520**	170,550,995
Diluted	**171,274,683**	170,973,322	**171,351,048**	170,916,926

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

INTERIM CONSOLIDATED BALANCE SHEETS

($ thousands)	June 30, 2010 unaudited	December 31, 2009 audited
ASSETS		
Current assets		
Cash and cash equivalents	**$ 209,023**	$ 146,055
Accounts receivable	**644,588**	584,203
Service work in progress	**79,386**	62,563
Inventories (Note 7)	**1,048,157**	992,075
Other assets	**203,912**	197,275
Assets of discontinued operations (Note 6)	**—**	101,490
Total current assets	**2,185,066**	2,083,661
Finance assets	**31,012**	32,604
Rental equipment	**406,652**	440,809
Land, buildings, and equipment	**441,201**	439,712
Intangible assets	**39,213**	32,450
Goodwill	**93,478**	94,254
Other assets	**204,899**	212,905
Assets of discontinued operations (Note 6)	**—**	335,040
	$ 3,401,521	$ 3,671,435
LIABILITIES		
Current liabilities		
Short-term debt	**$ 62,586**	$ 162,238
Accounts payable and accruals	**870,276**	697,260
Income tax payable	**3,117**	8,429
Current portion of long-term debt	**32,418**	24,179
Liabilities of discontinued operations (Note 6)	**—**	52,876
Total current liabilities	**968,397**	944,982
Long-term debt	**899,884**	991,732
Long-term obligations	**102,728**	105,878
Future income taxes	**66,924**	80,388
Liabilities of discontinued operations (Note 6)	**—**	32,769
Total liabilities	**2,037,933**	2,155,749
SHAREHOLDERS' EQUITY		
Share capital	**559,366**	557,052
Contributed surplus	**36,471**	33,509
Accumulated other comprehensive loss	**(221,955)**	(293,869)
Retained earnings	**989,706**	1,218,994
Total shareholders' equity	**1,363,588**	1,515,686
	$ 3,401,521	$ 3,671,435

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

($ thousands)	Three months ended June 30 2010 unaudited	Three months ended June 30 2009 unaudited	Six months ended June 30 2010 unaudited	Six months ended June 30 2009 unaudited
Net income (loss)	**$ (210,038)**	$ 47,815	**$ (189,973)**	$ 92,841
Other comprehensive income (loss), net of income tax				
Currency translation adjustments	**45,148**	(19,972)	**(39,303)**	7,004
Unrealized gain (loss) on net investment hedges	**(4,133)**	11,914	**14,279**	(20,425)
Realized loss on foreign currency translation, net of realized gain on net investment hedges, reclassified to earnings on disposal of discontinued operations	**82,833**	—	**82,833**	—
Tax recovery (expense) on net investment hedges	**17,711**	(8,397)	**14,916**	(1,491)
Foreign currency translation and gain (loss) on net investment hedges	**141,559**	(16,455)	**72,725**	(14,912)
Unrealized gain (loss) on cash flow hedges	**(3,336)**	4,014	**(4,452)**	8,127
Realized loss (gain) on cash flow hedges, reclassified to earnings	**2,756**	(1,028)	**3,778**	1,724
Tax recovery (expense) on cash flow hedges	**(73)**	(554)	**(137)**	(1,768)
Gain (loss) on cash flow hedges	**(653)**	2,432	**(811)**	8,083
Comprehensive income (loss)	**$ (69,132)**	$ 33,792	**$ (118,059)**	$ 86,012

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

($ thousands, except share amounts)	Share Capital: Shares	Share Capital: Amount	Contributed Surplus	Accumulated Other Comprehensive Income (Loss): Foreign Currency Translation and Gain / (Loss) on Net Investment Hedges	Accumulated Other Comprehensive Income (Loss): Gain / (Loss) on Cash Flow Hedges	Retained Earnings	Total
Balance, January 1, 2009	170,445,067	$ 554,966	$ 25,441	$ (160,971)	$ (15,473)	$ 1,163,141	$ 1,567,104
Comprehensive income (loss)	—	—	—	(14,912)	8,083	92,841	86,012
Issued on exercise of stock options	186,038	1,205	(73)	—	—	—	1,132
Stock option expense	—	—	4,768	—	—	—	4,768
Dividends on common shares	—	—	—	—	—	(37,423)	(37,423)
Balance, June 30, 2009	170,631,105	$ 556,171	$ 30,136	$ (175,883)	$ (7,390)	$ 1,218,559	$ 1,621,593
Balance, January 1, 2010	**170,746,800**	**$ 557,052**	**$ 33,509**	**$ (289,023)**	**$ (4,846)**	**$ 1,218,994**	**$ 1,515,686**
Comprehensive income (loss)	**—**	**—**	**—**	**72,725**	**(811)**	**(189,973)**	**(118,059)**
Issued on exercise of stock options	**261,969**	**2,314**	**(172)**	**—**	**—**	**—**	**2,142**
Stock option expense	**—**	**—**	**3,134**	**—**	**—**	**—**	**3,134**
Dividends on common shares	**—**	**—**	**—**	**—**	**—**	**(39,315)**	**(39,315)**
Balance, June 30, 2010	**171,008,769**	**$ 559,366**	**$ 36,471**	**$ (216,298)**	**$ (5,657)**	**$ 989,706**	**$ 1,363,588**

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

($ thousands)	Three months ended June 30		Six months ended June 30	
	2010 unaudited	2009 unaudited	**2010 unaudited**	2009 unaudited
OPERATING ACTIVITIES				
Net income	**$ (210,038)**	$ 47,815	**$ (189,973)**	$ 92,841
Add items not affecting cash				
Depreciation and amortization	**40,493**	48,982	**84,264**	104,278
Future income taxes	**(5,873)**	6,610	**(4,184)**	4,339
Stock-based compensation	**2,387**	630	**4,018**	4,785
Gain on disposal of capital assets	**(26)**	(27)	**(52)**	(54)
Loss on disposal of discontinued operations (Note 6)	**244,094**	—	**244,094**	—
Other	**5,570**	1,415	**6,809**	2,172
	76,607	105,425	**144,976**	208,361
Changes in working capital items (Note 9)	**(7,615)**	46,190	**38,470**	(55,721)
Cash provided after changes in working capital items	**68,992**	151,615	**183,446**	152,640
Rental equipment, net of disposals	**(27,727)**	8,787	**(28,558)**	1,857
Equipment leased to customers, net of disposals	**(482)**	(19,710)	**(1,502)**	(19,882)
Cash provided by continuing operations	**40,783**	140,692	**153,386**	134,615
Cash provided by discontinued operations	**5,827**	26,177	**2,374**	52,793
Cash provided by operating activities	**46,610**	166,869	**155,760**	187,408
INVESTING ACTIVITIES				
Additions to capital assets	**(14,462)**	(31,133)	**(29,099)**	(57,495)
Proceeds on disposal of capital assets	**325**	1,568	**1,434**	2,996
Net proceeds from sale of discontinued operations (Note 6)	**117,919**	—	**117,919**	—
Proceeds (payments) on settlement of derivatives	**—**	4,382	**25,983**	(12,252)
Cash provided by (used in) continuing investing activities	**103,782**	(25,183)	**116,237**	(66,751)
Cash provided by discontinued investing activities	**179**	2,318	**3,859**	4,946
Cash provided by (used in) investing activities	**103,961**	(22,865)	**120,096**	(61,805)
FINANCING ACTIVITIES				
Increase (decrease) in short-term debt	**10,043**	112,054	**(98,561)**	141,334
Increase (repayment) of long-term debt	**(55,632)**	(212,565)	**(46,490)**	(196,327)
Purchase of Eurobond Notes and premium paid (Note 3)	**(74,598)**	—	**(74,598)**	—
Issue of common shares on exercise of stock options	**1,296**	680	**2,314**	1,132
Dividends paid	**(20,516)**	(18,663)	**(39,315)**	(37,423)
Cash used in continuing financing activities	**(139,407)**	(118,494)	**(256,650)**	(91,284)
Cash used in discontinued financing activities	**803**	(3,789)	**(7,303)**	(21,004)
Cash used in financing activities	**(138,604)**	(122,283)	**(263,953)**	(112,288)
Effect of currency translation on cash balances	**8,163**	(4,153)	**(784)**	(769)
Increase in cash and cash equivalents	**20,130**	17,568	**11,119**	12,546
Cash and cash equivalents, beginning of period	**188,893**	104,750	**197,904**	109,772
Cash and cash equivalents, end of period	**$ 209,023**	$ 122,318	**$ 209,023**	$ 122,318

See supplemental cash flow information, Note 9

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

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited Interim Consolidated Financial Statements (Interim Statements) have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) on a basis consistent with those disclosed in the most recent audited annual financial statements. These Interim Statements do not include all the information and note disclosures required by GAAP for annual financial statements and therefore should be read in conjunction with the December 31, 2009 audited annual consolidated financial statements and the notes below.

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

(a) Change in Accounting Policy

Business Combinations

In January 2009, the Canadian Institute of Chartered Accountants issued Section 1582, *Business Combinations*, Section 1601, *Consolidations*, and Section 1602, *Non-controlling Interests*. These new standards are harmonized with International Financial Reporting Standards (IFRS). Section 1582 specifies a number of changes, including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a change in the basis of measurement of non-controlling interests, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. The new standards will become effective in 2011.

Effective January 1, 2010, the Company early adopted Sections 1582, 1601, and 1602 in accordance with the transitional provisions. The adoption of Sections 1601 and 1602 did not have a material impact on the Company's consolidated financial statements. Whether the Company will be materially affected by the new recommendations of Section 1582 will depend upon the specific facts of business combinations, if any, occurring subsequent to January 1, 2010.

(b) Future Accounting Pronouncements

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

(c) Comparative Figures

Certain comparative figures have been reclassified to conform to the 2010 presentation.

2. OTHER EXPENSES (INCOME)

Other expenses (income) include the following items:

($ thousands)	Three months ended June 30		Six months ended June 30	
	2010	2009	**2010**	2009
Restructuring (a)	**$ 459**	$ 6,314	**$ 3,216**	$ 8,915
Project costs (b)	**7,070**	5,495	**12,355**	10,184
Loss (gain) on sale of other surplus properties	**(26)**	(27)	**(52)**	(54)
	$ 7,503	$ 11,782	**$ 15,519**	$ 19,045

The tax recovery on other expenses for the three months ended June 30, 2010 was $2.0 million (2009: $3.5 million) and during the six-month period ended June 30, 2010 was $4.1 million (2009: $5.6 million).

a) During the six months ended June 30, 2010 and 2009, the Company incurred restructuring and severance costs of $3.2 million and $8.9 million, respectively. These costs related to severance incurred in response to market conditions, primarily in the Company's Canadian operations.

b) Project costs incurred during the six months ended June 30, 2010 and 2009 relate to the implementation of a new information technology system for the Company's global operations.

3. FINANCE COSTS

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

($ thousands)	Three months ended June 30 2010	Three months ended June 30 2009	Six months ended June 30 2010	Six months ended June 30 2009
Interest on debt securities:				
Short-term debt	**$ 449**	$ 952	**$ 869**	$ 2,385
Long-term debt	**12,756**	13,737	**25,550**	28,254
	13,205	14,689	**26,419**	30,639
Loss on interest rate derivatives	**456**	484	**915**	963
Costs associated with debt purchase (a)	**6,441**	—	**6,441**	—
Interest income on tax reassessment	**—**	(3,529)	**—**	(3,529)
Other finance related expenses, net of sundry interest earned	**3,021**	1,764	**4,239**	3,227
	23,123	13,408	**38,014**	31,300
Less: interest expense related to discontinued operations	**(512)**	(1,395)	**(2,052)**	(2,259)
Finance costs from continuing operations	**$ 22,611**	$ 12,013	**$ 35,962**	$ 29,041

a) Following the sale of Hewden, the Company's UK equipment rental business (see Note 6), the Company used a portion of the proceeds to purchase £45 million of its £115 million 5.625% Eurobond Notes due 2013. The Company recorded charges of approximately $6.4 million, reflecting the premium paid to purchase, the early recognition of deferred financing costs, and other costs associated with this purchase.

4. STOCK-BASED COMPENSATION PLANS

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

Stock Options

Details of the stock option plans are as follows:

	Six months ended June 30, 2010 Options	Six months ended June 30, 2010 Weighted Average Exercise Price	Twelve months ended December 31, 2009 Options	Twelve months ended December 31, 2009 Weighted Average Exercise Price
Options outstanding, beginning of period	**6,299,454**	**$ 22.94**	6,037,270	$ 23.72
Granted	**548,990**	**$ 17.43**	978,703	$ 14.64
Exercised	**(261,969)**	**$ 8.18**	(301,733)	$ 6.51
Cancelled	**(131,030)**	**$ 25.27**	(414,786)	$ 26.63
Options outstanding, end of period	**6,455,445**	**$ 23.03**	6,299,454	$ 22.94
Exercisable at period end	**4,783,950**	**$ 24.02**	3,827,509	$ 22.01

In 2010 and 2009, long-term incentives for executives and senior management were a combination of both stock options and performance share units. In the second quarter of 2010, the Company granted 548,990 common share options to senior executives and management of the Company (Q2 2009: 978,703 common share options). The Company's practice is to grant and price stock options only when it is felt that all material information has been disclosed to the market.

The Company determines the cost of all stock options granted since January 1, 2003 using the fair value-based method of accounting for stock options. This method of accounting uses an option-pricing model to determine the fair value of stock options granted which is amortized over the vesting period. The fair value of the options granted in 2010 has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Dividend yield	1.75%
Expected volatility	33.41%
Risk-free interest rate	2.66%
Expected life	5.8 years

The weighted average grant date fair value of options granted during the year was $5.20 (2009: $5.07).

Other Stock-Based Compensation Plans

The Company has other stock-based compensation plans in the form of deferred share units, performance share units, and stock appreciation rights that use notional common share units. Details of the plans with significant changes subsequent to December 31, 2009 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 33,803 share units in May 2010 (May 2009: 22,293 share units), which were granted to the Directors and will be expensed over the calendar year as the units are issued.

Executive

Performance Share Unit Plan (PSU)

Executives of the Company were allocated a total of 236,390 performance share units in 2010, based on 100% vesting (Q2 2009: 341,253 performance share units).

The specified levels and respective vesting percentages for the 2010 grant are as follows:

Performance Level	Average Return on Equity (over three-year period)	Proportion of PSUs Vesting
Below Threshold	< 12%	Nil
Threshold	12%	25%
Target	14%	100%
Maximum	17% or more	150%

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

($ thousands, except share and per share amounts)	Three months ended June 30			Six months ended June 30		
2010	**Income**	**Shares**	**Per Share**	**Income**	**Shares**	**Per Share**
Basic EPS from continuing operations:						
Net income from continuing operations	**$ 36,024**	**170,828,096**	**$ 0.21**	**$ 59,116**	**170,903,520**	**$ 0.35**
Effect of dilutive securities: stock options	—	**446,587**	—	—	**447,528**	—
Diluted EPS from continuing operations:						
Net income from continuing operations and assumed conversions	**$ 36,024**	**171,274,683**	**$ 0.21**	**$ 59,116**	**171,351,048**	**$ 0.35**
2009						
Basic EPS from continuing operations:						
Net income from continuing operations	$ 56,541	170,585,341	$ 0.33	$109,419	170,550,995	$ 0.64
Effect of dilutive securities: stock options	—	387,981	—	—	365,931	—
Diluted EPS from continuing operations:						
Net income from continuing operations and assumed conversions	$ 56,541	170,973,322	$ 0.33	$109,419	170,916,926	$ 0.64

6. Disposition of Discontinued Operation

Following an extensive strategic review, on May 5, 2010, the Company sold its U.K. equipment rental subsidiary, Hewden Stuart Limited (Hewden). The Company determined that a large, short-term rental business operating separately from its UK dealership was not aligned with the Company's strategic objectives. Gross proceeds on the sale of Hewden of $171.1 million (£110.2 million) comprised cash of £90.2 million and a £20.0 million interest bearing 5-year note receivable with a fair value of £16.9 million. Transaction costs of $7.2 million were incurred and paid on the transaction.

The loss on sale was $244.1 million or $1.43 per share, which included the realization of $100.8 million of foreign exchange losses related to the Company's investment in Hewden which was previously recorded in accumulated other comprehensive loss, and $68.0 million related to Hewden's unfunded pension liability, which the buyer assumed.

The results of operations of Hewden for the periods up to May 5, 2010 have been reclassified as discontinued operations in the consolidated statements of income and cash flow. The assets and liabilities in the balance sheet for periods prior to the date of disposition have been presented separately. The results of Hewden had previously been reported in the Finning UK Group segment.

Loss from discontinued operations to the date of disposition is summarized as follows:

($ thousands)	Three months ended June 30		Six months ended June 30	
	2010	2009	**2010**	2009
Revenue	**$ 16,830**	$ 67,542	**$ 65,259**	$ 142,340
Loss before provision for income taxes	**(2,002)**	(13,766)	**(7,596)**	(26,322)
Loss on sale of discontinued operation	**(238,013)**	—	**(238,013)**	—
Provision for income taxes – recovery (expense)	**(6,047)**	5,040	**(3,480)**	9,744
Loss from discontinued operations	**$ (246,062)**	$ (8,726)	**$ (249,089)**	$ (16,578)

The carrying amounts of assets and liabilities related to discontinued operations as at the date of disposition, and for the comparative period presented, are as follows:

($ thousands)	May 5 2010 (date of disposition)	December 31 2009
ASSETS		
Current assets		
Cash	$ 15,403	$ 51,849
Accounts receivable	41,584	38,438
Inventories	1,385	1,448
Other assets	12,985	9,755
Total current assets	71,357	101,490
Rental equipment	214,645	250,311
Land, building and equipment	36,246	43,065
Intangible assets	7,174	9,019
Other assets	62,159	32,645
Total assets	$ 391,581	$ 436,530
LIABILITIES		
Current liabilities		
Accounts payable and accruals	$ 47,342	$ 52,681
Income tax payable	160	195
Total current liabilities	47,502	52,876
Long-term obligations	3,638	4,269
Future income taxes	24,112	28,500
Total liabilities	$ 75,252	$ 85,645

As part of the Hewden Purchase and Sale Agreement, Finning provided indemnifications to the third party purchaser, covering breaches of representation and warranties as well as litigation and other matters set forth in the agreement. Claims may be made by the third party purchaser under the agreement for various periods of time depending on the nature of the claim, up to six years. The maximum potential exposure of Finning under these indemnifications is 100% of the purchase price. As at June 30, 2010, Finning had no material liabilities recorded for these indemnifications.

7. INVENTORIES

($ thousands)		June 30, 2010		December 31, 2009
On-hand equipment	**$**	**596,691**	$	589,983
Parts and supplies		**359,901**		325,033
Internal service work in progress		**91,565**		77,059
Inventories	**$**	**1,048,157**	$	992,075

For the three months ended June 30, 2010, on-hand equipment, parts, supplies, and internal service work in progress from continuing operations recognized as an expense amounted to $684.6 million (2009: $707.2 million), and for the six months ended June 30, 2010 amounted to an expense of $1,303.2 million (2009: $1,563.2 million). For the three months ended June 30, 2010, the write-down of inventories to net realizable value, included in cost of sales from continuing operations, amounted to $15.3 million (2009: $2.5 million) and for the six months ended June 30, 2010 amounted to $28.9 million (2009: $16.9 million).

8. CURRENCY RATES

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

Exchange rate	June 30, 2010	December 31, 2009	June 30, 2009
U.S. dollar	**1.0606**	1.0466	1.1625
U.K. pound sterling	**1.5852**	1.6918	1.9122
Three months ended June 30 Average exchange rates	**2010**		2009
U.S. dollar	**1.0276**		1.1668
U.K. pound sterling	**1.5331**		1.8082
Six months ended June 30 Average exchange rates	**2010**		2009
U.S. dollar	**1.0338**		1.2062
U.K. pound sterling	**1.5773**		1.7971

9. Supplemental Cash Flow Information

Non cash working capital changes

($ thousands)	Three months ended June 30 2010	Three months ended June 30 2009	Six months ended June 30 2010	Six months ended June 30 2009
Accounts receivable and other	**$ (32,438)**	$ 18,335	**$ (89,439)**	$ 136,535
Inventories – on-hand equipment	**(60,061)**	115,690	**(9,239)**	50,145
Inventories – parts and supplies	**(41,819)**	43,923	**(64,772)**	29,266
Accounts payable and accruals	**111,980**	(126,255)	**169,647**	(278,343)
Income taxes	**14,723**	(5,503)	**32,273**	6,676
Changes in working capital items	**$ (7,615)**	$ 46,190	**$ 38,470**	$ (55,721)

Components of cash and cash equivalents

June 30 ($ thousands)	2010	2009
Cash	**$ 90,801**	$ 50,752
Short-term investments	**118,222**	71,566
Cash and cash equivalents	**$ 209,023**	$ 122,318

Interest and tax payments

($ thousands)	Three months ended June 30 2010	Three months ended June 30 2009	Six months ended June 30 2010	Six months ended June 30 2009
Interest paid	**$ (29,573)**	$ (22,982)	**$ (37,397)**	$ (31,475)
Income taxes received (paid)	**$ (5,437)**	$ (697)	**$ 13,898**	$ 12,493

10. Employee Future Benefits

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

Three months ended June 30 ($ thousands)	2010 Canada	2010 UK	2010 Total	2009 Canada	2009 UK	2009 Total
Defined contribution plans	**$ 5,385**	**$ 414**	**$ 5,799**	$ 5,195	$ 309	$ 5,504
Defined benefit plans	**3,556**	**2,401**	**5,957**	3,103	588	3,691
Total benefit plan expense	**$ 8,941**	**$ 2,815**	**$ 11,756**	$ 8,298	$ 897	$ 9,195

Six months ended June 30 ($ thousands)	2010 Canada	2010 UK	2010 Total	2009 Canada	2009 UK	2009 Total
Defined contribution plans	**$ 10,379**	**$ 845**	**$ 11,224**	$ 10,434	$ 609	$ 11,043
Defined benefit plans	**6,694**	**4,940**	**11,634**	5,997	1,170	7,167
Total benefit plan expense	**$ 17,073**	**$ 5,785**	**$ 22,858**	$ 16,431	$ 1,779	$ 18,210

11. SEGMENTED INFORMATION

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

The reportable operating segments are:

Three months ended June 30, 2010 ($ thousands)	**Canada**	**South America**	**UK**	**Other**	**Consolidated**
Revenue from external sources	**$ 561,825**	**$ 352,740**	**$ 160,671**	**$ —**	**$ 1,075,236**
Operating costs	**(499,873)**	**(309,044)**	**(148,520)**	**(5,436)**	**(962,873)**
Depreciation and amortization	**(24,779)**	**(8,747)**	**(4,784)**	**(42)**	**(38,352)**
	37,173	**34,949**	**7,367**	**(5,478)**	**74,011**
Other expenses					
IT system implementation costs	**(4,002)**	**(2,197)**	**(808)**	**(63)**	**(7,070)**
Other	**(403)**	**—**	**(30)**	**—**	**(433)**
Earnings from continuing operations before interest and taxes	**$ 32,768**	**$ 32,752**	**$ 6,529**	**$ (5,541)**	**$ 66,508**
Finance costs					**(22,611)**
Provision for income taxes					**(7,873)**
Net income from continuing operations					**36,024**
Loss from discontinued operations, net of tax					**(246,062)**
Net loss					**$ (210,038)**
Identifiable assets	**$ 1,558,663**	**$ 1,232,376**	**$ 491,825**	**$ 118,657**	**$ 3,401,521**
Capital assets	**$ 309,740**	**$ 132,494**	**$ 37,706**	**$ 474**	**$ 480,414**
Gross capital expenditures [(1)]	**$ 6,634**	**$ 6,189**	**$ 1,639**	**$ —**	**$ 14,462**
Gross rental asset expenditures	**$ 34,429**	**$ 7,738**	**$ 609**	**$ —**	**$ 42,776**

Three months ended June 30, 2009 ($ thousands)	**Canada**	**South America**	**UK**	**Other**	**Consolidated**
Revenue from external sources	$ 582,054	$ 362,974	$ 152,352	$ —	$ 1,097,380
Operating costs	(504,653)	(314,496)	(142,128)	(3,388)	(964,665)
Depreciation and amortization	(32,226)	(9,449)	(6,503)	(45)	(48,223)
	45,175	39,029	3,721	(3,433)	84,492
Other expenses					
IT system implementation costs	(1,820)	(293)	(107)	(3,275)	(5,495)
Other	(5,460)	(272)	(555)	—	(6,287)
Earnings (loss) from continuing operations before interest and taxes	$ 37,895	$ 38,464	$ 3,059	$ (6,708)	$ 72,710
Finance costs					(12,013)
Provision for income taxes					(4,156)
Net income from continuing operations					56,541
Loss from discontinued operations, net of tax					(8,726)
Net income					$ 47,815
Identifiable assets from continuing operations	$ 1,923,791	$ 1,260,448	$ 589,064	$ 71,032	$ 3,844,335
Capital assets	$ 296,539	$ 126,590	$ 44,466	$ 4,113	$ 471,708
Gross capital expenditures [(1)]	$ 18,007	$ 12,273	$ 853	$ —	$ 31,133
Gross rental asset expenditures	$ 22,766	$ 5,820	$ 10,280	$ —	$ 38,866

[(1)] includes capital leases

Notes to Interim Consolidated Financial Statements

Six months ended June 30, 2010 ($ thousands)	**Canada**	**South America**	**UK**	**Other**	**Consolidated**
Revenue from external sources	**$ 1,051,765**	**$ 700,546**	**$ 302,637**	**$ —**	**$ 2,054,948**
Operating costs	**(946,218)**	**(612,387)**	**(281,626)**	**(10,001)**	**(1,850,232)**
Depreciation and amortization	**(54,161)**	**(17,389)**	**(9,774)**	**(83)**	**(81,407)**
	51,386	**70,770**	**11,237**	**(10,084)**	**123,309**
Other expenses					
IT system implementation costs	**(6,285)**	**(4,049)**	**(1,562)**	**(459)**	**(12,355)**
Other	**(2,886)**	**—**	**(278)**	**—**	**(3,164)**
Earnings from continuing operations before interest and taxes	**$ 42,215**	**$ 66,721**	**$ 9,397**	**$ (10,543)**	**$ 107,790**
Finance costs					**(35,962)**
Provision for income taxes					**(12,712)**
Net income from continuing operations					**59,116**
Loss from discontinued operations, net of tax					**(249,089)**
Net loss					**$ (189,973)**
Identifiable assets	**$ 1,558,663**	**$ 1,232,376**	**$ 491,825**	**$ 118,657**	**$ 3,401,521**
Capital assets	**$ 309,740**	**$ 132,494**	**$ 37,706**	**$ 474**	**$ 480,414**
Gross capital expenditures [(1)]	**$ 13,434**	**$ 13,056**	**$ 2,609**	**$ —**	**$ 29,099**
Gross rental asset expenditures	**$ 49,807**	**$ 17,024**	**$ 2,902**	**$ —**	**$ 69,733**

Six months ended June 30, 2009 ($ thousands)	**Canada**	**South America**	**UK**	**Other**	**Consolidated**
Revenue from external sources	$ 1,294,924	$ 775,708	$ 316,216	$ —	$ 2,386,848
Operating costs	(1,131,986)	(669,480)	(291,588)	(12,024)	(2,105,078)
Depreciation and amortization	(69,954)	(19,841)	(12,883)	(91)	(102,769)
	92,984	86,387	11,745	(12,115)	179,001
Other expenses					
IT system implementation costs	(3,210)	(548)	(156)	(6,270)	(10,184)
Other	(6,026)	(548)	(2,287)	—	(8,861)
Earnings from continuing operations before interest and taxes	$ 83,748	$ 85,291	$ 9,302	$ (18,385)	$ 159,956
Finance costs					(29,041)
Provision for income taxes					(21,496)
Net income from continuing operations					109,419
Loss from discontinued operations, net of tax					(16,578)
Net income					$ 92,841
Identifiable assets from continuing operations	$ 1,923,791	$ 1,260,448	$ 589,064	$ 71,032	$ 3,844,335
Capital assets	$ 296,539	$ 126,590	$ 44,466	$ 4,113	$ 471,708
Gross capital expenditures [(1)]	$ 29,788	$ 24,470	$ 3,237	$ —	$ 57,495
Gross rental asset expenditures	$ 91,574	$ 15,893	$ 14,681	$ —	$ 122,148

[(1)] includes capital leases

12. SUBSEQUENT EVENT

On August 2, 2010, Finning was appointed the Caterpillar dealer for Northern Ireland. The Company reached agreement on the acquisition of certain assets from the Administrator of the previous Caterpillar dealership for Northern Ireland. The total purchase price for the assets is approximately GBP 3.1 million.

On August 9, 2010, Finning was appointed the Caterpillar dealer for the Republic of Ireland. The Company reached agreement on the acquisition of certain assets from the Receiver of the previous Caterpillar dealer in the Republic of Ireland and from Caterpillar for approximately Euro 2.7 million.