Q3 2012 EARNINGS RELEASE **November 8, 2012**

Finning Reports Record Earnings in Q3 2012

Q3 2012 HIGHLIGHTS

- Revenue increased by 21% to $1.6 billion driven by healthy demand in most of the Company's end markets in the third quarter.
- Quarterly EBIT of $126 million set a new record. Driven by the EBIT margin recovery in Canada, consolidated EBIT margin of 7.8% demonstrated a continued sequential improvement since Q3 2011.
- Basic EPS reached a new record of $0.49.
- The Company is successfully integrating the newly acquired Bucyrus distribution and support business into each operation. This new business has contributed approximately $0.05 per share of incremental profit year to date.

Vancouver, B.C. – Finning International Inc. (TSX: FTT) reported third quarter revenues of $1.6 billion, a 21% increase over Q3 2011. Quarterly revenues were higher in all operations and across all business lines compared to the third quarter of 2011. Growth in new equipment sales was driven by Canada and the UK and Ireland. Product support revenues increased in all regions, particularly in Canada. Quarterly earnings before finance costs and income taxes (EBIT) increased to a new record of $126 million. Quarterly EBIT margin continued to show sequential improvement over the last four quarters and reached 7.8% compared to 3.5% in Q3 2011. Basic earnings per share (EPS) was $0.49 compared to $0.21 in Q3 2011, and was the highest quarterly EPS on record.

"Our focus on executing our strategy and healthy demand in our key markets enabled us to deliver record quarterly earnings. We have continued to drive sequential improvement in our operating profitability and remain on track to deliver record revenue and earnings in 2012," said Mike Waites, president and CEO of Finning International. "In October, we completed a significant strategic milestone with Finning Canada successfully closing the last phase in our acquisition of the former Bucyrus distribution and support business."

"Given indications of demand softening in some markets, we are operating with caution and continue to monitor business conditions closely. Looking ahead, we remain confident in our ability to drive revenues even if equipment sales weaken. We have the benefit of a resilient product support business, more service capacity coming on stream to support the ever increasing machine population, and an expanded product and service offering," continued Mr. Waites. "Our ability to deliver value is also supported by our continued focus on the disciplined execution of our strategic priorities to further improve operating profitability and strengthen our balance sheet."

Q3 2012 FINANCIAL SUMMARY

C$ millions, except per share amounts (unaudited)	Three months ended Sep 30		
	2012	2011	% change
Revenue	**1,606**	1,329	21
Earnings before finance costs and income taxes (EBIT)	**126**	46	172
Net income	**84**	35	137
Basic EPS	**0.49**	0.21	133
Earnings before finance costs, income taxes, depreciation and amortization (EBITDA)[1]	**180**	91	98
Free cash flow[1][2]	**(29)**	(118)	76

- Revenues increased by 21% from Q3 2011 to $1.6 billion, with higher revenues achieved in all regions and lines of business. New equipment sales were up by 9%, driven by Canada and the UK and Ireland. Product support revenues grew by 35% and were at record levels in South America. Product support was significantly higher in Canada compared to Q3 2011, when Canada's results were negatively impacted by the ERP system implementation and the five-week strike in British Columbia. Used equipment sales and rental revenues increased by 20% and 9% respectively.

- Gross profit was 33% higher compared to Q3 2011, reflecting higher gross profit margins in most lines of business and a favourable shift in revenue mix to higher margin product support. Consolidated gross profit margin increased to 30.4% from 27.7% in Q3 2011.

- Selling, general and administrative (SG&A) expenses as a percentage of revenue were 22.8% compared to 23.3% in Q3 2011 as a result of lower SG&A percentage in Canada.

- EBIT increased to a record $126 million compared to $46 million in Q3 2011, reflecting the highest ever reported EBIT in South America and the EBIT recovery in Canada from Q3 2011 levels. Consolidated EBIT margin rose to 7.8% compared to 3.5% in Q3 2011 and 6.9% in Q2 2012. The substantial EBIT margin improvement over the last four consecutive quarters reflects the successful execution of the ERP recovery plan in Canada.

- Net income of $84 million and basic EPS of $0.49 were at record levels. The newly acquired Bucyrus distribution business contributed approximately $0.02 per share of incremental profit to Q3 2012.

- EBITDA reached a new record of $180 million. Quarterly free cash flow was $29 million use of cash, compared to $118 million use of cash in Q3 2011. In light of softening market conditions and improved equipment availability, the Company is focused on reducing uncommitted inventory levels and prudently managing working capital. The Company expects to generate significant positive free cash flow in Q4 2012 and anticipates a modest net usage of cash for the full year 2012.

- The Company's net debt to total capital ratio[5] was 52.3% compared to 52.7% at the end of June and 42.0% at December 2011 due to higher debt levels to fund working capital and the purchase of the former Bucyrus distribution business from Caterpillar. As the Company expects to generate positive free cash flow in subsequent quarters, net debt to total capital ratio is projected to decline and return to the 35-45% target range by the end of 2013.

- Order backlog declined to $1.4 billion at September 30 from $1.7 billion at the end of June 2012, primarily as a result of lower new order intake in the third quarter, which reflects uncertain economic conditions and softening demand in some of the Company's end markets.

Q3 2012 HIGHLIGHTS BY OPERATIONS

Canada

- Revenues grew by 27% over Q3 2011 as market conditions in Western Canada were healthy in most sectors through the third quarter. New equipment sales were 13% higher, driven by mining and heavy construction. Product support revenues rose by 46% compared to Q3 2011, which was negatively impacted by the ERP system implementation and the five-week strike in British Columbia.

- The Company made significant progress in executing on its ERP recovery plan and remains on track to reduce ERP related costs, which totaled approximately $0.05 per share in Q3 2012. In September, the Canadian operations successfully deployed a series of ERP system enhancements, which are expected to deliver productivity improvements and cost reductions going forward.

- Canada posted $60 million in EBIT compared to an EBIT loss of $2 million in Q3 2011. EBIT margin of 7.8% continued to show sequential improvement from 6.6% in Q2 2012, 5.2% in Q1 2012, 4.4% in Q4 2011 and a negative 0.3% in Q3 2011. Canadian operations expect to continue delivering improvement in EBIT margin performance.

South America

- Third quarter revenues increased by 16% from Q3 2011, setting a new record. In functional currency (USD), revenues grew by 15% driven by record product support, which reflects continued strength in the Chilean mining industry. In functional currency, product support revenues rose by 32% and more than offset a 3% decline in new equipment sales due to lower construction activity in Argentina compared to Q3 2011.

- SG&A costs as a percentage of revenue were largely unchanged compared to Q3 2011. The Company remains focused on improving operating efficiencies and managing cost pressures associated with the competitive labour market for skilled technicians. The South American workforce increased by 17% from September 2011, mostly as a result of the former Bucyrus employees joining Finning.

- EBIT rose by 16% to a record $58 million. EBIT margin of 9.4% was comparable to Q3 2011 as the positive impact of the revenue shift to product support in the quarter was offset by higher SG&A costs related to increased headcount and the Bucyrus business ramp-up.

- In Argentina, the government continues to control imports and manage access to foreign exchange. The Company has taken steps to meet customer demand for equipment and parts to the greatest extent possible. The reduction in business volumes in Argentina compared to 2011 is not expected to be material to the Company's consolidated revenues and earnings.

United Kingdom and Ireland

- Third quarter revenues grew by 15% from Q3 2011 and were higher in all line of business with the exception of used equipment. New equipment sales increased by 28% benefitting from higher volumes in Equipment Solutions, with the sales of hydraulic shovels, as well as growth in Power Systems. Product support revenues rose by 3% over Q3 2011.

- UK and Ireland experienced a significant shift in revenue mix to new equipment sales in the quarter, which led to a lower gross profit margin compared to Q3 2011. Combined with slightly higher SG&A, this resulted in a 13% decline in EBIT to $11 million. EBIT margin was 5.1% compared to 6.8% in Q3 of last year.

CORPORATE AND BUSINESS DEVELOPMENTS

Dividend
The Board of Directors has approved a quarterly dividend of $0.14 per share, payable on December 7, 2012 to shareholders of record on November 23, 2012. This dividend will be considered an eligible dividend for Canadian income tax purposes.

Mike Wilson joins Finning Board of Directors
Mr. Doug Whitehead, Chairman of the Board of Finning, is pleased to announce the appointment of Mr. Mike Wilson as a member of its Board of Directors, effective January 2013. Mr. Wilson has more than 30 years of international and executive management experience in the agricultural and chemical industries and currently serves as President and CEO of Agrium Inc. Prior to joining Agrium, Mr. Wilson gained senior leadership experience as President of Methanol, President and Chief Operating Officer for Methanex Corporation, as well as various senior positions in North America and Asia during his 18 years with Dow Chemical. Mr. Wilson, a resident of Canada, also serves as director on the public boards of Agrium Inc. and Celestica Inc. and is a director of the Alberta Economic Development Authority and the Calgary Prostate Cancer Institute. As a result of his appointment, effective January 2013, Finning's Board membership will be increased to eleven directors.

Finning Awarded Mining Contracts in Chile
Finning announced today that its South American operations have been awarded three significant contracts to provide equipment and maintenance services to leading mining companies in Chile. The combined value of the contracts is U.S. $497 million, comprised of U.S. $247 million in new equipment and U.S. $250 million in maintenance services.

Finning completes acquisition of Bucyrus distribution business in Western Canada
On October 1, 2012, Finning completed its previously announced acquisition from Caterpillar of the former Bucyrus distribution and support business in its dealership territory across Western Canada. This represented the final stage in the Company's phased acquisition, following the successful completion of the transaction for Finning in South America and the U.K. on May 2, 2012. The total value of Finning's acquisition of the Bucyrus business is approximately U.S. $465 million (subject to customary closing adjustments), and is comprised of approximately U.S. $306 million for Finning in South America and the U.K. and U.S. $159 million for Finning Canada. The acquisition was financed with debt, and is accretive to earnings in 2012.

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

	Three months ended Sep 30			Nine months ended Sep 30		
Revenue	**2012**	2011	% change	**2012**	2011	% change
New equipment	**722.9**	661.0	9	**2,229.5**	1,899.0	17
Used equipment	**63.0**	52.3	20	**213.5**	174.9	22
Equipment rental	**96.0**	87.9	9	**278.5**	248.0	12
Product support	**709.6**	524.8	35	**2,103.4**	1,753.0	20
Other	**14.9**	3.1	n/m	**17.8**	9.4	90
Total revenue	**1,606.4**	1,329.1	21	**4,842.7**	4,084.3	19
Gross profit	**489.2**	367.9	33	**1,442.9**	1,205.2	20
Gross profit margin[(3)]	***30.4%***	*27.7%*		***29.8%***	*29.5%*	
SG&A	**(366.8)**	(310.2)	(18)	**(1,100.7)**	(912.3)	(21)
SG&A as a percentage of revenue	***(22.8)%***	*(23.3)%*		***(22.7)%***	*(22.3)%*	
Equity earnings	**2.3**	1.9		**7.6**	3.7	
Other income (expenses)	**1.0**	(13.4)		**(3.1)**	(24.2)	
EBIT	**125.7**	46.2	172	**346.7**	272.4	27
EBIT margin[(4)]	***7.8%***	*3.5%*		***7.2%***	*6.7%*	
Net income	**83.9**	35.4	137	**232.2**	188.8	23
Basic earnings per share (EPS)	**0.49**	0.21	133	**1.35**	1.10	23
EBITDA[(1)]	**179.7**	90.5	98	**503.9**	398.1	27
Free Cash Flow[(1)(2)]	**(28.8)**	(118.3)	76	**(282.2)**	(501.5)	44

	Sep 30, 12	Dec 31, 11
Total assets	**4,994.0**	4,085.4
Total shareholders' equity	**1,464.6**	1,345.0
Net debt to total capital ratio[(5)]	**52.3%**	42.0%

n/m = not meaningful as percentage change is significantly large or not applicable

To download the CEO and CFO certification letters once they have been filed on SEDAR, please open the following link: http://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00001068

Q3 2012 RESULTS INVESTOR CALL
Management will hold an investor conference call on Thursday, November 8 at 10:00 am Eastern Time. Dial-in numbers: 1-866-226-1793 (anywhere within Canada and the U.S.) or (416) 340-2218 (for participants dialing from Toronto and overseas).

The call will be webcast live and subsequently archived at www.finning.com. Playback recording will be available at 1-800-408-3053 from 12:00 pm Eastern Time on November 8 until November 15. The pass code to access the playback recording is 4463383 followed by the number sign.

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

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Footnotes

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

(2) Free cash flow is defined as cash flow provided by (used in) operating activities less net additions to property, plant and equipment and intangible assets.

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

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

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

Forward-Looking Disclaimer

This report contains statements about the Company's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement Finning makes is forward-looking when it uses what the Company knows and expects today to make a statement about the future. Forward-looking statements may include words such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target, and will. Forward-looking statements in this report include, but are not limited to, statements with respect to: expectations with respect to the economy and associated impact on the Company's financial results; expected revenue and SG&A levels and EBIT growth; anticipated generation of free cash flow (including projected net capital and rental expenditures), and its expected use; anticipated defined benefit plan contributions; the expected target range of the Company's Debt Ratio; the impact of new and revised IFRS that have been issued but are not yet effective; growth prospects for the former Bucyrus business acquired by the Company in Finning's dealership territories (Bucyrus) and the competitive advantages of the business being acquired; expected future financial and operating results generated from Bucyrus; anticipated benefits and synergies of Bucyrus; and the expected impact of Bucyrus on Finning's earnings. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Unless otherwise indicated by us, forward-looking statements in this report describe Finning's expectations at November 7, 2012. Except as may be required by Canadian securities laws, Finning does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from the expectations expressed in or implied by such forward-looking statements and that Finning's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, Finning cannot guarantee that any forward-looking statement will materialize. Factors that could cause actual results or events to differ materially from those expressed in or implied by these forward-looking statements include: general economic and market conditions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, Finning's products and services; Finning's dependence on the continued market acceptance of Caterpillar's products and Caterpillar's timely supply of parts and equipment; Finning's ability to continue to improve productivity and operational efficiencies while continuing to maintain customer service; Finning's ability to manage cost pressures as growth in revenues occur; Finning's ability to reduce costs in response to slowing activity levels; Finning's ability to attract sufficient skilled labour resources to meet growing product support demand; Finning's ability to negotiate and renew collective bargaining agreements with satisfactory terms for Finning's employees and the Company; the intensity of competitive activity; Finning's ability to successfully integrate the distribution and support business formerly operated by Bucyrus; Finning's ability to raise the capital needed to implement its business plan; regulatory initiatives or proceedings, litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments for operations; the integrity, reliability, and availability of information technology and the data processed by that technology; expected operational benefits from the new ERP system. Forward-looking statements are provided in this report for the purpose of giving information about management's current expectations and plans and allowing investors and others to get a better understanding of Finning's operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 7, 2012

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

Results of Operations and Significant Developments

Financial results for the third quarter of 2012 were significantly stronger in many respects when compared with the third quarter of 2011. A key factor when making the comparisons of reported quarters is that Q3 2011 was the first quarter following implementation of a new Enterprise Resource Planning (ERP) system in Canada. The Canadian operations experienced significant issues affecting parts supply, warehousing and distribution operations, which negatively impacted its ability to efficiently distribute parts and perform service work. Those issues have since been largely resolved, however, this issue impacts the comparison of the two reported quarters.

On October 1, 2012 the Company announced that it successfully completed its acquisition of the former Bucyrus International Inc. distribution and support business (Bucyrus) from Caterpillar Inc. (Caterpillar) in Finning (Canada)'s territory. This represents the final stage in the Company's phased acquisition of the former Bucyrus business and follows the successful completion of the transaction in Finning's South American and U.K. and Ireland territories in the second quarter of 2012. Finning (Canada)'s portion of the acquisition is valued at $156.4 million (U.S. $159.2 million). The acquisition of the former Bucyrus business is strategically important as it will allow Finning to sell and support the most comprehensive product line in the mining industry to meet customers' surface and underground mining needs. The total transaction is valued at approximately U.S. $465 million (subject to customary closing adjustments) and has been financed with debt.

The amount of revenue and net income from Bucyrus since the acquisition date was approximately $110 million and $9 million, respectively. This amounted to approximately $0.05 per share of incremental profit since the acquisition date.

The results described in this Management's Discussion and Analysis (MD&A) include those of acquired businesses from the acquisition date.

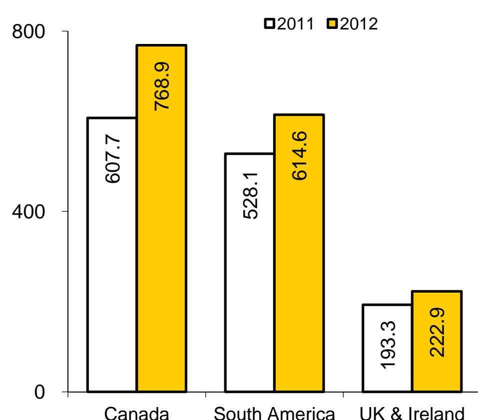
Third Quarter Overview

	Q3 2012	Q3 2011	**Q3 2012**	Q3 2011
	($ millions)		(% of revenue)	
Revenue	**$ 1,606.4**	$ 1,329.1		
Gross profit	**489.2**	367.9	**30.4%**	27.7%
Selling, general & administrative expenses (SG&A)	**(366.8)**	(310.2)	**(22.8)%**	(23.3)%
Equity earnings of joint venture and associate	**2.3**	1.9	**0.1%**	0.1%
Other income/(expenses)	**1.0**	(13.4)	**0.1%**	(1.0)%
Earnings before finance costs and income taxes (EBIT)	**125.7**	46.2	**7.8%**	3.5%
Finance costs	**(22.7)**	(10.8)	**(1.4)%**	(0.8)%
Provision for income taxes	**(19.1)**	—	**(1.2)%**	—
Net income	**$ 83.9**	$ 35.4	**5.2%**	2.7%
Basic earnings per share (EPS)	**$ 0.49**	$ 0.21		
Earnings before finance costs, income taxes, depreciation, and amortization (EBITDA) [1]	**$ 179.7**	$ 90.5	**11.2%**	6.8%
Free Cash Flow [1] [2]	**$ (28.8)**	$ (118.3)		

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

(2) Free Cash Flow is defined as cash provided by (used in) operating activities less net additions to property, plant, and equipment and intangible assets.

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



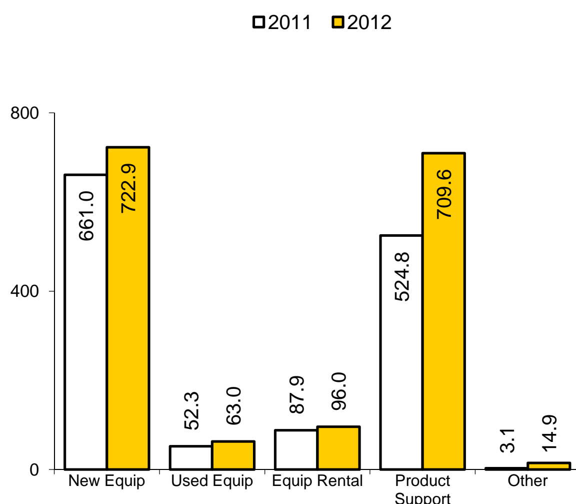
Third quarter consolidated revenues of $1.6 billion were up 20.9% from the comparable quarter in 2011, with higher revenues contributed by all operations but most significantly by the Company's Canadian operations. The increase in revenues was most notably driven by higher product support revenues, as well as higher new equipment sales, including revenues from the former Bucyrus distribution and support business.

Revenues from the Company's Canadian operations increased 26.5% in the third quarter of 2012 compared with the same period last year. Revenues in the third quarter of 2011 were negatively impacted by the launch of Finning (Canada)'s new ERP system, as well as a five-week labour work stoppage in British Columbia. The increased revenues in 2012 were primarily due to higher product support revenues, which were 45.6% higher than the comparative quarter in 2011. Demand continued for parts in both the mining and heavy construction sectors, as customers' fleet utilizations remained high.

Revenues from the Company's operations in South America increased 16.4% over the third quarter of 2011 and increased 15% in functional currency (the U.S. dollar). The increase was driven mainly by record product support revenues, up 31.6% in functional currency, with increased demand in mining, including parts and service revenues from the former Bucyrus product line. New equipment sales were lower by 2.9% in functional currency compared with the third quarter of 2011, driven mostly by lower construction sales in Argentina.

Revenues from the UK and Ireland operations were up 15.3% over the third quarter of 2011 and were up 15.6% in functional currency (the U.K. pound sterling). The increase was largely due to higher new equipment sales (28.5% higher in functional currency), primarily in the construction sector. Mining sales from the former Bucyrus product line and power systems sales from the recently acquired Damar Group Ltd. (Damar) also contributed to the increased revenues.

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



On a consolidated basis, product support revenues, which typically return higher margins than new equipment sales, were up 35.2% compared with the same quarter last year, with increases reported in all regions. Growth in product support revenues reflected the growing installed base of equipment in the mining and construction market segments across the Company's regions, revenues from the newly acquired former Bucyrus business, as well as significant improvements in Finning (Canada)'s ability to efficiently distribute parts and perform service work compared to the third quarter of 2011 following the ERP implementation.

New equipment sales were up 9.4% compared with the third quarter of 2011, up in the Company's Canadian and UK and Ireland operations.

Used equipment revenues were 20.4% higher compared to the prior year's third quarter, driven by demand for quality used machines in the Company's Canadian operations.

Overall, rental revenues were 9.2% higher than the third quarter of 2011, up in all regions. The increase was primarily driven by the Company's Canadian operations where a growing number of customers in the mining and construction industries are renting equipment.

Finning's global order book or backlog (the retail value of new equipment units ordered by customers for future deliveries) was $1.4 billion at the end of the third quarter of 2012, down from $1.7 billion in June 2012, as uncertain economic conditions translated to lower order intake in the third quarter.

Earnings Before Finance Costs and Income Taxes (EBIT)

On a consolidated basis, EBIT was $125.7 million in the third quarter of 2012, reaching a new record and significantly higher than the EBIT of $46.2 million in the third quarter of 2011. The increase was driven by higher revenues in all operations and all lines of business, as well as a reduction in the costs associated with Finning (Canada)'s ERP implementation and support costs compared to the third quarter of the prior year.

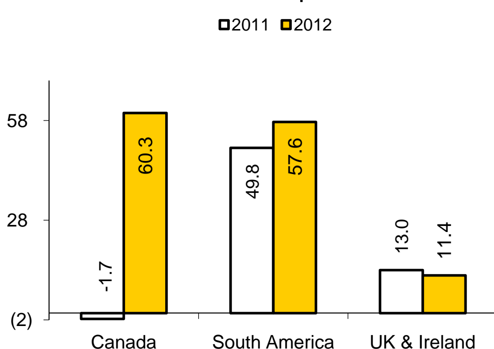
Gross profit of $489.2 million in the third quarter of 2012 was up 33.0% compared to the third quarter of 2011. Quarterly gross profit margin (gross profit as a percentage of revenue) of 30.4% was up from the prior year's third quarter margin of 27.7% reflecting a shift in revenue mix toward more product support. Product support revenues typically earn a higher margin relative to new equipment sales and in the third quarter of 2012 made up 44.2% of total revenues, up from 39.5% in the prior year.

SG&A costs were $366.8 million or 18.2% higher than the third quarter of 2011. SG&A as a percentage of revenue was 22.8%, compared to 23.3% in the third quarter of 2011. The increase in absolute terms was primarily due to volume-related costs to support higher revenues and higher employee-related costs for additional headcount (including former Bucyrus employees).

Third quarter 2011 results included $10.6 million of costs related to the development and implementation of the new ERP system for the Company's global operations, including Finning (Canada).

The Company's EBIT margin (EBIT divided by revenues) of 7.8% in the third quarter of 2012 was up from 3.5% in the third quarter of 2011 and up from 6.9% in the second quarter of 2012. The increase in EBIT margin was primarily driven by the Company's Canadian operations, partially offset by a decrease in the Company's UK and Ireland operations.

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



(1) Excluding other operations – corporate head office

Major components of the EBIT variance were:

	($ millions)
2011 Q3 EBIT	46.2
Net change in operations	32.5
Foreign exchange impact	6.5
Lower ERP system support and improvement costs in Finning (Canada) in 2012	35.4
Acquisition costs in 2011 for Bucyrus	2.8
Gain on settlement of 5-year note receivable in 2012	2.3
2012 Q3 EBIT	125.7

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

EBITDA, which management views as an indicator of the Company's cash operating performance, was $179.7 million in the third quarter of 2012 compared to $90.5 million in the third quarter of 2011.

The Company's Free Cash Flow was a use of cash of $28.8 million compared to $118.3 million use of cash in the comparative quarter of the prior year. With the stronger customer demand for equipment and parts and higher than expected sales that the Company has experienced over the past four quarters, there has been an increased requirement for working capital, particularly higher inventory and accounts receivable levels. Lead times for products from Caterpillar, Finning's key supplier, have been reduced which will allow the Company to lower its inventory levels in order to meet future customers' demands. While the Company expects to generate strong Free Cash Flow in the fourth quarter, the full year of 2012 is expected to be a modest net usage of cash.

Finance Costs

Finance costs for the three months ended September 30, 2012 were $22.7 million, $11.9 million higher than the third quarter of 2011, primarily due to the Company's issuance of debt in 2012 to fund the acquisition of Bucyrus, as well as interest income recorded in 2011 related to a tax reassessment.

Provision for Income Taxes

The effective income tax rate for the third quarter of 2012 was 18.5% compared to nearly zero in the comparable period of the prior year. The effective rate was higher in the third quarter of 2012 primarily due to a higher proportion of earnings from higher tax jurisdictions, as well as the benefit of a tax recovery in the comparable period of the prior year.

Net Income

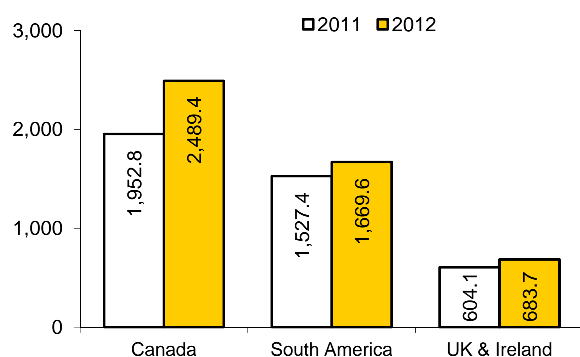
Finning's net income was $83.9 million in the third quarter of 2012 compared with $35.4 million in the same period last year.

Basic EPS of $0.49 was at a record level compared with $0.21 in the comparative period last year and reflected higher revenues in all operations. The Company made significant progress in executing on its ERP recovery plan and remains on track to reduce ERP related costs, which totalled approximately $0.05 per share in the third quarter of this year. The third quarter of 2011 was negatively impacted by approximately $0.25 per share due to the ERP implementation issues experienced in the Company's Canadian operations, as well as the five-week labour work stoppage in British Columbia.

Year-to-Date Overview

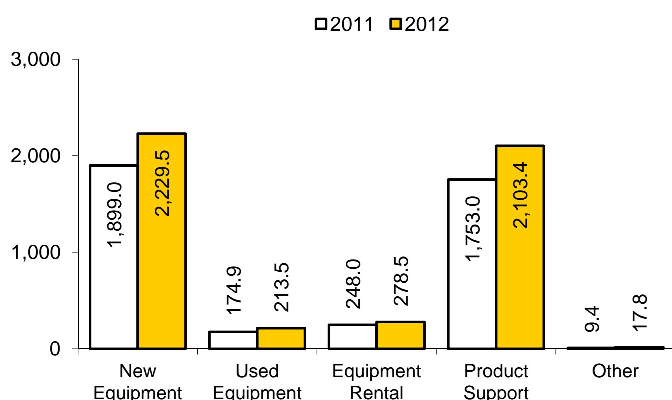
	YTD 2012	YTD 2011	**YTD 2012**	YTD 2011
	($ millions)		(% of revenue)	
Revenue	**$ 4,842.7**	$ 4,084.3		
Gross profit	**1,442.9**	1,205.2	**29.8%**	29.5%
Selling, general & administrative expenses (SG&A)	**(1,100.7)**	(912.3)	**(22.7)%**	(22.3)%
Equity earnings of joint venture and associate	**7.6**	3.7	**0.2%**	0.1%
Other expenses	**(3.1)**	(24.2)	**(0.1)%**	(0.6)%
Earnings before finance costs and income taxes (EBIT)	**346.7**	272.4	**7.2%**	6.7%
Finance costs	**(56.8)**	(38.8)	**(1.2)%**	(1.0)%
Provision for income taxes	**(57.7)**	(44.8)	**(1.2)%**	(1.1)%
Net income	**$ 232.2**	$ 188.8	**4.8%**	4.6%
Basic earnings per share (EPS)	**$ 1.35**	$ 1.10		
Earnings before finance costs, income taxes, depreciation, and amortization (EBITDA)	**$ 503.9**	$ 398.1	**10.4%**	9.7%
Free cash flow	**$ (282.2)**	$ (501.5)		

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



For the nine months ended September 30, 2012, revenues of $4.8 billion increased 18.6% over the same period last year, up in all operations, particularly in Finning (Canada). New equipment sales and product support revenues from the Company's Canadian operations were up 42.9% and 17.3%, respectively, compared to the first nine months of the prior year, reflecting solid demand in both the mining and construction industries. In functional currency, higher product support revenues contributed to increased total revenues in the Company's South American operations, up 6.7% compared to the same period last year. Revenues from the Company's UK and Ireland operations, in functional currency, were up 12.9% compared to the first nine months of 2011 predominately led by higher new equipment sales, with improved activity in the heavy construction and power systems sectors.

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



On a consolidated basis, new equipment sales were 17.4% higher than the first nine months of 2011 primarily due to significant growth in Finning (Canada). Product support revenues were 20.0% higher than the same period last year, and up in all operations, reflecting the growing installed base of equipment. Used equipment sales increased by 22.1% compared to the first nine months in 2011, while rental revenues increased by 12.3% over the same period last year, both up in all operations.

Earnings Before Finance Costs and Income Taxes (EBIT)

On a consolidated basis, EBIT was $346.7 million in the first nine months of 2012, 27.3% higher than the $272.4 million earned in the same period last year. Growth in EBIT was driven primarily by higher revenues in all operations and all lines of business.

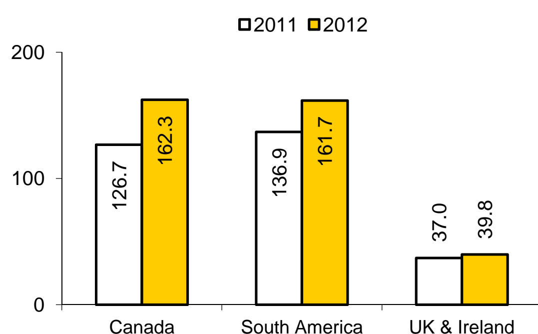
Gross profit of $1.4 billion in the first nine months of the year increased 19.7% over the same period last year and gross profit as a percentage of revenue was 29.8%, relatively consistent with the 29.5% reported in the first nine months of 2011. Overall revenue mix was consistent with the comparable period of last year.

SG&A costs were $1.1 billion, 20.7% higher than the first nine months of 2011, mostly reflecting increased volume-related costs to support higher revenues and the growing higher margin product support business, increased headcount to support the growing product support business, as well as costs associated with integrating the newly acquired former Bucyrus distribution and support business in the Company's South American and UK and Ireland operations.

Results for the first nine months of 2012 included costs of $4.3 million (2011: $21.4 million) related to the ongoing development and implementation of the new ERP system for the Company's South American and UK and Ireland operations. In the first nine months of the year, equity earnings of the Company's joint venture and associate were $7.6 million, $3.9 million higher than the comparable period in 2011 driven by improved results in PipeLine Machinery International (PLM) and Energyst B.V..

The Company's EBIT margin was 7.2% in the first nine months of 2012, up from 6.7% in the first nine months of 2011 due to the factors noted above.

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



Excluding other operations – corporate head office

Major components of the EBIT variance were:
($ millions)

2011 Year-to-Date EBIT	272.4
Net change in operations	35.6
Foreign exchange impact	26.8
Lower global ERP system development and implementation costs in 2012	7.9
Lower acquisition costs in 2012	1.7
Gain on settlement of 5-year note receivable in 2012	2.3
2012 Year-to-Date EBIT	**346.7**

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

EBITDA was $503.9 million in the first nine months of 2012 compared to $398.1 million in the first nine months of 2011.

The Company's Free Cash Flow was $282.2 million use of cash compared to $501.5 million use of cash in the comparative period of the prior year. As noted in the third quarter overview, the Company has continued to experience increased requirements for working capital driven by higher revenues. While the Company expects to generate strong free cash flow in the fourth quarter, the full year of 2012 is expected to be a modest net usage of cash.

Finance Costs

Finance costs for the nine months ended September 30, 2012 were $56.8 million compared with $38.8 million in the same period in 2011. During the first nine months of the year, the Company issued U.S. $300 million and $150 million of debt primarily to fund the acquisition of Bucyrus resulting in higher finance costs than the comparative first nine months of 2011. Higher finance costs in the first nine months of 2012 were partially offset by a gain of $3.3 million recognized on the settlement of a foreign currency forward.

Provision for Income Taxes

The effective income tax rate for the first nine months of 2012 was 19.9% compared to 19.2% in the comparable period of the prior year. The slightly higher effective income tax rate in 2012 is primarily due to a higher proportion of earnings from higher tax jurisdictions.

Net Income

Finning's net income was $232.2 million in the first nine months of 2012, up compared to $188.8 million in the same period last year.

Basic EPS for the nine months ended September 30, 2012 was $1.35 per share compared with $1.10 per share in the same period last year. The results for the first nine months of 2012 reflected higher revenues in all operations but was partially offset by increased SG&A costs. Results for the first nine months of 2012 included $0.05 per share of profit from the former Bucyrus distribution and support business. Foreign exchange had a positive impact of approximately $0.12 per share in the first nine months of 2012 compared to the same period in the prior year due to the weaker Canadian dollar relative to the U.S. dollar.

Foreign Exchange

Translation

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

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

Exchange rate	**September 30, 2012**	December 31, 2011	September 30, 2011
U.S. dollar	**0.9837**	1.0170	1.0389
U.K. pound sterling	**1.5869**	1.5799	1.6231

Three months ended September 30 **Average exchange rates**	**2012**	2011
U.S. dollar	**0.9953**	0.9807
U.K. pound sterling	**1.5723**	1.5784

Nine months ended September 30 **Average exchange rates**	**2012**	2011
U.S. dollar	**1.0023**	0.9781
U.K. pound sterling	**1.5813**	1.5791

Foreign exchange translation had a positive impact on consolidated revenues in the third quarter of 2012 of $14.4 million primarily due to a 1.5% weaker Canadian dollar relative to the U.S. dollar, compared to the third quarter of 2011. As a result, EBIT was positively impacted by $6.5 million, and earnings were positively impacted by approximately $0.03 per share in the third quarter of 2012 compared to the prior year's third quarter.

For the first nine months of 2012, foreign exchange had a positive impact on consolidated revenues of $80.5 million compared to the prior year, primarily due to a 2.5% weaker Canadian dollar relative to the U.S. dollar. As a result, EBIT was positively impacted by $26.8 million and earnings were positively impacted by approximately $0.12 per share in the first nine months of 2012 compared to the first nine months of 2011.

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

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

The following tables provide details of revenue and EBIT by operation and the foreign exchange impact for the three and nine months ended September 30, 2012.

Three months ended September 30 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consolidated**
Revenues – Q3 2011	$ 607.7	$ 528.1	$ 193.3	$ 1,329.1
Foreign exchange impact	7.6	7.4	(0.6)	14.4
Operating revenue increase	153.6	79.1	30.2	262.9
Revenues – Q3 2012	$ 768.9	$ 614.6	$ 222.9	$ 1,606.4
Total revenue increase	$ 161.2	$ 86.5	$ 29.6	$ 277.3
- percentage increase	26.5%	16.4%	15.3%	20.9%
- percentage increase, excluding foreign exchange	25.3%	15.0%	15.6%	19.8%

Nine months ended September 30 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consolidated**
Revenues – Q3 YTD 2011	$ 1,952.8	$ 1,527.4	$ 604.1	$ 4,084.3
Foreign exchange impact	46.4	32.7	1.4	80.5
Operating revenue increase	490.2	109.5	78.2	677.9
Revenues – Q3 YTD 2012	$ 2,489.4	$ 1,669.6	$ 683.7	$ 4,842.7
Total revenue increase	$ 536.6	$ 142.2	$ 79.6	$ 758.4
- percentage increase	27.5%	9.3%	13.2%	18.6%
- percentage increase, excluding foreign exchange	25.1%	7.2%	12.9%	16.6%

Three months ended September 30 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consolidated**
EBIT – Q3 2011	$ (1.7)	$ 49.8	$ 13.0	$ (14.9)	$ 46.2
Foreign exchange impact	3.9	2.1	0.5	—	6.5
Operating EBIT increase (decrease)	58.1	5.7	(2.1)	11.3	73.0
EBIT – Q3 2012	$ 60.3	$ 57.6	$ 11.4	$ (3.6)	$ 125.7
Total EBIT increase (decrease)	$ 62.0	$ 7.8	$ (1.6)	$ 11.3	$ 79.5
- percentage increase (decrease)	n/m	15.7%	(12.8)%	n/m	172.2%
- percentage increase (decrease), excluding foreign exchange	n/m	11.4%	(16.2)%	n/m	158.0%

Nine months ended September 30 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consolidated**
EBIT – Q3 YTD 2011	$ 126.7	$ 136.9	$ 37.0	$ (28.2)	$ 272.4
Foreign exchange impact	11.9	14.8	0.1	—	26.8
Operating EBIT increase (decrease)	23.7	10.0	2.7	11.1	47.5
EBIT – Q3 YTD 2012	$ 162.3	$ 161.7	$ 39.8	$ (17.1)	$ 346.7
Total EBIT increase (decrease)	$ 35.6	$ 24.8	$ 2.8	$ 11.1	$ 74.3
- percentage increase (decrease)	28.1%	18.1%	7.5%	n/m	27.3%
- percentage increase (decrease), excluding foreign exchange	18.7%	7.3%	7.3%	n/m	17.4%

n/m = not meaningful as percentage change is significantly large or not applicable

Investment in Foreign Operations

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

Currency translation adjustments arise as a result of fluctuations in foreign currency exchange rates at the period reporting date compared to the previous period reporting date. The unrealized currency translation loss of $35.5 million recorded in the first nine months of 2012 resulted primarily from the movement in the Canadian dollar against the U.S. dollar during the period. This was offset by $6.7 million (after-tax) of unrealized foreign exchange gains on net investment hedges.

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 segments are as follows:

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

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

Three months ended September 30, 2012 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consolidated**	**Revenue percentage**
New equipment	**$ 315.4**	**$ 268.8**	**$ 138.7**	**$ 722.9**	**45.0%**
Used equipment	**38.5**	**13.5**	**11.0**	**63.0**	**3.9%**
Equipment rental	**70.1**	**18.1**	**7.8**	**96.0**	**6.0%**
Product support	**343.8**	**300.4**	**65.4**	**709.6**	**44.2%**
Other	**1.1**	**13.8**	**—**	**14.9**	**0.9%**
Total	**$ 768.9**	**$ 614.6**	**$ 222.9**	**$ 1,606.4**	**100.0%**
Revenue percentage by operations	**47.9%**	**38.2%**	**13.9%**	**100.0%**	

Three months ended September 30, 2011 ($ millions)	Canada	South America	UK & Ireland	Consolidated	Revenue percentage
New equipment	$ 279.0	$ 273.9	$ 108.1	$ 661.0	49.7%
Used equipment	26.9	11.2	14.2	52.3	3.9%
Equipment rental	63.2	17.1	7.6	87.9	6.6%
Product support	236.2	225.2	63.4	524.8	39.5%
Other	2.4	0.7	—	3.1	0.3%
Total	$ 607.7	$ 528.1	$ 193.3	$ 1,329.1	100.0%
Revenue percentage by operations	45.7%	39.7%	14.6%	100.0%	

Nine months ended September 30, 2012 ($ millions)	**Canada**	**South America**	**UK & Ireland**	**Consolidated**	**Revenue percentage**
New equipment	**$ 1,086.6**	**$ 729.2**	**$ 413.7**	**$ 2,229.5**	**46.0%**
Used equipment	**127.6**	**37.6**	**48.3**	**213.5**	**4.4%**
Equipment rental	**201.7**	**55.0**	**21.8**	**278.5**	**5.8%**
Product support	**1,071.3**	**832.2**	**199.9**	**2,103.4**	**43.4%**
Other	**2.2**	**15.6**	**—**	**17.8**	**0.4%**
Total	**$ 2,489.4**	**$ 1,669.6**	**$ 683.7**	**$ 4,842.7**	**100.0%**
Revenue percentage by operations	**51.4%**	**34.5%**	**14.1%**	**100.0%**	

Nine months ended September 30, 2011 ($ millions)	Canada	South America	UK & Ireland	Consolidated	Revenue percentage
New equipment	$ 760.2	$ 787.7	$ 351.1	$ 1,899.0	46.5%
Used equipment	96.2	32.5	46.2	174.9	4.3%
Equipment rental	176.4	51.3	20.3	248.0	6.1%
Product support	913.3	653.2	186.5	1,753.0	42.9%
Other	6.7	2.7	—	9.4	0.2%
Total	$ 1,952.8	$ 1,527.4	$ 604.1	$ 4,084.3	100.0%
Revenue percentage by operations	47.8%	37.4%	14.8%	100.0%	

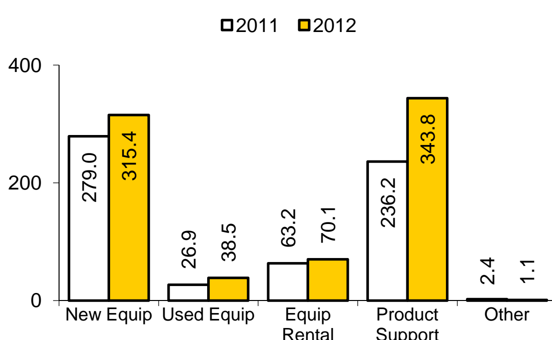
Canadian Operations

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

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

($ millions)	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Revenue from external sources	**$ 768.9**	$ 607.7	**$ 2,489.4**	$ 1,952.8
Operating costs	**(682.2)**	(572.8)	**(2,245.6)**	(1,734.0)
Depreciation and amortization	**(27.5)**	(28.8)	**(88.1)**	(80.2)
	59.2	6.1	**155.7**	138.6
Equity earnings of joint venture	**1.1**	1.4	**6.6**	4.6
Other expenses				
ERP system implementation costs	**—**	(9.2)	**—**	(16.5)
Earnings before finance costs and taxes (EBIT)	**$ 60.3**	$ (1.7)	**$ 162.3**	$ 126.7
EBIT				
- as a percentage of revenue	**7.8%**	(0.3)%	**6.5%**	6.5%
- as a percentage of consolidated EBIT	**48.0%**	(3.7)%	**46.8%**	46.5%
Earnings before finance costs, income taxes, depreciation, and amortization (EBITDA)	**$ 87.8**	$ 27.1	**$ 250.4**	$ 206.9

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



Third quarter 2012 revenues of $768.9 million increased 26.5% compared with the third quarter of 2011 driven by higher product support revenues and new equipment sales.

Product support revenues in the third quarter of 2012 were 45.6% higher than the comparative quarter in 2011. High utilization rates on customers' fleets contributed to strong demand for parts, but the most notable factor driving the increase over the prior year was the negative impact of the ERP implementation on parts distribution capability and five-week labour work stoppage in British Columbia during the third quarter of last year.

New equipment sales remained solid across all sectors, 13.0% higher than the third quarter of 2011.

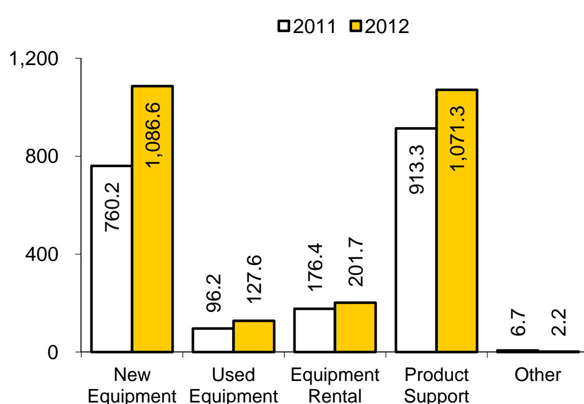
In Canada, gross profit in absolute terms was higher than the third quarter of 2011, driven by the significant increase in product support revenues as well as higher new equipment sales. Gross profit as a percentage of revenue was also higher than the third quarter of 2011 primarily due to a shift in revenue mix to a higher proportion of product support revenues, which typically return higher margins than new equipment sales. Product support revenues made up 44.7% of total revenues compared with 38.9% of total revenues in the third quarter of 2011. Comparatively, new equipment sales made up 41.0% of total revenues in the third quarter of 2012, compared with 45.9% of total revenues in the same period last year.

SG&A costs in the third quarter of 2012 were higher compared to the third quarter of 2011, primarily due to volume related costs for higher new equipment sales and increased product support levels. In order to support the increase in product support revenues, headcount and support personnel have increased year over year, as well as costs related to distribution, logistics and vehicles. Although SG&A costs were up in absolute dollars, as a percentage of revenue, SG&A was lower in the third quarter of 2012 compared to the prior year.

Included in other expenses in the third quarter of the prior year was $9.2 million of costs, related to the launch of the new ERP system on July 4, 2011.

EBIT totalled $60.3 million in the third quarter of 2012 compared with a loss before interest and tax of $1.7 million in the same period in 2011. EBIT margin in the third quarter of 2012 was 7.8%, the fourth quarter of sequential improvement since the EBIT margin of (0.3)% in the third quarter of 2011. The increase in EBIT margin compared to the third quarter of 2011 reflected the higher revenues and margins noted above. In addition, the significant costs related to the ERP system implementation in the third quarter of 2011 drove EBIT margins lower comparatively.

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



Revenues for the nine months ended September 30, 2012 increased 27.5% to $2.5 billion, with notable increases in both new equipment and product support revenues. New equipment sales in the first nine months of 2012 were up 42.9% compared with the same period in 2011, and product support revenues were 17.3% higher than the first nine months of 2011.

SG&A costs for the first nine months of 2012 were higher in absolute terms due to higher volume related costs to support the higher new equipment sales, but were slightly lower as a percentage of revenue compared to the first nine months of 2011. The Canadian operations contributed EBIT of $162.3 million for the nine months ended September 30, 2012, 28.1% higher than the prior year, driven primarily by the higher revenues in 2012.

Other Developments

In September 2012, OEM and the Christian Labour Association of Canada (CLAC), representing approximately 500 employees, reached a new three-year collective agreement which expires on December 31, 2014.

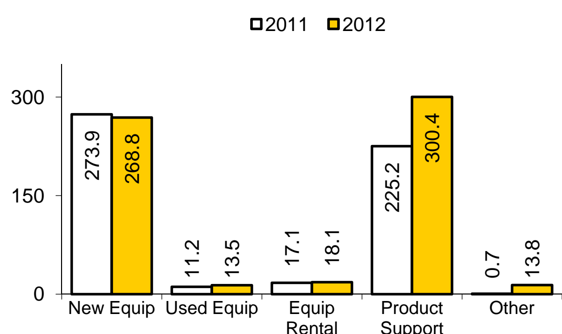
South American Operations

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

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

($ millions)	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Revenue from external sources	**$ 614.6**	$ 528.1	**$ 1,669.6**	$ 1,527.4
Operating costs	**(539.7)**	(467.1)	**(1,461.5)**	(1,356.8)
Depreciation and amortization	**(16.4)**	(10.1)	**(43.5)**	(29.6)
	58.5	50.9	**164.6**	141.0
Other expenses				
ERP system implementation costs	**(0.9)**	(1.1)	**(2.9)**	(4.1)
Earnings before finance costs and taxes (EBIT)	**$ 57.6**	$ 49.8	**$ 161.7**	$ 136.9
EBIT				
- as a percentage of revenue	**9.4%**	9.4%	**9.7%**	9.0%
- as a percentage of consolidated EBIT	**45.8%**	107.8%	**46.6%**	50.3%
Earnings before finance costs, income taxes, depreciation, and amortization (EBITDA)	**$ 74.0**	$ 59.9	**$ 205.2**	$ 166.5

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



Finning South America's revenues increased 16.4% over the third quarter of 2011 to $614.6 million (up 15.0% in functional currency, the U.S. dollar), representing a new quarterly record and included revenues from the former Bucyrus product line.

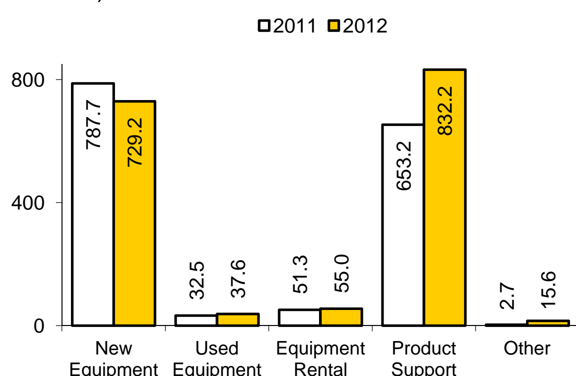
Third quarter 2012 revenues, in functional currency, reflected record product support revenues, up 31.6% compared to the third quarter of 2011, with increased demand from the growing installed base of mining equipment. This continued growth in product support revenues more than offset a decrease in new equipment sales, which were down 2.9% in functional currency from the third quarter of 2011. The decline in new equipment sales from the prior year's third quarter was primarily due to reduced construction equipment sales in Argentina.

In functional currency, gross profit in the third quarter of 2012 was higher in absolute terms compared to the prior year. A shift in revenue mix to a higher proportion of product support revenues, which typically return higher margins than new equipment sales, contributed to a slightly higher overall gross profit margin compared with the same period last year. Product support revenues made up 48.9% of total revenues compared with 42.7% of total revenues in the third quarter of 2011. Comparatively, new equipment sales made up 43.8% of total revenues in the third quarter of 2012, compared with 51.8% of total revenues in the same period last year.

SG&A costs, in functional currency, increased in absolute terms but were relatively unchanged as a percentage of revenue compared to the third quarter of 2011. The increased costs were driven primarily by an increase in revenues and higher labour related costs, as well as costs associated with integrating the newly acquired former Bucyrus distribution and support business. From September 30, 2011 to September 30, 2012, the number of employees in the Company's South American operations increased by 17% to approximately 7,500 (including an additional 850 employees in the newly acquired former Bucyrus business) to meet current and anticipated customer demand for product support. The Company continues to actively manage its need for highly skilled workers in a very competitive work environment throughout South America.

Record EBIT from the Company's South American operations of $57.6 million in the third quarter of 2012 was 15.7% higher than the third quarter of 2011. In functional currency, EBIT increased 14.8% over the same period of the prior year. This new quarterly record is largely due to higher product support revenues and gross profit dollars, partly offset by higher SG&A costs noted above. EBIT as a percentage of revenue for Finning South America was 9.4%, consistent with the third quarter of 2011.

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



For the nine months ended September 30, 2012, revenues increased 9.3% to $1.7 billion. In functional currency, revenues were up 6.7% compared with the first nine months of 2011, reflecting very strong product support revenues.

SG&A costs were higher in the first nine months of 2012 compared with the same period of 2011 primarily due to higher employee levels and costs associated with the higher revenues and integrating the newly acquired Bucyrus business.

For the first nine months of 2012, EBIT of $161.7 million was 18.1% higher compared to the same period last year (up 15.4% in functional currency), reflecting the quarterly trends already noted. EBIT as a percentage of revenue for Finning South America was 9.7% for the first nine months of 2012, higher than the EBIT margin of 9.0% achieved in the same period in 2011, reflecting the significant increase in higher margin product support revenues.

Other Developments

Finning announced that its South American operations have been awarded three significant contracts to provide equipment and maintenance services to leading mining companies in Chile. The combined value of the contracts is U.S. $497 million, comprised of U.S. $247 million in new equipment and U.S. $250 million in maintenance services.

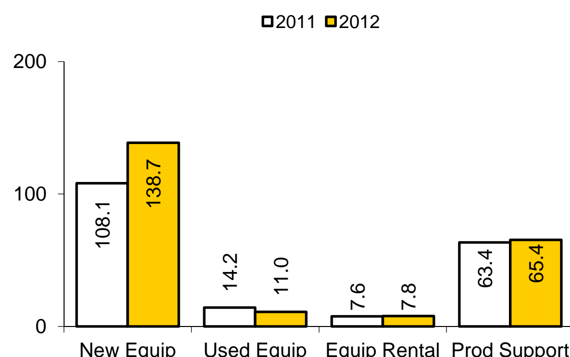
United Kingdom (UK) and Ireland Operations

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

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

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2012**	2011	**2012**	2011
Revenue from external sources	**$ 222.9**	$ 193.3	**$ 683.7**	$ 604.1
Operating costs	**(201.0)**	(174.4)	**(616.4)**	(550.2)
Depreciation and amortization	**(10.1)**	(5.4)	**(25.6)**	(15.7)
	11.8	13.5	**41.7**	38.2
Other expenses				
ERP system implementation costs	**(0.4)**	(0.5)	**(1.4)**	(1.2)
Acquisition costs	**—**	—	**(0.5)**	—
Earnings before finance costs and taxes (EBIT)	**$ 11.4**	$ 13.0	**$ 39.8**	$ 37.0
EBIT				
- as a percentage of revenue	**5.1%**	6.8%	**5.8%**	6.1%
- as a percentage of consolidated EBIT	**9.1%**	28.3%	**11.5%**	13.6%
Earnings before finance costs, income taxes, depreciation, and amortization (EBITDA)	**$ 21.5**	$ 18.4	**$ 65.4**	$ 52.7

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



The UK and Ireland revenues for the third quarter of 2012 of $222.9 million were up 15.3% from the same period last year, and were up 15.6% in functional currency (the U.K. pound sterling). The increase was largely due to higher new equipment sales, primarily in the construction and mining sectors, and included sales of former Bucyrus products.

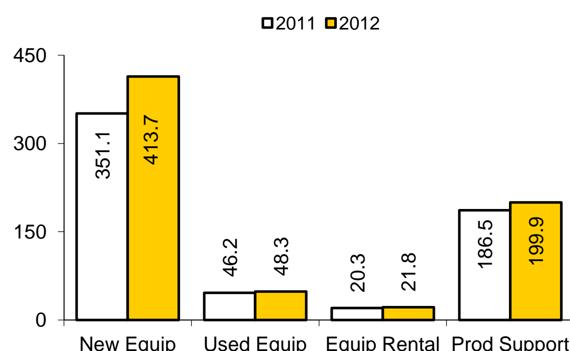
Revenues from most lines of business were higher compared to the third quarter of 2011, with the exception of used equipment. In functional currency, revenues from new equipment were 28.5% higher, while product support revenues were up 3.4% compared to the third quarter of 2011.

Gross profit, in functional currency, in the third quarter of 2012 was higher than the same period last year in absolute terms. Although the UK and Ireland operations achieved higher margins in new equipment and product support in the third quarter of 2012, a shift in revenue mix to a higher proportion of new equipment sales contributed to a slightly lower overall gross profit margin. New equipment sales made up 62.2% of total revenues in the third quarter of 2012, compared with 56.0% of total revenues in the same period last year. Comparatively, product support revenues made up 29.3% of total revenues compared with 32.8% of total revenues in the third quarter of 2011.

SG&A costs, in functional currency, were higher in the third quarter of 2012 compared with the third quarter of 2011, primarily due to higher costs to support the higher new equipment sales, as well as higher people related costs largely due to the acquisition of Damar. SG&A as a percentage of revenue was slightly higher compared with the third quarter of 2011.

In the third quarter of 2012, the UK and Ireland operations generated EBIT of $11.4 million, compared with EBIT of $13.0 million in the third quarter of 2011. The lower EBIT in the third quarter of 2012 was primarily the result of higher SG&A costs. The UK and Ireland operation's EBIT margin (EBIT as a percentage of revenue) in the third quarter of 2012 was 5.1%, down from 6.8% in the third quarter of 2011 reflecting the shift in revenue mix to a higher proportion of new equipment sales which typically return lower margins than product support revenues and slightly higher SG&A.

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



For the nine months ended September 30, 2012, revenues of $683.7 million were 13.2% higher than the same period in the prior year. In functional currency, total revenues were 12.9% higher compared to those reported in the first nine months of 2011. The increase was largely due to higher new equipment sales, primarily in the construction and mining sectors, combined with higher product support revenues.

Although SG&A costs were higher in absolute terms for the first nine months of 2012 compared to the prior year, they were comparable as a percentage of revenue.

For the first nine months of 2012, EBIT of $39.8 million was 7.5% higher compared to the same period last year (up 7.3% in functional currency). EBIT margin decreased slightly from 6.1% to 5.8%, reflecting lower profit margins due to a shift in revenue mix as noted above.

Corporate and Other Operations

($ millions)	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Operating costs - corporate	**$ (5.3)**	$ (4.3)	**$ (16.6)**	$ (14.6)
Long-term incentive plan (LTIP)	**(1.8)**	(8.5)	**(3.2)**	(10.1)
Depreciation and amortization	—	—	—	(0.2)
	(7.1)	(12.8)	**(19.8)**	(24.9)
Equity gain/(loss) of associate	**1.2**	0.5	**1.0**	(0.9)
Other income/(expenses)				
ERP system implementation recovery	—	0.2	—	0.4
Acquisition costs for Bucyrus	—	(2.8)	**(0.6)**	(2.8)
Gain on redemption of note receivable	**2.3**	—	**2.3**	—
Loss before finance costs and taxes	**$ (3.6)**	$ (14.9)	**$ (17.1)**	$ (28.2)

For the three months ended September 30, 2012, corporate operating costs of $5.3 million were $1.0 million higher compared to the same period last year. For the nine months ended September 30, 2012, operating costs were $16.6 million, compared with $14.6 million for the same period in 2011. The increase is largely due to costs related to the integration of the former Bucyrus distribution and support business.

The Company entered into a compensation hedge at the end of 2007 in order to offset the mark-to-market impact relating to certain stock-based compensation plans. In the third quarter of 2012, the Company's share price was relatively unchanged, resulting in minimal change in the fair value of either the long-term incentive plan (LTIP) units outstanding or the compensation hedge. The LTIP expense recorded in the third quarter of 2012 at the corporate level primarily reflects the costs related to the vesting of units in those plans.

The equity gain/(loss) of associate for the three and nine months ended September 30, 2012 and 2011 relates to the Company's investment in Energyst B.V. The Company's equity investment in Energyst increased to 27.3% from 27.0% in the second quarter of 2012.

A gain of $2.3 million was recorded in the third quarter of 2012 related to the early redemption of a note receivable from the purchaser of Hewden Stuart Limited, the Company's UK equipment rental business sold in 2010.

Liquidity and Capital Resources

Operating Activities

For the three months ended September 30, 2012, cash flow from operations after working capital items was $0.3 million (year-to-date 2012: cash outflows of $66.9 million), compared with cash outflows of $76.9 million during the same period in 2011 (year-to-date 2011: cash outflows of $322.4 million). The inflow of cash in the third quarter of 2012 reflected the Company's focus on cash management and its efforts to mitigate the impact of the ERP system in the Company's Canadian operations.

In the third quarter of 2012, the Company generated $12.5 million from its rental assets as disposals exceeded additions (year-to-date 2012: cash outflow $60.8 million) which is favourable compared to 2011. In the third quarter of 2011, the Company invested $4.1 million in rental assets, net of disposals (year-to-date 2011: cash outflow $93.9 million).

As a result of these items, cash flow from operating activities was $12.7 million in the third quarter of 2012 (year-to-date 2012: $127.6 million use of cash), compared to $83.8 million use of cash in the comparative period of 2011 (year-to-date 2011: $417.3 million use of cash).

EBITDA was $179.7 million in the third quarter of 2012 (year-to-date 2012: $503.9 million) compared to $90.5 million in the third quarter of 2011 (year-to-date 2011: $398.1 million).

Investing Activities

Net cash used in investing activities for the three months ended September 30, 2012 totalled $19.8 million (year-to-date 2012: $442.6 million) compared with $36.5 million in the third quarter of 2011 (year-to-date 2011: $81.3 million). The primary use of cash in 2012 related to the acquisition of the former Bucyrus distribution and support business in South America and the U.K., with cash paid of $305.6 million, including acquisition costs. In the first nine months of 2012, the Company paid $7.8 million (£4.9 million), net of cash acquired and including acquisition costs, to acquire Damar in the U.K.

Gross capital additions for the three months ended September 30, 2012 were $41.5 million (year-to-date 2012: $156.9 million), which is slightly higher than the $40.3 million invested in the comparable period in 2011 (year-to-date 2011: $91.6 million). The higher capital spending in 2012 is primarily due to a union agreement payment made to negotiate the 4-year collective agreement with certain unions in the Company's South American operations, as well as infrastructure spending in the Company's Canadian and South American operations to support growing product support demand.

In the second quarter of 2012, the Company received $6.4 million as partial payment of the £20 million 5-year note receivable from the purchaser of Hewden Stuart Limited, the Company's UK equipment rental business sold in 2010. In the third quarter of 2012, the Company received $21.7 million (£13.8 million), net of withholding tax, as final settlement of the note.

In the second quarter of 2012, the Company increased its investment in Energyst B.V. by $2.8 million. In 2011, the Company increased its investment in Energyst by $1.4 million.

Financing Activities

As at September 30, 2012, the Company's short and long-term borrowings totalled approximately $1.7 billion, up from $1.1 billion in December 31, 2011. The increase is primarily due to borrowings to fund the acquisition of Bucyrus.

In January 2012, the Company issued unsecured senior notes in the U.S. private placement market of U.S. $200 million. The Company issued the notes in two series of U.S. $100 million each: the 3.98% Senior Notes, Series A, due January 19, 2022 and the 4.08% Senior Notes, Series B, due January 19, 2024. Proceeds from the notes were used to repay commercial paper borrowings and for general corporate purposes.

In April 2012, the Company issued unsecured senior notes in the U.S. private placement market of U.S. $300 million. The Company issued the notes in three series: the U.S. $50 million 4.18% Senior Notes, Series C, due April 3, 2022, the U.S. $50 million 4.28% Senior Notes, Series D, due April 3, 2024 and the U.S. $200 million 4.53% Senior Notes, Series E, due April 3, 2027. Proceeds from the notes were used to fund the acquisition of Bucyrus in the Company's South American operations.

In June 2012, the Company issued $150 million 5.077% Medium Term Notes (MTN), due June 13, 2042. Proceeds from the MTN were used to fund the purchase of Bucyrus in the Company's Canadian operations on October 1, 2012.

Finning has committed bank facilities totalling approximately $1.1 billion with various Canadian, U.S., and South American financial institutions. The largest of these, the $1.0 billion global operating credit facility, matures in September 2015. At September 30, 2012, approximately $725 million was available under these committed facilities.

Dividends paid to shareholders in the third quarter of 2012 were $24.1 million, up 7.9% compared to the third quarter of 2011, reflecting the $0.01 per common share increase to a quarterly dividend of $0.14 per share announced in May 2012. Dividends paid to shareholders for the first nine months of 2012 of $70.5 million increased 8.1% compared to the first nine months of 2011.

The Company's Debt Ratio (net debt to total capitalization ratio) at September 30, 2012 was 52.3%, compared with 52.7% at June 30, 2012 and 42.0% at December 31, 2011. The Debt Ratio is temporarily above the Company's target range of 35-45%, and reflects higher debt levels required to fund the purchase of the former Bucyrus distribution and support business. Net debt to total capitalization is calculated as short-term and long-term debt, net of cash and cash equivalents (net debt) divided by total capitalization. Total capitalization is defined as the sum of net debt and all components of shareholders' equity (share capital, contributed surplus, accumulated other comprehensive loss, and retained earnings).

Outlook

After two years of strong equipment demand, the Company sees order intake for new machines slowing. In light of uncertain market conditions, the Company has taken prudent steps which are expected to reduce uncommitted inventories in the months ahead. In addition, improved availability of equipment from Caterpillar is expected to have a positive impact on the Company's inventory levels. The Company continues to experience strong demand for parts and service from mining and construction customers, including rebuild work for large equipment. Given market uncertainties, the Company is operating with caution and continues to monitor market activity closely.

In Western Canada, market conditions in the heavy construction and conventional oil & gas sectors are softening. In mining, including the oil sands, the Company continues to win new equipment deals. Equipment utilization in mining and construction continues at healthy levels and demand for product support, including component remanufacturing and large equipment overhauls, remains robust.

In South America, the Company sees ongoing strength across all sectors. In Chile, positive long-term fundamentals for copper are expected to continue driving demand for mining equipment. Some customers are extending timelines for mining greenfield projects due to delays related to environmental concerns, the availability of energy, and shortages of qualified labour. Sales levels of new mining equipment remain very healthy by historical standards. In construction and power systems, the Company continues to see robust equipment sales and anticipates strong infrastructure spend will continue into 2013, which is an election year in Chile. As the large installed base of equipment in mining, construction and power systems continues to be fully utilized, the Company expects its product support business in Chile to remain strong.

In Argentina, the government continues to control imports and manage access to foreign exchange. These measures limit the amount of equipment and parts the Company can buy from Caterpillar to sell to customers in Argentina. The Company has taken steps to meet customer demand for equipment and parts to the greatest extent possible, and has aligned its cost structure to match lower activity levels. Compared to 2011, the reduction in business volumes in Argentina is not expected to be material to the Company's consolidated revenues and earnings.

In the U.K. and Ireland, the economy remains uncertain. In Equipment Solutions, which includes coal mining, quarrying, infrastructure, waste & recycling, and plant hire, equipment utilization is lower and customers are delaying purchasing decisions. In Power Systems, the Company is winning deals in oil & gas and electric power generation; however, customers are taking longer to commit to purchasing decisions. In response to slowing activity levels, the Company has taken measures to reduce costs while continuing to execute on its market segmentation strategy to capture profitable opportunities in equipment solutions and power systems. As equipment availability has improved, the Company has been building market share.

On October 1, 2012, the Company successfully completed the acquisition from Caterpillar of the distribution and support business formerly operated by Bucyrus in Finning Canada's territory. Finning now operates this business across all its dealership territories. The Bucyrus acquisition has expanded the Company's product offerings, product support opportunities and complementary service capabilities for surface and underground mining customers. The acquisition is strategically important for Finning as it is expected to further strengthen the Company's leadership position in the mining sector.

In 2012, the Company expects revenues, including Bucyrus, to grow by approximately 12-15% over 2011. The Company remains on track with the execution of its 2012 priorities, which are: to improve operating profitability, successfully integrate the newly acquired Bucyrus business, and strengthen the balance sheet.

Description of Non-GAAP and Additional GAAP Measures

EBIT is defined herein as earnings before finance costs and income taxes. EBITDA is defined as earnings before finance costs, income taxes, depreciation, and amortization. Free Cash Flow is defined as cash flow provided by (used in) operating activities less net additions to property, plant, and equipment and intangible assets. Net income adjusted for items not affecting cash is defined as net income adjusted for the effects of transactions of a non-cash nature and items of income or expense associated with investing or financing cash flows. EBIT, EBITDA, Free Cash Flow, and net income adjusted for items not affecting cash are measures of performance utilized by management to measure and evaluate the financial performance of its operating segments. EBITDA and Free Cash Flow are measures commonly reported and widely used by investors as an indicator of a company's cash operating performance and ability to raise and service debt. EBITDA is also commonly regarded as an indirect measure of operating cash flow, a significant indicator of success for many businesses and is a common valuation metric.

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

A reconciliation between EBITDA and net income is as follows:

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2012**	2011	**2012**	2011
Earnings before finance costs, income taxes, depreciation, and amortization (EBITDA)	**$ 179.7**	$ 90.5	**$ 503.9**	$ 398.1
Depreciation and amortization	**(54.0)**	(44.3)	**(157.2)**	(125.7)
Earnings before finance costs and income taxes (EBIT)	**125.7**	46.2	**346.7**	272.4
Finance costs	**(22.7)**	(10.8)	**(56.8)**	(38.8)
Provision for income taxes	**(19.1)**	—	**(57.7)**	(44.8)
Net income	**$ 83.9**	$ 35.4	**$ 232.2**	$ 188.8

A reconciliation of Free Cash Flow is as follows:

	Three months ended September 30		Nine months ended September 30	
($ millions)	**2012**	2011	**2012**	2011
Cash flow provided by (used in) operating activities	**$ 12.7**	$ (83.8)	**$ (127.6)**	$ (417.3)
Additions to property, plant, and equipment and intangible assets	**(41.5)**	(40.3)	**(156.9)**	(91.6)
Proceeds on disposal of property, plant, and equipment	**—**	5.8	**2.3**	7.4
Free Cash Flow	**$ (28.8)**	$ (118.3)	**$ (282.2)**	$ (501.5)

Risk Management

Finning and its subsidiaries are exposed to market, financial, and other risks in the normal course of their business activities. The Company's Enterprise Risk Management (ERM) process is designed to ensure that such risks are identified, managed, and reported. This ERM framework assists the Company in managing business activities and risks across the organization in order to achieve the Company's strategic objectives.

The Company is dedicated to a strong risk management culture to protect and enhance shareholder value. The Company discloses all of its key risks in its most recent AIF with key financial risks also included in the Company's Annual MD&A. On a quarterly basis, the Company assesses all of its key risks and any changes to key financial or business risks are disclosed in the Company's quarterly MD&A. Also on a quarterly basis, the Audit Committee reviews the Company's process with respect to risk assessment and management of key risks, including the Company's major financial risks and exposures and the steps taken to monitor and control such exposures. Changes to the key risks are also reviewed by the Audit Committee. For further details on the management of liquidity and capital resources, financial derivatives, and financial risks and uncertainties, please refer to the Company's AIF and MD&A for the year ended December 31, 2011.

There have been no significant changes to existing risk factors and no new key risks identified from the key risks disclosed in the Company's current AIF for the year ended December 31, 2011, which can be found at www.sedar.com and www.finning.com.

Sensitivity to variances in foreign exchange rates

The Company is geographically diversified, with significant investments in several different countries. The Company transacts business in multiple currencies, the most significant of which are the U.S. dollar (USD), the Canadian dollar (CAD), the U.K. pound sterling (GBP), and the Chilean peso (CLP). As a result, the Company has foreign currency exposure with respect to items denominated in foreign currencies. The main types of foreign exchange risk of the Company are translation exposure and transaction exposure. These are explained further in the Foreign Exchange Risk section in the 2011 annual MD&A.

The sensitivity of the Company's net earnings to fluctuations in average annual foreign exchange rates is summarized in the table below. A 5% strengthening of the Canadian dollar against the following currencies for a full year relative to the September 30, 2012 month end rates would increase / (decrease) annual net income by the amounts shown below. This analysis assumes that all other variables, in particular volumes, relative pricing, interest rates, and hedging activities are unchanged.

Currency	September 30, 2012 month end rates	Net income $ millions
CAD/USD	**0.9837**	**$ (32)**
CAD/GBP	**1.5869**	**$ (1)**
CAD/CLP	**0.0021**	**$ 3**

A 5% weakening of the Canadian dollar against the above currencies relative to the September 30, 2012 month end rates would have an equivalent but opposite effect on the above accounts in the amounts shown on the basis that all other variables are unchanged.

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

Controls and Procedures Certification

Disclosure Controls and Procedures

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

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

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

- The Disclosure Policy sets out accountabilities, authorized spokespersons, and Finning's approach to the determination, preparation, and dissemination of material information. The policy also defines restrictions 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 IFRS. There has been no change in the design of the Company's internal control over financial reporting during the quarter ended September 30, 2012, that would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting. In 2012, management did employ additional procedures to ensure key financial internal controls remained in place after the conversion to a new ERP system in the third quarter of 2011 in the Company's Canadian operations. Management also performed additional account reconciliations and other analytical and substantive procedures to mitigate any financial risks from the introduction of the new system.

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

Selected Quarterly Information

$ millions	2012			2011				2010
(except for share and option data)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue from operations [1]								
Canada	**$ 768.9**	$ 942.8	$ 777.7	$ 990.9	$ 607.7	$ 733.0	$ 612.1	$ 652.1
South America	**614.6**	574.0	481.0	592.7	528.1	532.7	466.6	505.6
UK & Ireland	**222.9**	247.7	213.1	227.0	193.3	214.9	195.9	188.8
Total revenue	**$1,606.4**	$1,764.5	$1,471.8	$1,810.6	$1,329.1	$1,480.6	$1,274.6	$1,346.5
Net income [1] [2]	**$ 83.9**	$ 81.3	$ 67.0	$ 70.6	$ 35.4	$ 81.9	$ 71.5	$ 55.5
Earnings Per Share [1] [2]								
Basic EPS	**$ 0.49**	$ 0.47	$ 0.39	$ 0.41	$ 0.21	$ 0.48	$ 0.42	$ 0.32
Diluted EPS	**$ 0.49**	$ 0.47	$ 0.39	$ 0.41	$ 0.21	$ 0.47	$ 0.41	$ 0.32
Total assets [1]	**$4,994.0**	$5,110.5	$4,530.0	$4,085.4	$4,086.8	$3,645.0	$3,511.0	$3,429.7
Long-term debt								
Current	**$ 361.3**	$ 112.3	$ 0.5	$ 0.5	$ 262.3	$ 263.2	$ 209.0	$ 203.1
Non-current	**1,076.1**	1,344.7	952.4	762.6	778.5	710.9	711.7	711.1
Total long-term debt [3]	**$1,437.4**	$1,457.0	$ 952.9	$ 763.1	$1,040.8	$ 974.1	$ 920.7	$ 914.2
Cash dividends paid per common share	**$ 0.14**	$ 0.14	$ 0.13	$ 0.13	$ 0.13	$ 0.13	$ 0.12	$ 0.12
Common shares outstanding (000's)	**171,905**	171,880	171,849	171,574	171,571	171,570	171,528	171,431
Options outstanding (000's)	**5,118**	5,235	4,595	5,411	5,411	5,462	5,371	5,603

1) In February 2012, the Company acquired Damar, an engineering company specializing in the water utility sector in the U.K. In May 2012, the Company acquired the former Bucyrus distribution and support business in its dealership territories of South America and in the U.K. The results of operations and financial position of these acquired businesses have been included in the figures above since the date of acquisition.

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

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

   In December 2011, the Company repaid its 4.64% $150 million medium term notes on maturity. Repayment of the notes was funded by the issuance of commercial paper under the Company's commercial paper program.

   In January 2012, the Company issued unsecured senior notes in the U.S. private placement market of U.S. $200 million. The Company issued the notes in two series of U.S. $100 million each: the 3.98% Senior Notes, Series A, due January 19, 2022 and the 4.08% Senior Notes, Series B, due January 19, 2024. Proceeds from the notes were used to repay commercial paper borrowings and for general corporate purposes.

   In April 2012, the Company issued unsecured senior notes in the U.S. private placement market of U.S. $300 million. The Company issued the notes in three series: the U.S. $50 million 4.18% Senior Notes, Series C, due April 3, 2022, the U.S. $50 million 4.28% Senior Notes, Series D, due April 3, 2024 and the U.S. $200 million 4.53% Senior Notes, Series E, due April 3, 2027. Proceeds from the notes were used to fund the acquisition of Bucyrus in the Company's South American operations.

   In June 2012, the Company issued 5.077% $150 million Medium Term Notes (MTN), due June 13, 2042. Proceeds from the MTN were used to fund the purchase of Bucyrus in the Company's Canadian operations on October 1, 2012.

New Accounting Pronouncements

Amended Standards Adopted by the Company in the Year

The Company adopted the amendments to IFRS 7, *Financial Instruments: Disclosures* for the financial year beginning January 1, 2012. The amendments introduced enhanced disclosure around transfer of financial assets and associated risks. The adoption of this amendment to the standard did not have any impact on the Company's disclosures.

Future Accounting Pronouncements

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

- Amendments to IAS 19, *Employee Benefits* (effective January 1, 2013*)* provide new requirements for the accounting for defined benefit pension plans. Most notably, the amendments mandate the immediate recognition of actuarial gains and losses, and require companies to use the same rate for both the discount rate applied to determine the defined benefit obligation and the expected rate of return on assets when calculating the interest component of pension expense. The Company already recognizes all actuarial gains and losses immediately through other comprehensive income, consequently this element of the amendments will not impact the Company. With respect to the second change, in determination of net income, the effect is that the defined benefit plan expense concepts of "interest cost" and "expected return on plan assets" will be replaced with the concept of "net interest". The amendments do not prescribe where in the results of operations the net interest amount is to be presented, but the Company expects that it will present the net interest amount as a component of financing costs upon the application of the amended standard.

  As the Company's current view, consistent with long-term historical experience, is that the discount rate would be lower than the expected long-term rate of return on plan assets, the expected effect of the amended standard is a decrease in net income and associated per share amounts. The variance, if any, between the actual return on the defined benefit plan assets and the amount determined using the discount rate would be included in other comprehensive income as a re-measurement.

  When the Company adopts the amendments to IAS 19 effective January 1, 2013, the Company is required to restate the prior year, 2012 as the comparative period. As a result, amendments to IAS 19 are anticipated to result in an additional pre-tax expense of approximately $15 million with a corresponding pre-tax increase in other comprehensive income for the year ending December 31, 2012 (the comparative period when the Company adopts the amendments in 2013). The amended standard is not expected to affect the Company's statement of financial position or the statement of cash flows. The Company will also provide additional disclosures in the notes to the financial statements when the amendments to IAS 19 are adopted in 2013.

  The Company plans to initially apply the amended standard for periods beginning on or after January 1, 2013.

The following new or amended accounting standards have been issued but are not yet effective at November 7, 2012 and are not expected to have a significant effect on the Company's accounting policies or financial statements:

- Amendments to IAS 1, *Presentation of Financial Statements* (effective for annual periods beginning on or after July 1, 2012) require that elements of other comprehensive income that may subsequently be reclassified through profit and loss be differentiated from those items that will not be reclassified.
- IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements,* IFRS 12, *Disclosure of Interests in Other Entities*, and consequential revisions to IAS 27, *Separate Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures* (all effective January 1, 2013) provide revised guidance on the accounting treatment and associated disclosure requirements for joint arrangements and associates, and a revised definition of 'control' for identifying entities which are to be consolidated.
- IFRS 13, *Fair Value Measurement* (effective January 1, 2013) provides new guidance on fair value measurement and disclosure requirements.
- IFRS 9, *Financial Instruments* (effective January 1, 2015) introduces new requirements for the classification and measurement of financial assets and financial liabilities.

Outstanding Share Data

As at November 2, 2012	
Common shares outstanding	171,905,532
Options outstanding	5,087,906

Forward-Looking Disclaimer

This report contains statements about the Company's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement Finning makes is forward-looking when it uses what the Company knows and expects today to make a statement about the future. Forward-looking statements may include words such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target, and will. Forward-looking statements in this report include, but are not limited to, statements with respect to: expectations with respect to the economy and associated impact on the Company's financial results; expected revenue and SG&A levels and EBIT growth; anticipated generation of free cash flow (including projected net capital and rental expenditures), and its expected use; anticipated defined benefit plan contributions; the expected target range of the Company's Debt Ratio; the impact of new and revised IFRS that have been issued but are not yet effective; growth prospects for the former Bucyrus business acquired by the Company in Finning's dealership territories (Bucyrus) and the competitive advantages of the business being acquired; expected future financial and operating results generated from Bucyrus; anticipated benefits and synergies of Bucyrus; and the expected impact of Bucyrus on Finning's earnings. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Unless otherwise indicated by us, forward-looking statements in this report describe Finning's expectations at November 7, 2012. Except as may be required by Canadian securities laws, Finning does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from the expectations expressed in or implied by such forward-looking statements and that Finning's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, Finning cannot guarantee that any forward-looking statement will materialize. Factors that could cause actual results or events to differ materially from those expressed in or implied by these forward-looking statements include: general economic and market conditions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, Finning's products and services; Finning's dependence on the continued market acceptance of Caterpillar's products and Caterpillar's timely supply of parts and equipment; Finning's ability to continue to improve productivity and operational efficiencies while continuing to maintain customer service; Finning's ability to manage cost pressures as growth in revenues occur; Finning's ability to reduce costs in response to slowing activity levels; Finning's ability to attract sufficient skilled labour resources to meet growing product support demand; Finning's ability to negotiate and renew collective bargaining agreements with satisfactory terms for Finning's employees and the Company; the intensity of competitive activity; Finning's ability to successfully integrate the distribution and support business formerly operated by Bucyrus; Finning's ability to raise the capital needed to implement its business plan; regulatory initiatives or proceedings, litigation and changes in laws or regulations; stock market volatility; changes in political and economic environments for operations; the integrity, reliability, and availability of information technology and the data processed by that technology; expected operational benefits from the new ERP system. Forward-looking statements are provided in this report for the purpose of giving information about management's current expectations and plans and allowing investors and others to get a better understanding of Finning's operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

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

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

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian $ thousands)	September 30, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	**$ 135,819**	$ 122,745
Accounts receivable	**890,808**	862,698
Service work in progress	**145,283**	171,214
Inventories (Note 6)	**1,903,155**	1,442,829
Income tax recoverable	**26,017**	20,880
Derivative assets	**7,980**	2,287
Other assets (Note 7)	**233,761**	154,803
Total current assets	**3,342,823**	2,777,456
Rental equipment	**396,660**	402,114
Property, plant, and equipment	**625,900**	550,524
Intangible assets (Note 8)	**306,655**	52,032
Goodwill (Note 10b)	**103,616**	92,501
Investment in and advances to joint venture and associate	**67,294**	61,600
Finance assets	**45,977**	33,820
Derivative assets	**1,590**	—
Deferred tax assets	**76,163**	81,029
Other assets (Note 7)	**27,274**	34,284
	$ 4,993,952	$ 4,085,360
LIABILITIES		
Current liabilities		
Short-term debt (Note 3)	**$ 303,361**	$ 334,525
Accounts payable and accruals	**998,078**	965,981
Income tax payable	**23,764**	12,511
Provisions	**104,495**	88,146
Deferred revenue	**349,022**	317,299
Derivative liabilities	**23,410**	23,515
Current portion of long-term debt (Note 3)	**361,314**	508
Total current liabilities	**2,163,444**	1,742,485
Long-term debt (Note 3)	**1,076,098**	762,571
Long-term obligations	**222,226**	192,410
Provisions	**4,073**	2,897
Deferred revenue	**43,791**	22,320
Deferred tax liabilities	**19,767**	17,723
Total liabilities	**3,529,399**	2,740,406
SHAREHOLDERS' EQUITY		
Share capital	**570,969**	566,452
Contributed surplus	**34,931**	35,812
Accumulated other comprehensive loss	**(62,004)**	(38,193)
Retained earnings	**920,657**	780,883
Total shareholders' equity	**1,464,553**	1,344,954
	$ 4,993,952	$ 4,085,360

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Canadian $ thousands, except share and per share amounts)	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Revenue				
New equipment	**$ 722,875**	$ 661,031	**$ 2,229,468**	$ 1,898,999
Used equipment	**63,000**	52,309	**213,514**	174,863
Equipment rental	**95,941**	87,867	**278,456**	247,970
Product support	**709,612**	524,800	**2,103,380**	1,753,049
Other	**15,006**	3,114	**17,884**	9,410
Total revenue	**1,606,434**	1,329,121	**4,842,702**	4,084,291
Cost of sales	**(1,117,277)**	(961,196)	**(3,399,849)**	(2,879,085)
Gross profit	**489,157**	367,925	**1,442,853**	1,205,206
Selling, general, and administrative	**(366,768)**	(310,257)	**(1,100,704)**	(912,288)
Equity earnings of joint venture and associate	**2,269**	1,838	**7,619**	3,665
Other income (expenses) (Note 2)	**1,072**	(13,314)	**(3,040)**	(24,160)
Earnings before finance costs and income taxes	**125,730**	46,192	**346,728**	272,423
Finance costs (Note 3)	**(22,698)**	(10,762)	**(56,771)**	(38,762)
Income before provision for income taxes	**103,032**	35,430	**289,957**	233,661
Provision for income taxes	**(19,091)**	43	**(57,736)**	(44,821)
Net income	**$ 83,941**	$ 35,473	**$ 232,221**	$ 188,840
Earnings per share (Note 5)				
Basic	**$ 0.49**	$ 0.21	**$ 1.35**	$ 1.10
Diluted	**$ 0.49**	$ 0.21	**$ 1.35**	$ 1.10
Weighted average number of shares outstanding				
Basic	**171,894,621**	171,570,944	**171,813,410**	171,537,260
Diluted	**172,362,645**	172,204,611	**172,415,744**	172,372,589

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Canadian $ thousands)	Three months ended September 30 2012	Three months ended September 30 2011	Nine months ended September 30 2012	Nine months ended September 30 2011
Net income	**$ 83,941**	$ 35,473	**$ 232,221**	$ 188,840
Other comprehensive income (loss), net of income tax				
Foreign currency translation adjustments	**(49,584)**	78,895	**(35,473)**	52,616
Unrealized gain (loss) on net investment hedges	**23,952**	(10,516)	**7,956**	(8,956)
Tax recovery (expense) on net investment hedges	**(2,567)**	2,116	**(1,222)**	1,719
Foreign currency translation and gain (loss) on net investment hedges, net of income tax	**(28,199)**	70,495	**(28,739)**	45,379
Unrealized gain (loss) on cash flow hedges	**8,848**	(8,503)	**15,498**	(8,454)
Realized loss (gain) on cash flow hedges, reclassified to earnings	**(4,739)**	(2,531)	**(7,429)**	(2,957)
Tax recovery (expense) on cash flow hedges	**(2,143)**	2,179	**(3,141)**	2,190
Gain (loss) on cash flow hedges, net of income tax	**1,966**	(8,855)	**4,928**	(9,221)
Actuarial loss (Note 11)	**(4,258)**	(71,608)	**(28,292)**	(70,563)
Tax recovery on actuarial loss	**748**	18,061	**6,305**	17,491
Actuarial loss, net of income tax	**(3,510)**	(53,547)	**(21,987)**	(53,072)
Total comprehensive income	**$ 54,198**	$ 43,566	**$ 186,423**	$ 171,926

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

($ Canadian thousands, except share amounts)	Share Capital: Shares	Share Capital: Amount	Contributed Surplus	Accumulated Other Comprehensive Income (Loss): Foreign Currency Translation and Gain / (Loss) on Net Investment Hedges	Accumulated Other Comprehensive Income (Loss): Gain / (Loss) on Cash Flow Hedges	Retained Earnings	Total
Balance, January 1, 2011	171,431,349	$ 564,973	$ 33,128	$ (52,316)	$ (1,069)	$ 658,269	$ 1,202,985
Net income	—	—	—	—	—	188,840	188,840
Other comprehensive income (loss)	—	—	—	45,379	(9,221)	(53,072)	(16,914)
Total comprehensive income (loss)	—	—	—	45,379	(9,221)	135,768	171,926
Issued on exercise of share options	139,899	1,400	(700)	—	—	—	700
Stock option expense	—	—	2,594	—	—	—	2,594
Dividends on common shares	—	—	—	—	—	(65,188)	(65,188)
Balance, September 30, 2011	171,571,248	$ 566,373	$ 35,022	$ (6,937)	$ (10,290)	$ 728,849	$ 1,313,017
Balance, January 1, 2012	**171,573,752**	**$ 566,452**	**$ 35,812**	**$ (28,758)**	**$ (9,435)**	**$ 780,883**	**$ 1,344,954**
Net income	**—**	**—**	**—**	**—**	**—**	**232,221**	**232,221**
Other comprehensive income (loss)	**—**	**—**	**—**	**(28,739)**	**4,928**	**(21,987)**	**(45,798)**
Total comprehensive income (loss)	**—**	**—**	**—**	**(28,739)**	**4,928**	**210,234**	**186,423**
Issued on exercise of share options	**330,983**	**4,517**	**(4,262)**	**—**	**—**	**—**	**255**
Stock option expense	**—**	**—**	**3,381**	**—**	**—**	**—**	**3,381**
Dividends on common shares	**—**	**—**	**—**	**—**	**—**	**(70,460)**	**(70,460)**
Balance, September 30, 2012	**171,904,735**	**$ 570,969**	**$ 34,931**	**$ (57,497)**	**$ (4,507)**	**$ 920,657**	**$ 1,464,553**

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(Canadian $ thousands)	Three months ended September 30 2012	2011	Nine months ended September 30 2012	2011
OPERATING ACTIVITIES				
Net income	**$ 83,941**	$ 35,473	**$ 232,221**	$ 188,840
Add items not affecting cash				
Depreciation and amortization	**54,661**	44,902	**159,284**	127,308
Gain on sale of property, plant, and equipment and rental equipment	**(8,493)**	(9,016)	**(28,857)**	(14,708)
Deferred taxes	**6,836**	5,196	**7,950**	(1,884)
Share-based payments	**4,403**	6,722	**10,787**	13,083
Other	**(4,511)**	(3,184)	**(12,288)**	(1,099)
Net income adjusted for items not affecting cash	**136,837**	80,093	**369,097**	311,540
Changes in working capital items (Note 9)	**(112,835)**	(151,287)	**(356,497)**	(574,451)
Interest paid	**(14,948)**	(3,373)	**(41,027)**	(30,072)
Income tax paid	**(8,804)**	(2,313)	**(38,465)**	(29,447)
Cash provided by (used in) operations after changes in working capital items	**250**	(76,880)	**(66,892)**	(322,430)
Additions to rental equipment	**(44,009)**	(53,537)	**(235,035)**	(205,329)
Proceeds on disposal of rental equipment	**56,471**	49,432	**174,268**	111,402
Equipment leased to customers, net of disposals	**—**	(2,779)	**57**	(903)
Cash flow provided by (used in) operating activities	**12,712**	(83,764)	**(127,602)**	(417,260)
INVESTING ACTIVITIES				
Additions to property, plant and equipment and intangible assets	**(41,499)**	(40,306)	**(156,893)**	(91,638)
Proceeds on disposal of property, plant and equipment	**42**	5,786	**2,333**	7,412
Proceeds from sale of Hewden Stuart (Note 7a)	**21,708**	—	**28,138**	6,332
Investment in equity investment	**—**	—	**(2,784)**	(1,375)
Net proceeds paid on acquisitions (Note 10)	**(89)**	(1,997)	**(313,442)**	(1,997)
Cash used in investing activities	**(19,838)**	(36,517)	**(442,648)**	(81,266)
FINANCING ACTIVITIES				
Increase (decrease) in short-term debt	**59,788**	97,426	**(26,186)**	215,435
Issuance of Medium Term Notes (Note 3)	**—**	—	**149,239**	—
Issuance of U.S. senior notes (Note 3)	**—**	—	**496,559**	—
Increase (decrease) in other long-term debt	**(783)**	48,182	**36,656**	106,573
Issue of common shares on exercise of stock options	**45**	—	**255**	700
Dividends paid	**(24,064)**	(22,304)	**(70,460)**	(65,188)
Cash provided by financing activities	**34,986**	123,304	**586,063**	257,520
Effect of currency translation on cash balances	**(3,359)**	5,701	**(2,739)**	(59)
Increase (decrease) in cash and cash equivalents	**24,501**	8,724	**13,074**	(241,065)
Cash and cash equivalents, beginning of period	**111,318**	96,598	**122,745**	346,387
Cash and cash equivalents, end of period (Note 9)	**$ 135,819**	$ 105,322	**$ 135,819**	$ 105,322

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

1. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim condensed consolidated financial statements (Interim Statements) of the Company and its subsidiaries were prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) have been omitted or condensed, and therefore these Interim Statements should be read in conjunction with the December 31, 2011 audited annual consolidated financial statements and the notes below.

These Interim Statements are based on the IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective as of November 7, 2012, the date these financial statements are authorized by the Board, and follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements, except for the impact of the change in accounting policy disclosed below:

(a) Change in Accounting Policy

The Company adopted the amendments to IFRS 7, *Financial Instruments: Disclosures* for the financial year beginning January 1, 2012. The amendments introduced enhanced disclosure around the transfer of financial assets and associated risks. The adoption of this amendment to the standard did not have any impact on the Company's disclosures.

(b) Future Accounting Pronouncements

The Company has not applied the following new and revised IFRS that have been issued but are not yet effective at November 7, 2012:

- Amendments to IAS 19, *Employee Benefits* (effective January 1, 2013*)* provide new requirements for the accounting for defined benefit pension plans. Most notably, the amendments mandate the immediate recognition of actuarial gains and losses, and require companies to use the same rate for both the discount rate applied to determine the defined benefit obligation and the expected rate of return on assets when calculating the interest component of pension expense. The Company already recognizes all actuarial gains and losses immediately through other comprehensive income, consequently this element of the amendments will not impact the Company. With respect to the second change, in determination of net income, the effect is that the defined benefit plan expense concepts of "interest cost" and "expected return on plan assets" will be replaced with the concept of "net interest". The amendments do not prescribe where in the results of operations the net interest amount is to be presented, but the Company expects that it will present the net interest amount as a component of financing costs upon the application of the amended standard.

  As the Company's current view, consistent with long-term historical experience, is that the discount rate would be lower than the expected long-term rate of return on plan assets, the expected effect of the amended standard is a decrease in net income and associated per share amounts. The variance, if any, between the actual return on the defined benefit plan assets and the amount determined using the discount rate would be included in other comprehensive income as a re-measurement.

  When the Company adopts the amendments to IAS 19 effective January 1, 2013, the Company is required to restate the prior year, 2012 as the comparative period. As a result, amendments to IAS 19 are anticipated to result in an additional pre-tax expense of approximately $15 million with a corresponding pre-tax increase in the other comprehensive income for the year ending December 31, 2012 (the comparative period when the Company adopts the amendments in 2013). The amended standard is not expected to affect the Company's statement of financial position or the statement of cash flows. The Company will also provide additional disclosures in the notes to the financial statements when the amendments to IAS 19 are adopted in 2013.

  The Company plans to initially apply the amended standard for periods beginning on January 1, 2013.

The following new or amended accounting standards have been issued but are not yet effective at November 7, 2012 and are not expected to have a significant effect on the Company's accounting policies or financial statements:

- Amendments to IAS 1, *Presentation of Financial Statements* (effective for annual periods beginning on or after July 1, 2012) require that elements of other comprehensive income that may subsequently be reclassified through profit and loss be differentiated from those items that will not be reclassified.
- IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements,* IFRS 12, *Disclosure of Interests in Other Entities*, and consequential revisions to IAS 27, *Separate Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures* (all effective January 1, 2013) provide revised guidance on the accounting treatment and associated disclosure requirements for joint arrangements and associates, and a revised definition of 'control' for identifying entities which are to be consolidated.
- IFRS 13, *Fair Value Measurement* (effective January 1, 2013) provides new guidance on fair value measurement and disclosure requirements.
- IFRS 9, *Financial Instruments* (effective January 1, 2015) introduces new requirements for the classification and measurement of financial assets and financial liabilities.

2. Other Income (Expenses)

Other income (expenses) include the following items:

($ thousands)	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Project costs (a)	**$ (1,301)**	$ (10,561)	**$ (4,255)**	$ (21,407)
Acquisition costs (b)	**—**	(2,753)	**(1,158)**	(2,753)
Gain on settlement of note receivable (Note 7a)	**2,373**	—	**2,373**	—
	$ 1,072	$ (13,314)	**$ (3,040)**	$ (24,160)

(a) Project costs incurred during the three and nine months ended September 30, 2012 and 2011 relate to the implementation of a new Enterprise Resource Planning (ERP) system for the Company's global operations. The new ERP system was implemented in Finning (Canada) on July 4, 2011 and consequently, all system improvement and support expenses in 2012 are captured in the Canadian operation's SG&A. Subsequent implementations are planned for the U.K. and South American operations so costs related to their implementation are classified as other expenses.

(b) Acquisition costs incurred in 2012 relate to the acquisition in May 2012 from Caterpillar of the distribution and support business formerly operated by Bucyrus International Inc. (Bucyrus) in Finning's dealership territories in South America and the U.K. and the purchase of Bucyrus in Finning (Canada)'s territory on October 1, 2012 (Note 10a). In addition, acquisition costs incurred during 2012 include costs relating to the acquisition of the Damar Group Ltd by Finning UK and Ireland (Note 10b).

3. Long-term Debt and Finance Costs

($ thousands)	September 30 2012	December 31 2011
Short-term debt	**$ 303,361**	$ 334,525
Long-term debt:		
Medium Term Notes		
5.16%, $250 million, due September 3, 2013	**249,813**	249,662
6.02%, $350 million, due June 1, 2018	**348,940**	348,800
5.077% $150 million, due June 13, 2042	**149,115**	—
5.625% £70 million Eurobond, due May 30, 2013	**110,965**	110,343
3.98% U.S. $100 million, due January 19, 2022	**97,825**	—
4.08% U.S. $100 million, due January 19, 2024	**97,818**	—
4.18% U.S. $50 million, due April 3, 2022	**48,949**	—
4.28% U.S. $50 million, due April 3, 2024	**48,947**	—
4.53% U.S. $200 million, due April 3, 2027	**195,767**	—
Other term loans	**89,273**	54,274
	1,437,412	763,079
Less current portion of long-term debt	**(361,314)**	(508)
Total long-term debt	**$ 1,076,098**	$ 762,571

In January 2012, the Company issued unsecured senior notes in the U.S. private placement market of U.S. $200 million. The Company issued the notes in two series of U.S. $100 million each: the 3.98% Senior Notes, Series A, due January 19, 2022 and the 4.08% Senior Notes, Series B, due January 19, 2024. Proceeds from the notes were used to repay commercial paper borrowings and for general corporate purposes.

In April 2012, the Company issued unsecured senior notes in the U.S. private placement market of U.S. $300 million. The Company issued the notes in three series: the U.S. $50 million 4.18% Senior Notes, Series C, due April 3, 2022, the U.S. $50 million 4.28% Senior Notes, Series D, due April 3, 2024 and the U.S. $200 million 4.53% Senior Notes, Series E, due April 3, 2027. Proceeds from the notes were used to fund the acquisition of Bucyrus in the Company's South American operations.

In June 2012, the Company issued $150 million Medium Term Notes (MTN) with a coupon rate of 5.077% per annum, payable semi-annually commencing December 13, 2012. The $150 million MTN are due June 13, 2042. Proceeds from the MTN were used to fund the purchase of Bucyrus in the Company's Canadian operations on October 1, 2012.

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

	Three months ended September 30		Nine months ended September 30	
($ thousands)	**2012**	2011	**2012**	2011
Interest on debt securities:				
Short-term debt	**$ 3,116**	$ 555	**$ 6,268**	$ 1,072
Long-term debt	**17,629**	12,167	**45,295**	35,798
	20,745	12,722	**51,563**	36,870
Gain on foreign exchange derivatives	—	—	**(3,344)**	—
Loss on interest rate derivatives	**376**	375	**1,117**	1,111
Interest income on tax reassessment	—	(2,411)	—	(2,411)
Other finance related expenses	**2,557**	397	**9,862**	4,108
	23,678	11,083	**59,198**	39,678
Less:				
Borrowing costs capitalized to property, plant, and equipment	**(980)**	(321)	**(2,427)**	(916)
Finance costs	**$ 22,698**	$ 10,762	**$ 56,771**	$ 38,762

4. SHARE BASED PAYMENTS

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

Share Options

Details of the share option plans are as follows:

	Nine months ended September 30, 2012		Twelve months ended December 31, 2011	
	Options	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price
Options outstanding, beginning of period	**5,410,606**	**$ 24.47**	5,602,612	$ 24.16
Granted	**790,040**	**$ 25.46**	479,540	$ 28.28
Exercised[1]	**(923,649)**	**$ 18.55**	(238,825)	$ 13.92
Forfeited	**(158,970)**	**$ 30.26**	(432,721)	$ 30.52
Options outstanding, end of period	**5,118,027**	**$ 25.51**	5,410,606	$ 24.47
Exercisable at period end	**3,842,634**	**$ 25.67**	4,279,839	$ 25.31

(1) Stock options exercised in 2012 comprised both cash and cashless exercises. Under the 2005 Stock Option Plan, exercises generally utilize the cashless method, whereby the actual number of shares issued is represented by the premium between the fair market value at exercise time and the grant value, and the equivalent value of the number of options up to the grant value is withheld. 923,649 options were exercised in 2012 under the 2005 Stock Option Plan resulting in 330,983 common shares issued; 592,666 options were withheld and returned to the option pool for future issues/grants.

In 2012 and 2011, long-term incentives for executives and senior management were a combination of share options, performance share units, and deferred share units. In the nine months ended September 30, 2012, the Company granted 790,040 common share options to senior executives and management of the Company (nine months ended September 30, 2011: 479,540 common share options). The Company's practice is to grant and price share options only when it is felt that all material information has been disclosed to the market.

The fair value of the options granted in 2012 has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Dividend yield	2.06%
Expected volatility [1]	36.56%
Risk-free interest rate	1.51%
Expected life	5.56 years

[1] Expected volatility is based on historical share price volatility

The weighted average grant date fair value of options granted during the period was $7.34 (2011: $8.44).

Other Share-Based Compensation Plans

The Company has other share-based compensation plans in the form of deferred share units, performance share units, and share appreciation rights that use notional common share units. Details of the plans with significant changes subsequent to December 31, 2011 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 26,866 share units in 2012 (2011: 21,386 share units), which were granted to the Directors and will be expensed over the calendar year as the units are issued.

Executive

Deferred Share Unit Plan B (DSU-B)

Under the Deferred Share Unit Plan B (DSU-B), 21,331 share units were awarded to Executives of the Company in June 2012 (2011: nil share units).These units vest evenly over a five year period from the date they were granted and will be expensed over the vesting period. Only vested units accumulate dividend equivalents in the form of additional units based on the dividends paid on the Company's common shares.

4. Share Based Payments (continued)

Performance Share Unit Plan (PSU)

Executives of the Company were allocated a total of 288,540 performance share units in 2012, based on 100% vesting (2011: 210,000 performance share units).

The specified levels and respective vesting percentages for the 2012 grants are as follows:

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

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

($ thousands,	Three months ended September 30			Nine months ended September 30		
except share and per share amounts) 2012	**Income**	**Shares**	**Per Share**	**Income**	**Shares**	**Per Share**
Basic EPS:						
Net income	**$ 83,941**	**171,894,621**	**$ 0.49**	**$232,221**	**171,813,410**	**$ 1.35**
Effect of dilutive securities: stock options	—	**468,024**	—	—	**602,334**	—
Diluted EPS:						
Net income and assumed conversions	**$ 83,941**	**172,362,645**	**$ 0.49**	**$232,221**	**172,415,744**	**$ 1.35**
2011						
Basic EPS:						
Net income	$ 35,473	171,570,944	$ 0.21	$188,840	171,537,260	$ 1.10
Effect of dilutive securities: stock options	—	633,667	—	—	835,329	—
Diluted EPS:						
Net income and assumed conversions	$ 35,473	172,204,611	$ 0.21	$188,840	172,372,589	$ 1.10

6. Inventories

($ thousands)	September 30 2012	December 31 2011
On-hand equipment	**$ 1,027,392**	$ 783,755
Parts and supplies	**675,756**	540,738
Internal service work in progress	**200,007**	118,336
Inventories	**$ 1,903,155**	$ 1,442,829

7. Other Assets

($ thousands)	September 30 2012	December 31 2011
Other assets – current:		
Supplier claims receivable	**$ 107,556**	$ 83,452
Prepaid expenses	**58,022**	33,108
Current portion of finance assets	**27,723**	23,495
Value Added Tax receivable	**24,729**	9,167
Indemnification asset (Note 10a)	**7,130**	—
Other	**8,601**	5,581
	$ 233,761	$ 154,803
Other assets – long-term:		
Note receivable (a)	**$ —**	$ 24,924
Indemnification asset (Note 10a)	**18,578**	—
Other	**8,696**	9,360
	$ 27,274	$ 34,284

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

8. Intangible Assets

Net book value ($ thousands)	September 30 2012	December 31 2011
Contracts and relationships (a)	**$ 44,789**	$ 2,072
Software	**48,998**	49,314
Distribution network and other intangible assets (b)	**212,868**	646
Intangible assets	**$ 306,655**	$ 52,032

(a) As at September 30, 2012, contracts and relationships include $42.7 million (December 31, 2011: $nil) in contractual rights relating to labour contracts with terms of four years with certain unions in the Company's South American operations.

(b) Includes distribution network and other intangible assets relating to the Bucyrus acquisition during 2012 (Note 10a).

9. Supplemental Cash Flow Information

Changes in cash working capital items

($ thousands)	Three months ended September 30 2012	Three months ended September 30 2011	Nine months ended September 30 2012	Nine months ended September 30 2011
Accounts receivable	**$ 76,409**	$ 49,218	**$ (97,168)**	$ (135,094)
Service work in progress	**10,745**	(20,893)	**24,959**	(10,528)
Inventories – on-hand equipment	**(68,044)**	(139,414)	**(252,312)**	(379,067)
Inventories – parts and supplies	**25,889**	(149,869)	**(155,667)**	(176,294)
Accounts payable and accruals	**(166,225)**	122,554	**89,220**	97,607
Income tax recoverable/payable	**8,711**	(12,917)	**43,955**	33,234
Other	**(320)**	34	**(9,484)**	(4,309)
Changes in working capital items	**$ (112,835)**	$ (151,287)	**$ (356,497)**	$ (574,451)

9. Supplemental Cash Flow Information (continued)

Components of cash and cash equivalents

September 30 ($ thousands)		2012		2011
Cash	**$**	**133,880**	$	61,097
Short-term investments		**1,939**		44,225
Cash and cash equivalents	**$**	**135,819**	$	105,322

10. Acquisitions

(a) Bucyrus

On May 2, 2012, the Company acquired from Caterpillar the distribution and support business formerly operated by Bucyrus International Inc. (Bucyrus) in the Company's dealership territories in South America and in the U.K. The purchase price was $305.1 million (U.S. $305.8 million). As part of the Company's sequenced integration approach, the acquisition for the former distribution business in Finning (Canada)'s territory closed October 1, 2012 for a purchase price of $156.4 million (U.S. $159.2 million). With the close of this acquisition, the Company provides sales, service, and support for former Bucyrus mining products in all of Finning's dealership territories.

The total transaction is valued at approximately U.S. $465 million, representing the fair value of assets acquired and liabilities assumed and is subject to customary closing adjustments. Acquisition costs related to the transaction are estimated to be approximately $6.0 million. In the first nine months of 2012, $0.6 million was recorded in other expenses on the consolidated statement of income with $5.0 million recognized during 2011. The total purchase price and acquisition costs will be paid in cash; in the fourth quarter of 2011, $0.7 million was paid and in the first nine months of 2012, $305.6 million was paid. Proceeds from the Company's U.S. $300 million debt issuance in April 2012 were used to fund the acquisition of Bucyrus in its South American operations. The acquisition in the U.K. was funded by drawings on the global credit facility and cash on hand. The Company funded the acquisition of Bucyrus in its Canadian operations with proceeds from the $150 million MTN issued June 2012 as well as drawings on the global credit facility.

This asset purchase will be accounted for as a business combination using the acquisition method of accounting. The impact of applying the acquisition method is expected to result in a preliminary purchase price allocation for those acquisitions as follows:

Preliminary purchase price allocation (U.S. $millions):		Canada		Chile		Argentina		UK & Ireland		Total
Working capital	$	36.5	$	79.2	$	—	$	2.1	$	117.8
Property, plant and equipment		14.0		8.6		—		—		22.6
Indemnification asset		61.9		26.1		—		—		88.0
Distribution network and other intangible assets		108.7		211.8		1.4		2.7		324.6
Goodwill		7.0		—		—		—		7.0
Deferred tax liabilities		(7.0)		—		—		—		(7.0)
Long-term obligations		(61.9)		(26.1)		—		—		(88.0)
Net assets acquired	**$**	**159.2**	**$**	**299.6**	**$**	**1.4**	**$**	**4.8**	**$**	**465.0**

The working capital primarily comprises inventory.

The distribution network has been determined to have an indefinite life. The distribution network for Chile and Argentina is assigned to the South America reporting segment, distribution network for UK & Ireland is assigned to the UK & Ireland reporting segment, and the distribution network for Canada will be assigned to the Canada reporting segment. The Company will recognize a deferred tax liability related to the taxable difference arising from recognizing the distribution network in Canada. The recognition of this deferred tax liability results in the recognition of goodwill for the same amount.

10. ACQUISITIONS (CONTINUED)

As part of the acquisition, the Company assumed non-financial liabilities which were not previously recognized by Bucyrus relating to long-term contracts. Caterpillar agrees to indemnify the Company for any below market returns on these contracts, to an amount equal to the liabilities assumed. The liabilities and related indemnification asset are measured at fair value by using management's best estimate, at the acquisition date, of the difference between market-rate returns and the contracted returns expected under the long-term contracts. The Company's operations in Chile assumed certain post employment benefit liabilities, for which Caterpillar also agreed to indemnify. The Company's operations in Canada will assume certain employee related liabilities for which Caterpillar also agreed to indemnify. Management is currently assessing the valuation of these liabilities and the related indemnification asset from Caterpillar. As a result, the value of each category of net assets acquired that are not yet complete at the reporting date are not included in the preliminary price purchase allocation above.

The amount of revenue and net income of the acquiree from the acquisition date to September 30, 2012 is $110 million and $9 million, respectively. The impact of revenue and profit or loss on the combined entity for the current reporting period as though the acquisition date had been as of the beginning of the reporting period is not disclosed. It is impracticable to determine these results as the Company only purchased the distribution and support business of Bucyrus in Finning's dealership territories. The books and records of the former Bucyrus business also included manufacturing and its operations were managed differently than the business acquired by the Company.

The preliminary allocation of the purchase price is based on management's best estimate at November 7, 2012.

(b) Damar

On February 3, 2012, the Company acquired 100% of the shares of Damar Group Ltd, an engineering company specializing in the water utility sector in the U.K. The acquired business provides opportunities for Finning to increase market share in the U.K. and Ireland water utility industries. It also increases Finning's mechanical, electrical and civil engineering capability to deliver a wide range of projects within its target power systems markets, which is a key strategic objective of the Company's U.K. and Ireland operations.

The fair value of the total consideration at the acquisition date is estimated to be $16.1 million (£10.2 million), which may be subject to customary closing adjustments. Cash consideration of $10.2 million (£6.4 million) was paid in the first quarter of 2012, with $2.9 million (£1.8 million) cash acquired. Acquisition costs of $0.5 million (£0.3 million) were incurred and paid on the transaction and are recorded in other expenses on the interim condensed consolidated statement of income in the first nine months of 2012. The total purchase price and acquisition costs will be paid in cash; in the first half of 2012, $7.8 million (£4.9 million) was paid. Further contingent consideration (possible range of £nil - £9.5 million) may be paid on an annual basis after acquisition, contingent upon the financial performance of the acquired business over the next three years. The acquisition-date fair value of the contingent consideration is $7.2 million (£4.6 million). The contingent consideration is recognized as a liability on the consolidated statement of financial position and will be subsequently re-measured to fair value with any changes in fair value recognized in the consolidated statement of income.

The purchase has been accounted for as a business combination using the acquisition method of accounting. The impact of applying the acquisition method resulted in a preliminary purchase price allocation as follows:

Preliminary purchase price allocation ($ millions)		
Cash	$	2.9
Accounts and other receivables		4.5
Inventory		6.5
Property, plant, and equipment		1.1
Intangible assets		0.7
Goodwill		11.9
Accounts payable and accruals		(11.5)
Net assets acquired	**$**	**16.1**

10. ACQUISITIONS (CONTINUED)

The intangible assets acquired represent customer relationships valued at $0.7 million (£0.5 million) and are being amortized on a straight-line basis over their estimated life of 3 years. Goodwill recognized relates to expected synergies from combining the operations of Finning UK and Ireland and Damar, with Damar's ability to gain access to larger projects with water utility companies in the U.K. and Ireland. These intangible assets and goodwill are assigned to the Finning UK and Ireland reporting segment. Goodwill recognized is not deductible for tax purposes.

The amount of revenue and net loss of the acquiree since the acquisition date to the end of the reporting period is $10.0 million (£6.3 million) and $0.5 million (£0.3 million), respectively. The impact of revenue and profit or loss on the combined entity for the current reporting period as though the acquisition date had been as of the beginning of the reporting period is not material.

The preliminary allocation of the purchase price is based on management's best estimate at November 7, 2012.

11. EMPLOYEE BENEFITS

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

	September 30, 2012		December 31, 2011		September 30, 2011	
	Canada	**UK**	Canada	UK	Canada	UK
Discount rate – obligation	**3.80%**	**4.40%**	4.30%	4.80%	4.40%	5.10%
Discount rate – expense [1]	**4.30%**	**4.80%**	5.10%	5.30%	5.10%	5.30%
Expected long-term rate of return on plan assets [1]	**6.50%**	**6.25%**	6.75%	6.75%	6.75%	6.75%
Rate of compensation increase	**3.50%**	**n/a** [2]	3.50%	4.00%	3.50%	4.00%

[1] Used to determine the expense for the three months ended September 30, 2012 and September 30, 2011, and the year ended December 31, 2011.

[2] In December 2011, the UK defined benefit pension plan was amended to cease future accruals from April 2012. As a result, liabilities are no longer linked to compensation increases. From April 2012, affected members were eligible to commence accruing benefits under a defined contribution arrangement.

Additional detail regarding amounts recognized in the consolidated statement of financial position in respect of the Company's defined benefit plans, primarily for pension benefits, is as follows:

($ thousands)	**Nine months ended September 30, 2012**	Year ended December 31, 2011
Included within the statement of financial position:		
Deficit at the start of the period	**$ (125,311)**	$ (105,515)
Deficit at the end of the period	**$ (126,874)**	$ (125,311)

11. EMPLOYEE BENEFITS (CONTINUED)

The amounts recognized in the consolidated statement of income and in other comprehensive income during the reporting period for the Company's defined contribution and defined benefit plans are as follows:

For three months ended September 30 ($ thousands)	2012			2011		
	Canada	**UK & Ireland**	**Total**	Canada	UK & Ireland	Total
Amounts recognized in the statement of income:						
Defined contribution plans	**$ 8,414**	**$ 1,624**	**$ 10,038**	$ 6,225	$ 543	$ 6,768
Defined benefit plans	**1,185**	**(997)**	**188**	1,554	84	1,638
Total expense recognized in the statement of income	**9,599**	**627**	**10,226**	7,779	627	8,406
(Gain) loss recognized in other comprehensive income:						
Actuarial (gain) loss relating to pension liabilities (gross of taxation)	**14,840**	**(7,919)**	**6,921**	31,745	18,517	50,262
Actuarial (gain) loss relating to pension assets (gross of taxation)	**(4,067)**	**1,404**	**(2,663)**	1,507	19,839	21,346
Total actuarial (gain) loss recognized in other comprehensive income	**$ 10,773**	**$ (6,515)**	**$ 4,258**	$ 33,252	$ 38,356	$ 71,608

For nine months ended September 30 ($ thousands)	2012			2011		
	Canada	**UK & Ireland**	**Total**	Canada	UK & Ireland	Total
Amounts recognized in the statement of income:						
Defined contribution plans	**$ 24,184**	**$ 3,890**	**$ 28,074**	$ 19,764	$ 1,582	$ 21,346
Defined benefit plans	**3,555**	**(2,048)**	**1,507**	4,661	251	4,912
Total expense recognized in the statement of income	**27,739**	**1,842**	**29,581**	24,425	1,833	26,258
(Gain) loss recognized in other comprehensive income:						
Actuarial loss relating to pension liabilities (gross of taxation)	**23,263**	**12,331**	**35,594**	37,352	7,330	44,682
Actuarial (gain) loss relating to pension assets (gross of taxation)	**(5,438)**	**(1,864)**	**(7,302)**	4,049	21,832	25,881
Total actuarial loss recognized in other comprehensive income	**$ 17,825**	**$ 10,467**	**$ 28,292**	$ 41,401	$ 29,162	$ 70,563

12. SEGMENTED INFORMATION

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

Three months ended September 30, 2012 ($ thousands)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consolidated**
Revenue from external sources	**$ 768,926**	**$ 614,649**	**$ 222,859**	**$ —**	**$ 1,606,434**
Operating costs	**(682,314)**	**(539,741)**	**(200,993)**	**(7,089)**	**(1,430,137)**
Depreciation and amortization	**(27,441)**	**(16,340)**	**(10,106)**	**(21)**	**(53,908)**
	59,171	**58,568**	**11,760**	**(7,110)**	**122,389**
Equity earnings (loss)	**1,138**	**—**	**—**	**1,131**	**2,269**
Other (expenses) income					
ERP system implementation costs	**—**	**(937)**	**(364)**	**—**	**(1,301)**
Gain on settlement of note receivable	**—**	**—**	**—**	**2,373**	**2,373**
Earnings (loss) before finance costs and taxes	**$ 60,309**	**$ 57,631**	**$ 11,396**	**$ (3,606)**	**$ 125,730**
Finance costs					**(22,698)**
Provision for income taxes					**(19,091)**
Net income					**$ 83,941**
Identifiable assets	**$ 2,208,738**	**$ 2,171,247**	**$ 572,899**	**$ 41,068**	**$ 4,993,952**
Property, plant, and equipment and intangible assets	**$ 400,883**	**$ 477,129**	**$ 54,377**	**$ 166**	**$ 932,555**
Gross capital expenditures [1]	**$ 24,206**	**$ 18,393**	**$ 1,680**	**$ —**	**$ 44,279**
Gross rental asset expenditures	**$ 21,958**	**$ 20,927**	**$ 1,124**	**$ —**	**$ 44,009**

Three months ended September 30, 2011 ($ thousands)	Canada	South America	UK & Ireland	Other	Consolidated
Revenue from external sources	$ 607,754	$ 528,111	$ 193,256	$ —	$ 1,329,121
Operating costs	(572,823)	(467,065)	(174,391)	(12,822)	(1,227,101)
Depreciation and amortization	(28,813)	(10,140)	(5,346)	(53)	(44,352)
	6,118	50,906	13,519	(12,875)	57,668
Equity earnings (loss)	1,354	—	—	484	1,838
Other income (expenses)					
ERP system implementation costs	(9,190)	(1,106)	(451)	186	(10,561)
Acquisition costs	—	—	—	(2,753)	(2,753)
Earnings (loss) before finance costs and taxes	$ (1,718)	$ 49,800	$ 13,068	$ (14,958)	$ 46,192
Finance costs					(10,762)
Provision for income taxes					$ 43
Net income					$ 35,473
Identifiable assets	$ 1,959,075	$ 1,529,989	$ 519,932	$ 77,808	$ 4,086,804
Property, plant, and equipment and intangible assets	$ 331,699	$ 183,316	$ 51,383	$ 430	$ 566,828
Gross capital expenditures [1]	$ 16,901	$ 17,381	$ 7,353	$ —	$ 41,635
Gross rental asset expenditures	$ 33,602	$ 14,869	$ 5,701	$ —	$ 54,172

[1] includes finance leases and borrowing costs capitalized

12. SEGMENTED INFORMATION (CONTINUED)

For nine months ended September 30, 2012 ($ thousands)	**Canada**	**South America**	**UK & Ireland**	**Other**	**Consolidated**
Revenue from external sources	**$ 2,489,378**	**$ 1,669,643**	**$ 683,681**	**$ —**	**$ 4,842,702**
Operating costs	**(2,245,633)**	**(1,461,540)**	**(616,435)**	**(19,789)**	**(4,343,397)**
Depreciation and amortization	**(88,077)**	**(43,457)**	**(25,562)**	**(60)**	**(157,156)**
	155,668	**164,646**	**41,684**	**(19,849)**	**342,149**
Equity earnings (loss)	**6,610**	**—**	**—**	**1,009**	**7,619**
Other (expenses) income					
ERP system implementation costs	**—**	**(2,908)**	**(1,347)**	**—**	**(4,255)**
Acquisition costs	**—**	**—**	**(490)**	**(668)**	**(1,158)**
Gain on settlement of note receivable	**—**	**—**	**—**	**2,373**	**2,373**
Earnings (loss) before finance costs and taxes	**$ 162,278**	**$ 161,738**	**$ 39,847**	**$ (17,135)**	**$ 346,728**
Finance costs					**(56,771)**
Provision for income taxes					**(57,736)**
Net income					**$ 232,221**
Identifiable assets	**$ 2,208,738**	**$ 2,171,247**	**$ 572,899**	**$ 41,068**	**$ 4,993,952**
Property, plant, and equipment and intangible assets	**$ 400,883**	**$ 477,129**	**$ 54,377**	**$ 166**	**$ 932,555**
Gross capital expenditures [1]	**$ 76,670**	**$ 90,514**	**$ 4,867**	**$ 3**	**$ 172,054**
Gross rental asset expenditures	**$ 178,741**	**$ 48,641**	**$ 7,789**	**$ —**	**$ 235,171**

For nine months ended September 30, 2011 ($ thousands)	Canada	South America	UK & Ireland	Other	Consolidated
Revenue from external sources	$ 1,952,837	$ 1,527,401	$ 604,053	$ —	$ 4,084,291
Operating costs	(1,734,025)	(1,356,752)	(550,130)	(24,774)	(3,665,681)
Depreciation and amortization	(80,181)	(29,638)	(15,670)	(203)	(125,692)
	138,631	141,011	38,253	(24,977)	292,918
Equity earnings (loss)	4,551	—	—	(886)	3,665
Other income (expenses)					
ERP system implementation costs	(16,528)	(4,116)	(1,194)	431	(21,407)
Acquisition costs	—	—	—	(2,753)	(2,753)
Earnings (loss) before finance costs and taxes	$ 126,654	$ 136,895	$ 37,059	$ (28,185)	$ 272,423
Finance costs					(38,762)
Provision for income taxes					(44,821)
Net income					$ 188,840
Identifiable assets	$ 1,959,075	$ 1,529,989	$ 519,932	$ 77,808	$ 4,086,804
Property, plant, and equipment and intangible assets	$ 331,699	$ 183,316	$ 51,383	$ 430	$ 566,828
Gross capital expenditures [1]	$ 42,114	$ 41,788	$ 9,628	$ 32	$ 93,562
Gross rental asset expenditures	$ 155,551	$ 41,229	$ 9,184	$ —	$ 205,964

[1] includes finance leases and borrowing costs capitalized