Second Quarter 2011 **August 12, 2011**

RESULTS FOR THE SECOND QUARTER OF 2011

Toromont Industries Ltd. (TSX: TIH) reported financial results for the second quarter ending June 30, 2011.

millions, except per share amounts	Three months ended June 30 2011	2010	% change	Six months ended June 30 2011	2010	% change
Continuing operations basis:						
Revenues	**$ 344.6**	$ 315.3	**9%**	**$ 606.3**	$ 528.2	**15%**
Operating income	**$ 34.5**	$ 30.7	**12%**	**$ 55.7**	$ 42.8	**30%**
Net earnings	**$ 23.7**	$ 17.9	**33%**	**$ 37.5**	$ 24.7	**52%**
Earnings per share - basic	**$ 0.30**	$ 0.23	**30%**	**$ 0.49**	$ 0.33	**48%**
Discontinued operations:						
Net earnings	**$ 136.0**	$ 4.0	**n/m**	**$ 143.8**	$ 12.7	**n/m**
Earnings per share - basic	**$ 1.77**	$ 0.06	**n/m**	**$ 1.86**	$ 0.17	**n/m**
Total:						
Net earnings	**$ 159.7**	$ 21.9	**n/m**	**$ 181.3**	$ 37.4	**n/m**
Earnings per share - basic	**$ 2.07**	$ 0.29	**n/m**	**$ 2.35**	$ 0.50	**n/m**

Note – net earnings from discontinued operations includes a gain on disposition of $133.2 million, $1.73 per share basic.

Toromont reported strong results from continuing operations in the second quarter Net earnings from continuing operations increased 33% in the second quarter, reflecting higher revenues and better margins.

The Company's customers are continuing to recover from the recession. Product support and rental activity were at record levels. Second quarter bookings were up 15%, reflecting strength in mining, construction and road building industries. Backlogs were up 45% over last year.

The Company completed the spinoff of its natural gas compression and processing equipment business, Enerflex Ltd. ("Enerflex"), to its shareholders as a separate, publicly traded company effective June 1, 2011. The financial results of Enerflex have been included in the Company's results of operations up to that effective date and are reported as discontinued operations. A net gain of $133.2 million, $1.73 per share basic, was recorded on the spinoff of Enerflex.

The Board of Directors declared a quarterly dividend of 11 cents per share, payable October 3, 2011 to shareholders of record at the close of business on September 15, 2011. This represents a 10% increase in Toromont's regular quarterly cash dividend.

Second Quarter Highlights[1]:

- Net earnings from continuing operations were $23.7 million in the quarter ($0.30 per share basic), up 33% from $17.9 million reported in the same quarter last year. Higher revenues, improved margins and lower interest expense contributed to the improvements. For the first half of the year, net earnings from continuing operations were $37.5 million ($0.49 per share basic), 52% higher than the similar period last year.

- Equipment Group revenues of $289 million were up 9% in the second quarter versus the similar period of 2010 on strong new machine sales and higher rental and product support activities. Rental revenues of $38 million were a record for this time of year, while product support revenues of $87 million were also an all-time record. Operating income increased 7% in the second quarter and was up 24% through the first half of the year compared to last year, largely tracking the higher revenues.

- Equipment Group bookings totalling $154 million in the second quarter were 12% higher than the second quarter of 2010. Backlogs of $280 million were up 81% compared to this time last year. Mining, power systems and road building have reported strong activity levels.

- CIMCO revenues of $55 million were 9% higher in the second quarter compared to the same period last year and were 10% higher through June. Operating income reached a record for this time of year on higher activity levels.

- CIMCO bookings totalling $24 million in the quarter were 27% lower than those reported in the second quarter of 2010, stemming in part from the end of the governmental stimulus program. Backlogs ended the quarter at $55 million.

- Toromont paid a quarterly dividend on July 1, 2011 of $0.10 per share on its outstanding common shares. This is consistent with the first quarter as the previous quarterly dividend of $0.16 per share was split, $0.10 from Toromont and $0.06 from Enerflex. As announced, the dividend payable October 3, 2011 has been increased to $0.11 per share.

- The Company amended its committed credit facility in conjunction with the spinoff of Enerflex. The new facility provides for $200 million in borrowings and matures in June 2015. The Company ended the quarter with $19.6 million cash and had no drawings on the credit facility.

- Net earnings per share from discontinued operations were $1.77 in the second quarter and $1.86 through the first half of 2011. Net earnings included a gain of $133.2 million, $1.73 per share basic realized on the spinoff of Enerflex. The gain reflects the difference between the fair value, based on share price as at the time of distribution, and the carrying value of assets and liabilities of Enerflex, offset by accumulated other comprehensive losses related to the historical translations of Enerflex's foreign operations.

- Net earnings were $159.7 million in the quarter ($2.07 per share basic). For the first half of the year, net earnings were $181.3 million ($2.35 per share basic).

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[1] Includes non-GAAP financial measures. See discussion in "Non-GAAP Financial Measures" section in the Management's Discussion and Analysis with respect to financial results for the three and six months ended June 30, 2011.

- Subsequent to the end of the quarter through to August 11, 2011, the Company repurchased 57,000 shares for cancellation under its existing normal course issuer bid.

Toromont is well positioned to achieve continuing success, with a healthy backlog, leading market positions and record volumes in product support activities. Toromont has significant organic growth opportunities. While growing, markets have not yet recovered to pre-recession levels and market share can be improved. The entire team is focused on providing exceptional service to customers. Toromont will be participating in the recent acquisitions of Bucyrus and MWM by Caterpillar as well as continuing to search for strategic acquisitions. As mine development is particularly active in Toromont's region, the Company expects to be participating in numerous new mine projects over the next few years. The dividend declaration continues forty-two consecutive years of dividend payments and marks twenty-two years of dividend increases. Toromont has a strong balance sheet, confidence in the business and is optimistic about growth prospects.

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") comments on the operations, performance and financial condition of Toromont Industries Ltd. ("Toromont" or the "Company") as at and for the three and six months ended June 30, 2011, compared to the preceding year. This MD&A should be read in conjunction with the attached unaudited consolidated financial statements and related notes for the three and six months ended June 30, 2011, the annual MD&A contained in the 2010 Annual Report and the audited annual consolidated financial statements for the year ended December 31, 2010.

The consolidated financial statements reported herein have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. The information in this MD&A is current to August 12, 2011.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's 2010 Annual Report and 2011 Annual Information Form. These filings are available on SEDAR at www.sedar.com and on the Company's website at www.toromont.com.

SPINOFF OF ENERFLEX

On June 1, 2011, Toromont completed the spinoff of its natural gas compression business, Enerflex Ltd. ("Enerflex"). The transaction was implemented by way of a plan of arrangement. Toromont shareholders received one share of Enerflex for each common share of Toromont. Enerflex shares began trading on a "when issued" basis on the Toronto Stock Exchange on June 3, 2011 under the symbol EFX.

The information presented herein reflects the spinoff, with Enerflex presented as discontinued operations in all periods. The second quarter results include the results of Enerflex for the two months ended May 31, 2011, net of certain costs incurred related to the spinoff transaction, together with the gain on distribution of Enerflex.

CORPORATE PROFILE AND BUSINESS SEGMENTATION

As at June 30, 2011, Toromont employed approximately 3,100 people in more than 90 locations across Canada and the United States. Toromont is listed on the Toronto Stock Exchange (the "TSX") under the symbol TIH.

Toromont has two reportable operating segments: the Equipment Group and CIMCO.

The Equipment Group is comprised of Toromont CAT, one of the world's larger Caterpillar dealerships, and Battlefield – The CAT Rental Store, an industry-leading rental operation. Performance in the Equipment Group is driven by activity in several industries: road building and other infrastructure-related activities; mining; residential and commercial construction; power generation; aggregates; waste management; steel; forestry; and agriculture. Significant activities include the sale, rental and service of mobile equipment for Caterpillar and other manufacturers; sale, rental and service of engines used in a variety of applications including industrial, commercial, marine, on-highway trucks and power generation; and sale of complimentary and related products, parts and service. Territories include Ontario, Manitoba, Newfoundland and most of Labrador and Nunavut.

CIMCO is a market leader in the design, engineering, fabrication, installation and after-sale support of refrigeration systems in industrial and recreational markets. Results of CIMCO are influenced by conditions in the primary market segments served: beverage and food processing; cold storage; food distribution; mining; and recreational ice surfaces. CIMCO offers systems designed to optimize energy usage through proprietary products such as ECO CHILL. CIMCO operates across Canada and in many US states.

The Company previously reported two operating segments, Equipment Group and Compression Group. Enerflex was previously included in the Compression Group. For the first quarter of 2011, Enerflex was reported as a separate operating segment, in light of the expected completion of the then proposed transaction. With the completion of the transaction, operating results have been restated to reflect Enerflex as a discontinued operation.

CONSOLIDATED RESULTS OF OPERATIONS

($ thousands, except per share amounts)	Three months ended June 30 2011	2010	% change	Six months ended June 30 2011	2010	% change
Revenues	**$ 344,644**	$ 315,319	9%	**$ 606,253**	$ 528,180	15%
Cost of goods sold	**260,891**	241,990	8%	**457,357**	401,963	14%
Gross profit	**83,753**	73,329	14%	**148,896**	126,217	18%
Selling and administrative expenses	**49,277**	42,587	16%	**93,191**	83,369	12%
Operating income	**34,476**	30,742	12%	**55,705**	42,848	30%
Interest expense	**2,307**	3,567	(35%)	**4,849**	7,568	(36%)
Interest and investment income	**(506)**	(407)	24%	**(1,056)**	(1,160)	(9%)
Income before income taxes	**32,675**	27,582	18%	**51,912**	36,440	42%
Income taxes	**8,953**	9,696	(8%)	**14,387**	11,734	23%
Earnings from continuing operations	**23,722**	17,886	33%	**37,525**	24,706	52%
Net gain on spinoff of Enerflex	**133,164**	-	n/m	**133,164**	-	n/m
Earnings from discontinued operations	**2,796**	4,036	(31%)	**10,617**	12,693	(16%)
Net earnings	**$ 159,682**	$ 21,922	n/m	**$ 181,306**	$ 37,399	n/m
Earnings per share (basic)						
Continuing operations	**$ 0.30**	$ 0.23	30%	**$ 0.49**	$ 0.33	48%
Discontinued operations	**1.77**	0.06	n/m	**1.86**	0.17	n/m
	$ 2.07	$ 0.29	n/m	**$ 2.35**	$ 0.50	n/m
Key ratios:						
Gross profit as a % of revenues	**24.3%**	23.3%		**24.6%**	23.9%	
Selling and administrative expenses as a % of revenues	**14.3%**	13.5%		**15.4%**	15.8%	
Operating income as a % of revenues	**10.0%**	9.7%		**9.2%**	8.1%	
Income taxes as a % of income before income taxes	**27.4%**	35.2%		**27.7%**	32.2%	

Revenues from continuing operations increased 9% in the second quarter of 2011 and 15% through June compared to the same periods of 2010. Higher revenues were reported in both operating segments. Equipment Group revenues were up 9% in the quarter and 16% in the first half of 2011 on across the board increases in new equipment sales, product support and rentals on improved industry fundamentals. CIMCO revenues were up 9% in the quarter and 10% in the first half.

Volatility in the rate of exchange between the Canadian and U.S. dollar has an impact on revenue trends. The Canadian dollar averaged $1.03 in the second quarter of 2011 compared to $0.97 in the comparable period of 2010, a 6.2% increase. The Canadian dollar was 5.9% higher through the first half of June. As nearly all of the equipment and parts sold in the Equipment Group are sourced in U.S. dollars, and Canadian dollar sales prices generally reflect changes in the rate of exchange, the stronger Canadian dollar reduces revenues. The impact is not readily estimable as it is largely dependent on when customers order the equipment versus when it was sold. Bookings in a given period would more closely follow period-over-period changes in exchange rates. Sales of parts come from inventories maintained to service customer requirements. As a result, constant parts replenishment means that there is a lagging impact of changes in exchange rates. In CIMCO, sales are largely affected by the same factors. In addition, revenues from CIMCO's US subsidiary reflect changes in exchange rates on the translation of results, although this is not significant.

Gross profit margins were 24.3% in the second quarter and 24.6% in the first half of 2011 compared with 23.3% and 23.9% in the similar periods of 2010. Gross profit margins in the Equipment Group in 2011 were up slightly from 2010 due to improved margins from product support activities on higher shop loading and better execution, partially offset by a higher proportion of equipment sales compared to product support revenues. CIMCO margins were higher in 2011 on improved project execution.

Selling and administrative expenses increased $6.7 million or 16% in the second quarter and $9.8 million or 12% in the first half of 2011 compared to the same periods of the prior year. Selling and administrative expense increases are largely tracking the increase in revenues. Compensation was $3.7 million higher in the quarter and $4.3 million higher in the first half on increased headcount, annual salary increases implemented in 2011 and higher annual incentives expense. Increased spending was also incurred on warranty, freight and information technology items. Selling and administrative expenses as a percentage of revenues were 15.4% in 2011 versus 15.8% in 2010.

Operating income increased $3.7 million or 12% in the second quarter of 2011, reflecting higher volumes and gross margins in both operating segments. Operating income increased $12.9 million or 30% through the first half of the year compared to the same period of 2010, reflecting higher volumes, improved gross margins and lower relative expense growth in both operating segments.

Interest expense was $2.3 million in the second quarter and $4.8 million through the first half of 2011. Interest expense was 35% and 36% lower respectively from the same periods last year on lower debt balances. With the completion of the spinoff, Toromont has no drawings on its bank credit facility, leaving only the senior debentures outstanding, described more fully in the notes to the financial statements.

The effective income tax rates in the quarter and year-to-date were 27.4% and 27.7%, respectively. The reduction in rates reflects lower statutory rates.

Net earnings from continuing operations in the second quarter of 2011 were $23.7 million, 33% higher than the second quarter of 2010. Basic earnings per share ("EPS") were $0.30 for the quarter, 30% higher than the comparable period of 2010, reflecting the higher earnings.

Through the first six months of 2011, net earnings from continuing operations were $37.5 million, 52% higher than the comparable period of 2010. Basic EPS were $0.49, 48% higher than the comparable period of 2010, reflecting higher earnings partially offset by a higher weighted-average number of shares outstanding (2.4% increase).

A net gain of $133.2 million, $1.73 per share basic, was recorded on the spinoff of Enerflex. A gain of $151.2 million reflecting the difference between the fair value and the carrying value of assets and liabilities of Enerflex, was partially offset by the accumulated other comprehensive loss of $18.0 related to the historical translations of Enerflex's foreign operations.

In addition to the transaction gain, earnings from discontinued operations in the second quarter included results from the Enerflex operations for the two months ended May 31, 2011, net of transaction related expenses totaling $0.8 million. Results for the second quarter of 2011 included two months while the second quarter of 2010 included three months.

Earnings from discontinued operations for the six months ended June 30, 2011 were $10.6 million compared to $12.7 million in the comparable period of 2010. Results in 2010 included a gain on acquisition of Enerflex Systems Income Fund of $16.3 million after tax. Results in 2011 reflect five months of operations, up to the effective date of the spinoff. Earnings in 2011 have improved compared to 2010 on higher revenues and stronger gross margins.

Please also see Note 4 to the unaudited interim consolidated financial statements as at and for the period ending June 30, 2011 for further details.

Net earnings in the second quarter of 2011 were $159.7 million, $2.07 per share basic. Through the first six months of 2011, net earnings were $181.3 million, $2.35 per share basic.

Comprehensive income in the second quarter of 2011 was $177.3 million, comprised of net earnings of $159.7 million and other comprehensive income of $17.6 million. The other comprehensive income arose on transfer to income of accumulated translation losses on foreign operations of Enerflex on spinoff of $18.0 million.

Comprehensive income through the first half of 2011 was $195.1 million, comprised of net earnings of $181.3 million and other comprehensive income of $13.8 million. In addition to the transfer of translation losses described above, the changes in the value of cash flow hedges of $2.3 million also contributed to other comprehensive income in the first half of 2011, partially offset by losses on translation of foreign operations of $6.5 million.

BUSINESS SEGMENT OPERATING RESULTS

The accounting policies of the segments are the same as those of the consolidated entity. Management evaluates overall business segment performance based on revenue growth and operating income relative to revenues. Corporate expenses are allocated based on each segment's revenue. Interest expense and interest and investment income are not allocated.

Equipment Group

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2011**	2010	% change	**2011**	2010	% change
Equipment sales and rentals						
New	**$ 125,137**	$ 115,839	8%	**$ 206,557**	$ 165,619	25%
Used	**35,274**	33,666	5%	**59,430**	62,258	(5%)
Rental	**38,291**	31,883	20%	**68,254**	56,711	20%
Total equipment sales and rentals	**198,702**	181,388	10%	**334,241**	284,588	17%
Power generation	**3,160**	2,564	23%	**6,307**	5,127	23%
Product support	**87,329**	80,586	8%	**169,673**	151,458	12%
Total revenues	**$ 289,191**	$ 264,538	9%	**$ 510,221**	$ 441,173	16%
Operating income	**$ 29,426**	$ 27,436	7%	**$ 48,126**	$ 38,825	24%
Key ratios:						
Product support revenues as a % of total revenues	**30.2%**	30.5%		**33.3%**	34.3%	
Group total revenues as a % of consolidated revenues	**83.9%**	83.9%		**84.2%**	83.5%	
Operating income as a % of revenues	**10.2%**	10.4%		**9.4%**	8.8%	

New equipment sales were 8% higher in the second quarter and 25% higher in the first half compared to the same periods last year reflecting higher activity on improved market conditions. Sales increases resulted largely from higher unit sales. Many market segments, notably heavy construction and power systems were higher.

Used equipment sales were 5% higher in the second quarter of 2011 but 5% lower through the first half compared to the same periods of 2010. Used equipment sales activity fluctuates based on a variety of factors including used equipment supply, new equipment supply and customer requirements.

Rental revenues were up 20% in the quarter and through the first half compared to the prior year, setting a new record for the second quarter. This represents the fifth consecutive quarter of year-over-year increases. Equipment utilization and rental rates were improved from the comparable period of the prior year.

Power generation revenues from Toromont-owned plants increased 23% in the quarter and through the first half compared to the similar periods of the prior year, reflecting increased operating hours and higher average prices for electricity.

Product support revenues of $87.3 million in the quarter set a new record for any quarter, increasing 8% versus the second quarter of 2010. On a constant dollar basis (adjusted for pricing adjustments including those for foreign exchange), product support revenues were up 10%**.** Product support revenues were up 12% through the first six months of 2011 compared to the prior year, 15% on a constant dollar basis. Product support revenues in 2011 benefited from higher utilization of equipment compared to the prior year due to increased general economic activity.

Operating income was up 7% in the second quarter compared to 2010, reflecting the 9% increase in revenues, partially offset by higher expenses. Gross margin as a percentage of revenues increased 70 basis points compared to the second quarter of 2010 on improved execution in product support. Selling and administrative expenses increased on higher costs across a number of areas including compensation, warranty, freight and information technology.

Operating income was 24% higher through the first half of 2011 compared to 2010, reflecting the 16% increase in revenues. Selling and administrative expenses increased on higher costs across a number of areas including compensation, warranty, freight and information technology.

Bookings ($ millions)	2011	2010	% change
Three months ended June 30	$ 154	$ 138	12%
Six months ended June 30	$ 290	$ 273	6%

	June 30, 2011	December 31, 2010	June 30, 2010
Backlogs ($ millions)	$ 280	$ 256	$ 155

Equipment bookings exceeded the strong activity reported in the second quarter and first half of last year. Backlogs were $280 million at June 30, 2011, increased from $256 million at December 31, 2010 and $155 million at June 30, 2010. Approximately 65% of backlog at June 30, 2011 represents mining orders with deliveries scheduled over the next six quarters. The remaining 35% of the backlog represents orders for equipment to be delivered from inventory, the majority of which will be delivered within the following quarter.

CIMCO

($ thousands)		Three months ended June 30 2011		2010	% change		Six months ended June 30 2011		2010	% change
Package sales and rentals	$	**35,334**	$	31,072	14%	$	**57,196**	$	50,638	13%
Product support		**20,119**		19,709	2%		**38,836**		36,369	7%
Total revenues	$	**55,453**	$	50,781	9%	$	**96,032**	$	87,007	10%
Operating income	$	**5,050**	$	3,306	53%	$	**7,579**	$	4,023	88%
Key ratios:										
Product support revenues as a % of total revenues		**36.3%**		38.8%			**40.4%**		41.8%	
Group total revenues as a % of consolidated revenues		**16.1%**		16.1%			**15.8%**		16.5%	
Operating income as a % of revenues		**9.1%**		6.5%			**7.9%**		4.6%	

CIMCO package revenues were up 9% in the second quarter of 2011 compared to 2010. Industrial refrigeration revenues were 29% higher with increases in both Canada and the US. This represents the first year-over-year increase in industrial activity since the beginning of the economic recession in late 2008. Recreational revenues were down 7% as expected on the winding up of the federal stimulus spending program in Canada.

Revenues were up 10% through the first half of the year compared to 2010. Recreational refrigeration in Canada saw good growth due to carryover of construction supported by the Recreational Infrastructure Canada program, largely in the first quarter of 2011. The industrial refrigeration market was marginally lower than last year after improvements in the second quarter.

Product support revenues increased 2% in the quarter and 7% through June 2011 compared to the prior year on increased activity in Canada, most notably Ontario. The US market remains challenged due to the current economic environment which is dampening investment.

CIMCO reported operating income of $5.0 million in the second quarter of 2011 compared to $3.3 million in 2010, an increase of 53%. Through the first half, operating income was $7.6 million, 88% higher than that reported in the comparable period last year. The increase reflects higher revenues and higher margins on improved execution. Selling and administrative expenses were unchanged as a percentage of revenues.

Bookings ($ millions)		2011		2010	% change
Three months ended June 30	$	24	$	33	(27%)
Six months ended June 30	$	47	$	66	(28%)

		June 30, 2011		December 31, 2010		June 30, 2010
Backlogs ($ millions)	$	55	$	67	$	81

Bookings were down 27% in the quarter and 28% through the first half compared to 2010. Increases in industrial bookings were more than offset by year-over-year declines in recreational bookings. Declines in recreational were expected given the ending of the Recreational Infrastructure Canada stimulus spending program.

CONSOLIDATED FINANCIAL CONDITION

At June 30, 2011, the ratio of total debt net of cash to total capitalization was 24%. Total assets were $824 million at June 30, 2011, compared with $2.3 billion at December 31, 2010, reflecting the Enerflex spinoff.

Working Capital

Investment in non-cash working capital was $199.2 million at June 30, 2011. The major components, along with the changes from June 30 and December 31, 2010, are identified in the following table.

$ thousands	June 30 2011	December 31 2010	Change $	Change %	June 30 2010	Change $	Change %
Accounts receivable	$ 205,717	$ 208,620	$ (2,903)	(1%)	$ 202,015	$ 3,702	2%
Inventories	273,808	224,416	49,392	22%	245,429	28,379	12%
Income taxes, net	1,196	229	967	423%	14,875	(13,679)	(92%)
Derivative financial instruments	(5,918)	(3,224)	(2,694)	84%	3,900	(9,818)	(252%)
Other current assets	6,334	3,342	2,992	90%	5,373	961	18%
Accounts payable, accrued liabilities and provisions	(232,462)	(232,903)	441	(0%)	(247,026)	14,564	(6%)
Dividends payable	(7,721)	(12,342)	4,621	(37%)	(11,534)	3,813	(33%)
Deferred revenue	(40,549)	(45,069)	4,520	(10%)	(28,385)	(12,164)	43%
Current portion of long-term debt	(1,236)	(6,889)	5,653	(82%)	(80,917)	79,681	(98%)
Continuing operations	199,169	136,180	62,989	46%	103,730	95,439	92%
Discontinued operations	-	168,020	(168,020)	(100%)	238,717	(238,717)	(100%)
Total non-cash working capital	$ 199,169	$ 304,200	$ (105,031)	(35%)	$ 342,447	$ (143,278)	(42%)

Accounts receivable generally reflect trailing activity levels and timing of customer receipts. Compared to June 30, 2010, accounts receivable were 2% higher at June 30, 2011, tracking the 9% increase in revenues. Accounts receivable were 1% lower than December 31, 2010 on comparable trailing revenues.

Inventories increased 12% from June 30, 2010 and 22% from December 31, 2010. Equipment Group inventories are 13% higher compared to this time last year and 25% higher than December 31, 2010 to support higher expected equipment sales volumes in a tightening supply environment and the increased service business. CIMCO inventories were 9% lower than June 30, 2010 and 18% lower than December 31, 2010 on lower work in process.

Income taxes reflect the net amounts owing for current corporate income taxes less installments made to date as well as refunds to be received for prior taxation years' corporate income tax.

Derivative financial instruments represent the fair value of foreign exchange contracts. Fluctuations in the value of the Canadian dollar have led to a cumulative net loss of $5.9 million as at June 30, 2011. This is not expected to affect net income, as the unrealized losses will offset future gains on the related hedged items.

Accounts payable, accrued liabilities and provisions at June 30, 2011 were 6% lower than at June 30, 2010 on timing of payments to suppliers on inventory purchases partially offset by higher accruals for profit sharing on higher earnings. Accounts payable and accrued liabilities at June 30, 2011 were comparable to December 31, 2010 on higher payables from increased purchasing activity partially offset by payment of year-end profit sharing amounts.

Dividends payable at June 30, 2011 were 37% lower than December 31, 2010 and 33% lower than June 30, 2010 due to the dividend apportionment related to the spinoff. The number of common shares outstanding was largely unchanged. The quarterly dividend rate was $0.10 per share in the second quarter of 2011 compared to $0.16 per share in the second quarter of 2010. Enerflex declared and paid a dividend of $0.06 per share in the second quarter of 2011.

Deferred revenues represent billings to customers in excess of revenue recognized. At CIMCO, deferred revenues arise on progress billings in advance of revenue recognition which decreased year-over-year on lower activity levels. In the Equipment Group, deferred revenues arise on sales of equipment with residual value guarantees, extended warranty and other customer support agreements as well as on progress billings on long-term construction contracts.

The current portion of long-term debt reflects scheduled principal repayments due in the next twelve months.

Legal and Other Contingencies

Due to the size, complexity and nature of the Company's operations, various legal matters are pending. Exposure to these claims is mitigated through levels of insurance coverage considered appropriate by management and by active management of these matters. In the opinion of management, none of these matters will have a material effect on the Company's consolidated financial position or results of operations.

Outstanding Share Data

As at the date of this MD&A, the Company had 77,167,496 common shares and 2,004,770 share options outstanding.

Normal Course Issuer Bid

No shares were purchased under the normal course issuer bid (NCIB) during the six-month periods ended June 30, 2010 or 2011. Subsequent to the end of the quarter and to the date of this MD&A, the Company purchased 57,000 shares for cancellation under its current NCIB.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

Toromont's liquidity requirements can be met through a variety of sources, including cash generated from operations, long- and short-term borrowings and the issuance of common shares. Borrowings are obtained through a variety of senior debentures and committed long-term credit facilities.

During the quarter the Company amended its Canadian credit facility in conjunction with the spinoff of Enerflex and commensurate with anticipated future requirements. Outstanding borrowings under the previous facility were repaid in part from funds received from Enerflex relating to inter-company borrowings on spinoff. The committed amount was reduced from $600 million to $200 million while the maturity date was extended from June 2012 to June 2015. The US credit facility of US $20 million was terminated during the quarter with no penalty.

As at June 30, 2011, there were no drawings on the Canadian facility. Letters of credit utilized $24.5 million of the facility.

The Company expects that continued cash flows from operations in 2011, cash and cash equivalents on hand and currently available credit facilities will be more than sufficient to fund requirements for investments in working capital and capital assets.

Principal Components of Cash Flow

Cash from operating, investing and financing activities, as reflected in the Consolidated Statements of Cash Flows, are summarized in the following table:

	Three months ended June 30		Six months ended June 30	
$ thousands	**2011**	2010	**2011**	2010
Cash, beginning of period	$ 81,827	$ 191,876	$ 174,089	$ 206,957
Cash, provided by (used in):				
Operating activities				
Operations - continuing operations	32,906	28,345	54,888	46,987
Change in non-cash working capital and other	(7,284)	2,630	(56,004)	(5,269)
Discontinued operations	42,208	(7,303)	57,432	26,072
	67,830	23,672	56,316	67,790
Investing activities				
Continuing operations	(21,415)	(13,638)	(40,332)	(35,955)
Discontinued operations	137,944	(15,943)	140,115	(315,623)
	116,529	(29,581)	99,783	(351,578)
Financing activities	(246,977)	(28,541)	(309,914)	235,546
(Decrease) increase in cash in the period	(62,618)	(34,450)	(153,815)	(48,242)
Effect of foreign exchange on cash balances	399	1,641	(666)	352
Cash, end of period	$ 19,608	$ 159,067	$ 19,608	$ 159,067

Cash Flows from Operating Activities

Operating activities from continuing operations provided $25.6 million in the second quarter compared to $31.0 million in the comparable period of 2010. Net earnings adjusted for items not requiring cash were 16% higher than that reported last year on higher revenues and improved operating margins. Non-cash working capital and other used $7.3 million in the quarter compared to providing $2.6 million in 2010. Discontinued operations provided $42.2 million in cash flow from operations in the second quarter compared to using $7.3 million in the similar quarter last year, principally on higher earnings and reduced inventories.

Operating activities from continuing operations used $1.1 million in the first half of 2011 compared to providing $41.7 million in the comparable period of 2010. Net earnings adjusted for items not requiring cash were 17% higher than that reported last year on higher revenues and improved operating margins. Non-cash working capital and other used $56.0 million compared to $5.3 million in 2010. Discontinued operations provided $57.4 million in cash flow in the first half compared to $26.1 million in the similar period last year, principally on higher earnings and reduced inventories

The components and changes in working capital are discussed in more detail in this MD&A under the heading “Consolidated Financial Condition.”

Cash Flows from Investing Activities

Net rental fleet additions were $15.0 million in the second quarter and $30.8 million through June 2011. Investments in rental fleet increased significantly over 2010 on improved market conditions.

Additions to property, plant and equipment were $7.7 million in the second quarter of 2011 and $11.2 million through June. Additions include land and buildings for new branch locations, service vehicles and information technology.

Investing activities at discontinued operations in the first half of 2010 includes the following:

- Cash used for acquisition of Enerflex Systems Income Fund of $292.5 million; and
- Net investment in property, plant and equipment, rental equipment and other was $23.1 million.

Investing activities at discontinued operations in the first half of 2011 includes the following:

- Cash received from Enerflex Ltd. in repayment of intercompany debt owing to the Company on spinoff of $173.3 million; and
- Net proceeds on property, plant and equipment, rental equipment and other was $9.2 million.

Cash Flows from Financing Activities

Financing activities used $247.0 million in the second quarter of 2011 and $310.0 million through the first half of the year.

The acquisition financing from the 2010 acquisition of Enerflex Systems Income Fund was fully repaid in 2011, with $45 million repaid during the first quarter of 2011 and the balance of $235 million repaid at the time of the spinoff of Enerflex, which repayment was funded principally with amounts received by the Company from Enerflex in repayment of its intercompany debt.

Dividends paid to common shareholders in the second quarter totalled $12.3 million, $0.16 per share, and were 7% higher than that paid in the second quarter of 2010 on a higher quarterly dividend rate ($0.15 per share in the second quarter of 2010). The regular quarterly dividend rate was reduced effective with the July 1 dividend payment to $0.10 per share to reflect the apportionment of dividends between the two continuing companies, Toromont and Enerflex.

OUTLOOK

Backlogs entering the second half of 2011 were significantly stronger than the same time last year in large part due to a significant mining order that we will start to deliver later this year.

Our Equipment Group is experiencing improved equipment orders in many markets, including mining, road building and general construction. While the government stimulus spending for Canadian infrastructure is winding down, we believe that investment levels will remain high in the infrastructure markets, notably road building. The parts and service business has seen a resumption of growth and provides a measure of stability, driven by increased activity levels for our customers.

Recent results at CIMCO were significantly buoyed by federal stimulus spending on recreational refrigeration projects in Canada, however, as the program is now at an end we expect revenues from recreation projects to decline, although we expect that this will be partially offset by increases in the industrial refrigeration sector.

Our management teams have been successful in adjusting to changing market conditions. Our focus on staffing, asset management, discretionary spending and capital investment have left us in good position to capitalize on opportunities going forward.

CONTRACTUAL OBLIGATIONS

There were material changes to our outstanding contractual obligations as a result of the spinoff of Enerflex, including the associated repayment of debt. Our contractual obligations as of June 30, 2011 are set out in the following table. Management believes that these obligations will be met comfortably through cash on hand, cash generated from operations and existing short- and long-term financing facilities.

Payments due by Period (in 000's)	**remainder of 2011**	**2012**	**2013**	**2014**	**2015**	**Thereafter**	**Total**
Long-term Debt							
- principal	$ 607	$ 1,280	$ 1,372	$ 1,471	$ 126,576	$ 6,464	$ 137,770
- interest	3,526	6,986	6,895	6,796	5,342	944	30,489
Accounts payable	231,917	-	-	-	-	-	231,917
Operating Leases	1,330	1,999	1,534	1,147	679	2,267	8,956
	$ 237,380	$ 10,265	$ 9,800	$ 9,414	$ 132,597	$ 9,675	$ 409,132

QUARTERLY RESULTS

The following table summarizes unaudited quarterly consolidated financial data for the eight most recently completed quarters. Results for periods ending in 2010 and 2011 are reported based on IFRS. Results for periods ending in 2009 are reported based on Canadian GAAP.

$ thousands, except per share amounts	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Revenues				
Equipment Group	$ 283,588	$ 297,938	$ 221,031	$ 289,191
CIMCO	52,386	44,934	40,579	55,453
Total revenues	$ 335,974	$ 342,872	$ 261,610	$ 344,644
Net earnings				
Continuing operations	$ 22,318	$ 29,075	$ 13,803	$ 23,722
Discontinued operations	3,883	11,237	7,821	135,960
	$ 26,201	$ 40,312	$ 21,624	$ 159,682
Per share information:				
Earnings per share - basic				
Continuing operations	$ 0.29	$ 0.38	$ 0.19	$ 0.30
Discontinued operations	0.05	0.14	0.09	1.77
	$ 0.34	$ 0.52	$ 0.28	$ 2.07
Earnings per share - diluted				
Continuing operations	$ 0.29	$ 0.37	$ 0.19	$ 0.30
Discontinued operations	0.05	0.14	0.09	1.76
	$ 0.34	$ 0.51	$ 0.28	$ 2.06
Dividends paid per share	$ 0.16	$ 0.16	$ 0.16	$ 0.10
Weighted average common shares outstanding - Basic (in thousands)	76,896	76,962	77,163	77,204

	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Revenues				
Equipment Group	$ 233,629	$ 239,009	$ 176,635	$ 264,538
CIMCO	46,113	46,734	36,227	50,781
Total revenues	$ 279,742	$ 285,743	$ 212,862	$ 315,319
Net earnings				
Continuing operations	$ 18,063	$ 15,577	$ 6,820	$ 17,886
Discontinued operations	13,860	15,773	8,657	4,036
	$ 31,923	$ 31,350	$ 15,477	$ 21,922
Per share information:				
Earnings per share - basic				
Continuing operations	$ 0.29	$ 0.24	$ 0.10	$ 0.23
Discontinued operations	0.21	0.24	0.11	0.06
	$ 0.50	$ 0.48	$ 0.21	$ 0.29
Earnings per share - diluted				
Continuing operations	$ 0.29	$ 0.24	$ 0.10	$ 0.22
Discontinued operations	0.21	0.24	0.11	0.06
	$ 0.50	$ 0.48	$ 0.21	$ 0.28
Dividends paid per share	$ 0.15	$ 0.15	$ 0.15	$ 0.15
Weighted average common shares outstanding - Basic (in thousands)	64,718	64,771	73,866	76,881

Interim period revenues and earnings historically reflect some seasonality.

The Equipment Group has historically had a distinct seasonal trend in activity levels. Lower revenues are recorded during the first quarter due to winter shutdowns in the construction industry. The fourth quarter has typically been the strongest quarter due in part to the timing of customers' capital investment decisions, delivery of equipment from suppliers for customer-specific orders and conversions of equipment on rent with a purchase option.

CIMCO also has historically had a distinct seasonal trend in results due to timing of construction activity. Generally, lower revenues are reported in the first quarter of each year as weather and other factors reduce construction activity.

As a result of the historical seasonal sales trends, inventories increase through the year in order to meet the expected demand for delivery in the fourth quarter of the fiscal year, while accounts receivable are highest at year end.

RISKS AND RISK MANAGEMENT

In the normal course of business, Toromont is exposed to risks that may potentially impact its financial results in any or all of its business segments. The Company and each operating segment employ risk management strategies with a view to mitigating these risks on a cost-effective basis. The risk profile of the Company has changed as a result of the spinoff of Enerflex, as it is no longer involved in the compression business. The following describes the operating and financial risk assessment and related risk management strategies of the Company after the spinoff.

Business Cycle

Expenditures on capital goods have historically been cyclical, reflecting a variety of factors including interest rates, foreign exchange rates, consumer and business confidence, commodity prices, corporate profits, credit conditions and the availability of capital to finance purchases. Toromont's customers are typically affected, to varying degrees, by these factors and trends in the general business cycle within their respective markets. As a result, Toromont's financial performance is affected by the impact of such business cycles on the Company's customer base.

Commodity prices, and, in particular, changes in the view on long-term trends, affect demand for the Company's products and services in the Equipment Group. Commodity price movements in base metals sectors in particular can have an impact on customers' demands for equipment and customer service. With lower commodity prices, demand is reduced as development of new projects is often stopped and existing projects can be curtailed, both leading to less demand for heavy equipment.

Although the spinoff of Enerflex has reduced the overall diversification of Toromont's business, the ongoing business of the Company remains diversified across a wide range of industry market segments, serving to temper the effects of business cycles on consolidated results. Continued diversification strategies such as expanding the Company's customer base, broadening product offerings and geographic diversification are designed to moderate business cycle impacts. The Company has focused on the sale of specialized equipment and ongoing support through parts distribution and skilled service. Product support growth has been, and will continue to be, fundamental to the mitigation of downturns in the business cycle. The product support business contributes significantly higher profit margins and is typically subject to less volatility than equipment supply activities.

Product and Supply

The Equipment Group purchases most of its equipment inventories and parts from Caterpillar under a dealership agreement that dates back to 1993. As is customary in distribution arrangements of this type, the agreement with Caterpillar can be terminated by either party upon 90 days' notice. In the event Caterpillar terminates, it must repurchase substantially all inventories of new equipment and parts at cost. Toromont has maintained an excellent relationship with Caterpillar for 18 years and management expects this will continue going forward.

Toromont is dependent on the continued market acceptance of Caterpillar's products. It is believed that Caterpillar has a solid reputation as a high-quality manufacturer, with excellent brand recognition and customer support as well as leading market shares in many of the markets it serves. However, there can be no assurance that Caterpillar will be able to maintain its reputation and market position in the future. Any resulting decrease in the demand for Caterpillar products could have a material adverse impact on the Company's business, results of operations and future prospects.

Toromont is also dependent on Caterpillar for timely supply of equipment and parts. From time to time during periods of intense demand, Caterpillar may find it necessary to allocate its supply of particular products among its dealers. Such allocations of supply have not, in the past, proven to be a significant impediment in the conduct of business. However, there can be no assurance that Caterpillar will continue to supply its products in the quantities and timeframes required by customers.

Competition

The Company competes with a large number of international, national, regional and local suppliers in each of its markets. Although price competition can be strong, there are a number of factors that have enhanced the Company's ability to compete throughout its market areas including: the range and quality of products and services; ability to meet sophisticated customer requirements; distribution capabilities including number and proximity of locations; financing offered by Caterpillar Finance; e-commerce solutions; reputation and financial strength.

Increased competitive pressures or the inability of the Company to maintain the factors that have enhanced its competitive position to date could adversely affect the Company's business, results of operations or financial condition.

The Company relies on the skills and availability of trained and experienced tradesmen and technicians in order to provide efficient and appropriate services to customers. Hiring and retaining such individuals is critical to the success of these businesses. Demographic trends are reducing the number of individuals entering the trades, making access to skilled individuals more difficult. The Company has several remote locations which make attracting and retaining skilled individuals more difficult.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash equivalents, accounts receivable and derivative financial instruments. The carrying amount of assets included on the balance sheet represents the maximum credit exposure.

Cash equivalents consist mainly of short-term investments, such as money market deposits. The Company manages its credit exposure associated with cash equivalents by ensuring there is no significant concentration of credit risk with a single counterparty, and by dealing only with highly rated financial institutions as counterparties.

The Company has accounts receivable from a large diversified customer base, and is not dependent on any single customer or industry. The Company has accounts receivable from customers engaged in various industries including construction, mining, food and beverage, and governmental agencies. Management does not believe that any single industry represents significant credit risk. These customers are based predominately in Canada.

The credit risk associated with derivative financial instruments arises from the possibility that the counterparties may default on their obligations. In order to minimize this risk, the Company enters into derivative transactions only with highly rated financial institutions.

Warranties and Maintenance Contracts

Toromont provides warranties for most of the equipment it sells, typically for a one-year period following sale. The warranty claim risk is generally shared jointly with the equipment manufacturer. Accordingly, liability is generally limited to the service component of the warranty claim, while the manufacturer is responsible for providing the required parts.

The Company also enters into long-term maintenance and repair contracts, whereby it is obligated to maintain equipment for its customers. The length of these contracts varies generally from two to five years. The contracts are typically fixed price on either machine hours or cost per hour, with provisions for inflationary and exchange adjustments. Due to the long-term nature of these contracts, there is a risk that maintenance costs may exceed the estimate, thereby resulting in a loss on the contract. These contracts are closely monitored for early warning signs of cost overruns. In addition, the manufacturer may, in certain circumstances, share in the cost overruns if profitability falls below a certain threshold.

Foreign Exchange

Although the spinoff of Enerflex has reduced the overall foreign exchange risk of Toromont's business, the ongoing business of the Company has foreign currency exposures. The Company transacts business in multiple currencies, the most significant of which are the Canadian dollar and the U.S. dollar. As a result, the Company has foreign currency exposure with respect to items denominated in foreign currencies.

The Company sources the majority of its products and major components from the United States. Consequently, reported costs of inventory and the transaction prices charged to customers for equipment and parts are affected by the relative strength of the Canadian dollar. The Company mitigates exchange rate risk by entering into foreign currency contracts to fix the cost of imported inventory where appropriate.

In addition, pricing to customers is customarily adjusted to reflect changes in the Canadian dollar landed cost of imported goods. Foreign exchange contracts reduce volatility by fixing landed costs related to specific customer orders and establishing a level of price stability for high-volume goods such as spare parts.

The Company does not enter into foreign exchange forward contracts for speculative purposes. The gains and losses on the foreign exchange forward contracts designated as cash flow hedges are intended to offset the translation losses and gains on the hedged foreign currency transactions when they occur.

As a result, the foreign exchange impact on earnings with respect to transactional activity is not significant.

Interest Rate

The Company minimizes its interest rate risk by managing its portfolio of floating and fixed rate debt, as well as managing the term to maturity.

At June 30, 2011, the Company's debt portfolio is comprised of 100% fixed rate debt. Fixed rate debt exposes the Company to future interest rate movements upon refinancing the debt at maturity. Floating rate debt exposes the Company to fluctuations in short-term interest rates by causing related interest payments and finance expense to vary.

The Company's fixed rate debt matures between 2015 and 2019.

Further, the fair value of the Company's fixed rate debt obligations may be negatively affected by declines in interest rates, thereby exposing the Company to potential losses on early settlements or refinancing. The Company does not intend to settle or refinance any existing debt before maturity.

Financing Arrangements

The Company requires capital to finance its growth and to refinance its outstanding debt obligations as they come due for repayment. If the cash generated from the Company's business, together with the credit available under existing bank facilities, is not sufficient to fund future capital requirements, the Company will require additional debt or equity financing in the capital markets. The Company's ability to access capital markets on terms that are acceptable will be dependent upon prevailing market conditions, as well as the Company's future financial condition. Further, the Company's ability to increase its debt financing may be limited by its financial covenants or its credit rating objectives. The Company maintains a conservative leverage structure and although it does not anticipate difficulties, there can be no assurance that capital will be available on suitable terms and conditions, or that borrowing costs and credit ratings will not be adversely affected.

Environmental Regulation

Toromont's customers are subject to significant and ever-increasing environmental legislation and regulation. This legislation can impact Toromont in two ways. First, it may increase the technical difficulty in meeting environmental requirements in product design, which could increase the cost of these businesses' products. Second, it may result in a reduction in activity by Toromont's customers in environmentally sensitive areas, in turn reducing the sales opportunities available to Toromont.

Toromont is also subject to a broad range of environmental laws and regulations. These may, in certain circumstances, impose strict liability for environmental contamination, which may render Toromont liable for remediation costs, natural resource damages and other damages as a result of conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior owners, operators or other third parties. In addition, where contamination may be present, it is not uncommon for neighbouring land owners and other third parties to file claims for personal injury, property damage and recovery of response costs. Remediation costs and other damages arising as a result of environmental laws and regulations, and costs associated with new information, changes in existing environmental laws and regulations or the adoption of new environmental laws and regulations could be substantial and could negatively impact Toromont's business, results of operations or financial condition.

Spinoff Transaction Risk

Although the spinoff of Enerflex as a separate, publicly traded company is complete, the transaction exposes Toromont to certain ongoing risks. The spinoff was structured to comply with all the requirements of the public company "butterfly rules" in the Income Tax Act. However, there are certain requirements of these rules that depend on events occurring after the spinoff is completed or that may not be within the control of Toromont and/or Enerflex. If these requirements are not met, Toromont could be exposed to significant tax liabilities which could have a material effect on the financial position of Toromont. In addition, Toromont has agreed to indemnify Enerflex for certain liabilities and obligations related to its business at the time of the spinoff. These indemnification obligations could be significant. These risks are more fully described in the Management Information Circular relating to the Plan of Arrangement dated April 11, 2011 which is available at www.toromont.com.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies are described in Note 1 to the unaudited consolidated interim financial statements. The preparation of financial statements in conformity with IFRS requires estimates and assumptions that affect the results of operations and financial position. By their nature, these judgments are subject to an inherent degree of uncertainty and are based upon historical experience, trends in the industry and information available from outside sources. Management reviews its estimates on an ongoing basis. Different accounting policies, or changes to estimates or assumptions could potentially have a material impact, positive or negative, on Toromont's financial position and results of operations. The critical accounting policies and estimates described below affect the operating segments similarly, and therefore are not discussed on a segmented basis.

Property, Plant and Equipment

Fixed assets are stated at cost less accumulated depreciation, including asset impairment losses. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives of fixed assets are reviewed on an annual basis. Assessing the reasonableness of the estimated useful lives of fixed assets requires judgment and is based on currently available information.

Fixed assets are also reviewed for potential impairment on a regular basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In cases where the undiscounted expected future cash flows are less than the carrying amount, an impairment loss is recognized. Impairment losses on long-lived assets are measured as the amount by which the carrying value of an asset or asset group exceeds its fair value, as determined by the discounted future cash flows of the asset or asset group. In estimating future cash flows, the Company uses its best estimates based on internal plans that incorporate management's judgments as to the remaining service potential of the fixed assets. Changes in circumstances, such as technological advances and changes to business strategy can result in actual useful lives and future cash flows differing significantly from estimates. The assumptions used, including rates and methodologies, are reviewed on an ongoing basis to ensure they continue to be appropriate. Revisions to the estimated useful lives of fixed assets or future cash flows constitute a change in accounting estimate and are applied prospectively.

Income Taxes

The liability method of accounting for income taxes is used. Deferred tax assets and liabilities, measured at substantively enacted tax rates, are recognized for all temporary differences caused when the tax bases of assets and liabilities differ from those reported in the financial statements.

Income tax rules and regulations in the countries in which the Company operates and income tax treaties between these countries are subject to interpretation and require estimates and assumptions in determining the Company's consolidated income tax provision that may be challenged by the taxation authorities.

Changes or differences in these estimates or assumptions may result in changes to the current or deferred tax balances on the consolidated statement of financial position, a charge or credit to income tax expense in the income statement and may result in cash payments or receipts.

Impairment of Non-financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Revenue Recognition

The Company generates apportion of its revenues from the assembly and manufacture of equipment and these revenues are recognized using the percentage-of-completion approach of accounting. This approach to revenue recognition requires management to make a number of estimates and assumptions surrounding the expected profitability of the contract, the estimated degree of completion based on cost progression and other detailed factors. Although these factors are routinely reviewed as part of the project management process, changes in these estimates or assumptions could lead to changes in the revenues recognized in a given period. However, there are many of these projects in process at any given point, the majority of which are in actual construction for a period of three months or less.

FUTURE ACCOUNTING STANDARDS

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the financial year ending December 31, 2011, and accordingly, have not been applied in preparing these consolidated financial statements.

Consolidated Financial Statements - On May 12, 2011, IASB issued IFRS 10 - *Consolidated Financial Statements*. This IFRS replaces portions of IAS 27 - *Consolidated and Separate Financial Statements* that addresses consolidation, and supersedes SIC-12 in its entirety. The objective of IFRS 10 is to define the principles of control and establish the basis of determining when and how an entity should be included within a set of consolidated financial statements. IAS 27 has been amended for the issuance of IFRS 10 and retains guidance only for separate financial statements.

Joint Arrangements - On May 12, 2011, the IASB issued IFRS 11 - *Joint Ventures*. IFRS 11 supersedes IAS 31 - *Interest in Joint Ventures* and SIC-13 - *Jointly Controlled Entities – Non Monetary Contributions by Venturers*. Through an assessment of the rights and obligations in an arrangement, IFRS 11 establishes principles to determine the type of joint arrangement and guidance for financial reporting activities required by the entities that have an interest in arrangements that are controlled jointly.

As a result of the issuance of IFRS 10 and IFRS 11, IAS 28 - *Investments in Associates and Joint Ventures* has been amended to correspond to the guidance provided in IFRS 10 and IFRS 11.

Disclosure of Interests in Other Entities - On May 12, 2011, the IASB issued IFRS 12 - *Disclosure of Interests in Other Entities*. This IFRS requires extensive disclosures relating to a company's interests in subsidiaries, joint arrangements, associates, and unconsolidated structured entities. This IFRS enables users of the financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial position and performance.

IFRS 10, 11 and 12, and the amendments to IAS 27 and 28 are all effective for annual periods beginning on or after January 1, 2013. Early adoption is permitted, so long as IFRS 10, 11 and 12, and the amendments to IAS 27 and 28 are adopted at the same time. However, entities are permitted to incorporate any of the disclosure requirements in IFRS 12 into their financial statements without early adopting IFRS 12. The Company is currently assessing the impact of these new standards and amendments on its consolidated financial statements.

Fair Value Measurement On May 12, 2011, the IASB issued IFRS 13 - *Fair Value Measurement*, which defines fair value, provides guidance in a single IFRS framework for measuring fair value and identifies the required disclosures pertaining to fair value measurement. This standard is effective for annual periods beginning on or after January 1, 2013, and early adoption is permitted. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

Employee Benefits On June 16, 2011 the IASB revised IAS 19 - *Employee Benefits*. The revisions include the elimination of the option to defer the recognition of gains and losses, enhancing the guidance around measurement of plan assets and defined benefit obligations, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans and introduction of enhanced disclosures for defined benefit plans. The amendments are effective for annual periods beginning on or after January 1, 2013. The Company is currently assessing the impact of the amendments on its consolidated financial statements.

Presentation of Financial Statements - On June 16, 2011 the IASB issued amendments to IAS 1 - *Presentation of Financial Statements*. The amendments enhance the presentation of Other Comprehensive Income ("OCI") in the financial statements, primarily by requiring the components of OCI to be presented separately for items that may be reclassified to the statement of earnings from those that remain in equity. The amendments are effective for annual periods beginning on or after July 1, 2012. The Company is currently assessing the impact of the amendments on its consolidated financial statements.

Financial Instruments – Disclosures On October 7, 2010, the IASB issued amendments to IFRS 7 - *Financial Instruments: Disclosures*, which increase the disclosure requirements for transactions involving transfers of financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011. The Company is currently assessing the impact of the amendment on its financial statement disclosures.

Deferred Tax – Recovery of Underlying Assets On December 20, 2010, the IASB issued amendments to IAS 12 - *Income Taxes*, that introduce an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. The amendment is effective for annual periods beginning on or after January 1, 2012. The Company does not hold investment properties and as such does not expect the implementation of the amendment to have an impact on its financial statements.

Financial Instruments - In November 2009, the IASB issued IFRS 9 – *Financial Instruments*, which replaced the classification and measurement requirements in IAS 39 – *Financial instruments: Recognition and Measurement* for financial assets. In October 2010, the IASB issued additions to IFRS 9 regarding requirements for classifying and measuring financial liabilities. The IFRS 9 requirements are currently expected to be effective for annual periods beginning on or after January 1, 2013, although this has been tentatively deferred until January 1, 2015. IFRS 9 must be applied retrospectively. Earlier adoption is permitted. The Company is currently assessing the impact of adopting IFRS 9 on its financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards ("IFRS") replaces Canadian generally accepted accounting principles ("Canadian GAAP") for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. Accordingly, Toromont has adopted IFRS effective January 1, 2011 and has prepared the current interim financial statements using IFRS accounting policies. Prior to the adoption of IFRS, the Company's financial statements were prepared in accordance with Canadian GAAP. The Company's financial statements for the year ending December 31, 2011 will be the first annual financial statements that comply with IFRS.

Transitional Impacts

IFRS 1 – First-Time Adoption of International Financial Reporting Standards provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS.

To assist with, and in some cases, simplify, transition to IFRS, certain exemptions and elections are available for first-time adopters under IFRS 1 *First-Time Adoption of International Financial Reporting Standards* ("IFRS 1"). The key transitional provisions which have been adopted on January 1, 2010 and which had an impact on the Company's financial position on transition are described in Note 3 to the unaudited interim consolidated financial statements and AMD&A for the three months ended March 31, 2011.

There are several accounting policy differences which may impact the Company on a go-forward basis. The significant accounting policy differences are described in the Note 3 of the unaudited interim consolidated financial statements and MD&A for the three months ended March 31, 2011.

The International Accounting Standards Board (IASB) work plan anticipates the completion of several projects in 2011. The projects on financial instruments, post-employment benefits, financial statement presentation, revenue recognition and leases are most relevant to the Company's IFRS transition plans. Management will be monitoring any changes to these standards closely.

Although we adopted IFRS on January 1, 2011, comparative 2010 annual and interim financial positions and results of operations, effective from January 1, 2010 were required to be restated. The 2010 comparative amounts have not been audited by our external auditor.

Refer to Note 3 to the unaudited interim consolidated financial statements for the three and six months ended June 30, 2011 for detailed reconciliations between Canadian GAAP and IFRS of shareholders' equity as at January 1, June 30 and December 31, 2010, and of net earnings and comprehensive income for the three and six months ending June 30 and December 31, 2010, respectively.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

Management is responsible for the information disclosed in this MD&A and the accompanying consolidated financial statements, and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. In addition, the Company's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by the Company, and has reviewed and approved this MD&A and the accompanying consolidated financial statements. The Audit Committee is also responsible for determining that management fulfills its responsibilities in the financial control of operations, including disclosure controls and procedures and internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chairman & Chief Executive Officer and the Chief Financial Officer, together with other members of management, have designed the Company's disclosure controls and procedures

(“DC&P”) 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.

Additionally, they have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting (“ICFR”) and the preparation of financial reporting in accordance with IFRS. The control framework used in the design of both DC&P and ICFR is the internal control integration framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

There have been no significant changes in the design of the Company’s internal controls over financial reporting during the three-month period ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

While the Officers of the Company have designed the Company’s disclosure controls and procedures and internal control over financial reporting, they expect that the 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.

NON-GAAP FINANCIAL MEASURES

The success of the Company and business unit strategies is measured using a number of key performance indicators, which are outlined below. These measures are also used by management in its assessment of relative investments in operations. These key performance indicators are not measurements in accordance with IFRS. It is possible that these measures will not be comparable to similar measures prescribed by other companies. They should not be considered as an alternative to net income or any other measure of performance under IFRS.

Operating Income and Operating Margin

Each business segment assumes responsibility for its operating results as measured by, amongst other factors, operating income, which is defined as income before income taxes, interest income and interest expense. Financing and related interest charges cannot be attributed to business segments on a meaningful basis that is comparable to other companies. Business segments and income tax jurisdictions are not synonymous, and it is believed that the allocation of income taxes distorts the historical comparability of the performance of the business segments. Consolidated and segmented operating income is reconciled to net earnings in tables where used in this MD&A. Operating income margin is calculated by dividing operating income by total revenue.

Return on Equity (ROE) and Return on Capital Employed (ROCE)

Return on equity is monitored to assess the profitability of the consolidated Company. ROE is calculated by dividing net earnings by opening shareholders’ equity.

ROCE is a key performance indicator that is utilized to assess both current operating performance and prospective investments. The numerator used for the calculation is income before income taxes, interest expense and interest income (excluding interest on rental conversions). The denominator in the calculation is the monthly average capital employed, which is defined as net debt plus shareholders' equity.

Working Capital and Non-Cash Working Capital

Working capital is defined as current assets less current liabilities. Non-cash working capital is defined as working capital less cash and equivalents.

Advisory

Information in this press release that is not a historical fact is "forward-looking information". Words such as "plans", "intends", "outlook", "expects", "anticipates", "estimates", "believes", "likely", "should", "could", "will", "may" and similar expressions are intended to identify statements containing forward-looking information. Forward-looking information in this press release is based on current objectives, strategies, expectations and assumptions which management considers appropriate and reasonable at the time including, but not limited to, general economic and industry growth rates, commodity prices, currency exchange and interest rates, competitive intensity and shareholder and regulatory approvals.

By its nature, forward-looking information is subject to risks and uncertainties which may be beyond the ability of Toromont to control or predict. The actual results, performance or achievements of Toromont could differ materially from those expressed or implied by forward-looking information. Factors that could cause actual results, performance, achievements or events to differ from current expectations include, among others, risks and uncertainties related to: business cycles, including general economic conditions in the countries in which Toromont operates; commodity price changes, including changes in the price of precious and base metals; changes in foreign exchange rates, including the Cdn$/US$ exchange rate; the termination of distribution or original equipment manufacturer agreements; equipment product acceptance and availability of supply; increased competition; credit of third parties; additional costs associated with warranties and maintenance contracts; changes in interest rates; tax and other risks associated with the spinoff of Enerflex; the availability of financing; and, environmental regulation.

Any of the above mentioned risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied in the forward-looking information and statements included in this press release. For a further description of certain risks and uncertainties and other factors that could cause or contribute to actual results that are materially different, see the risks and uncertainties set out in the "Risks and Risk Management" and "Outlook" sections of Toromont's most recent annual or interim Management Discussion and Analysis , as filed with Canadian securities regulators at www.sedar.com and may also be found at www.toromont.com. Other factors, risks and uncertainties not presently known to Toromont or that Toromont currently believes are not material could also cause actual results or events to differ materially from those expressed or implied by statements containing forward-looking information.

Readers are cautioned not to place undue reliance on statements containing forward-looking information that are included in this press release, which are made as of the date of this press release, and not to use such information for anything other than their intended purpose. Toromont disclaims any obligation or intention to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

TOROMONT INDUSTRIES LTD.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)

($ thousands)	Note	June 30 2011	December 31 2010	June 30 2010	January 1 2010
Assets					
Current assets					
Cash and cash equivalents	5	$ 19,608	$ 174,089	$ 159,067	$ 206,957
Accounts receivable	6	205,717	208,620	202,015	166,748
Inventories	7	273,808	224,416	245,429	205,835
Income taxes receivable		1,196	712	15,006	11,191
Derivative financial instruments		-	824	4,618	-
Other current assets		6,334	3,342	5,373	2,920
Current assets of discontinued operations	4	-	490,499	518,041	254,180
Total current assets		506,663	1,102,502	1,149,548	847,830
Property, plant and equipment	8	147,435	142,508	134,521	116,710
Rental equipment	8	134,748	119,944	128,202	124,033
Other assets	9	9,106	9,021	10,191	11,383
Deferred tax assets		12,471	10,435	7,877	12,492
Goodwill		13,450	13,450	13,450	13,450
Long-term assets of discontinued operations	4	-	873,903	898,135	229,969
Total assets		$ 823,873	$ 2,271,763	$ 2,341,924	$ 1,355,867
Liabilities					
Current liabilities					
Accounts payable, accrued liabilities and provisions	10	$ 240,183	$ 245,245	$ 258,560	$ 169,291
Deferred revenues		40,549	45,069	28,385	30,059
Current portion of long-term debt	11	1,236	6,889	80,917	14,044
Derivative financial instruments		5,918	4,048	718	874
Income taxes payable		-	483	130	-
Current liabilities of discontinued operations	4	-	322,479	279,324	128,624
Total current liabilities		287,886	624,213	648,034	342,892
Deferred revenues		13,472	14,137	11,618	13,386
Long-term debt	11	133,046	413,040	498,642	142,926
Accrued pension liability		18,124	19,851	16,787	17,249
Derivative financial instruments		1,675	1,839	-	-
Deferred tax liabilities		478	-	-	-
Long-term liabilities of discontinued operations	4	-	1,845	2,175	4,430
Shareholders' equity					
Share capital	12	265,811	469,080	463,290	132,261
Contributed surplus	13	6,769	10,882	10,731	10,012
Retained earnings		100,374	729,694	691,718	677,385
Accumulated other comprehensive (loss) income		(3,762)	(13,763)	(1,675)	15,326
Shareholders' equity before non-controlling interest		369,192	1,195,893	1,164,064	834,984
Non-controlling interest		-	945	604	-
Shareholders' equity		369,192	1,196,838	1,164,668	834,984
Total liabilities and shareholders' equity		$ 823,873	$ 2,271,763	$ 2,341,924	$ 1,355,867

See accompanying notes

TOROMONT INDUSTRIES LTD.
INTERIM CONSOLIDATED INCOME STATEMENTS
(Unaudited)

($ thousands, except share amounts)	Note	Three months ended June 30 **2011**	2010	Six months ended June 30 **2011**	2010
Revenues		**$ 344,644**	$ 315,319	**$ 606,253**	$ 528,180
Cost of goods sold		**260,891**	241,990	**457,357**	401,963
Gross profit		**83,753**	73,329	**148,896**	126,217
Selling and administrative expenses		**49,277**	42,587	**93,191**	83,369
Operating income		**34,476**	30,742	**55,705**	42,848
Interest expense	16	**2,307**	3,567	**4,849**	7,568
Interest and investment income	16	**(506)**	(407)	**(1,056)**	(1,160)
Income before income taxes		**32,675**	27,582	**51,912**	36,440
Income taxes	17	**8,953**	9,696	**14,387**	11,734
Net earnings from continuing operations		**23,722**	17,886	**37,525**	24,706
Net gain on spinoff of Enerflex	4	**133,164**	-	**133,164**	-
Earnings from discontinued operations	4	**2,796**	4,036	**10,617**	12,693
Net Earnings		**$ 159,682**	$ 21,922	**$ 181,306**	$ 37,399
Earnings (losses) attributable to :					
Common shareholders		**$ 160,088**	$ 21,837	**$ 181,929**	$ 37,326
Non-controlling interests		**$ (406)**	$ 85	**$ (623)**	$ 73
Basic earnings per share					
Continuing operations	18	**$ 0.30**	$ 0.23	**$ 0.49**	$ 0.33
Discontinued operations	18	**1.77**	0.06	**1.86**	0.17
		$ 2.07	$ 0.29	**$ 2.35**	$ 0.50
Diluted earnings per share					
Continuing operations	18	**$ 0.30**	$ 0.22	**$ 0.49**	$ 0.32
Discontinued operations	18	**1.76**	0.06	**1.85**	0.17
		$ 2.06	$ 0.28	**$ 2.34**	$ 0.49
Weighted average number of shares outstanding					
Basic		**77,203,562**	76,881,262	**77,183,293**	75,381,981
Diluted		**77,601,299**	77,123,623	**77,542,503**	75,670,159

See accompanying notes

TOROMONT INDUSTRIES LTD.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three months ended June 30, 2011			Six months ended June 30, 2011		
$ thousands	**Before Income Taxes**	**Income Taxes**	**Net of Income Taxes**	**Before Income Taxes**	**Income Taxes**	**Net of Income Taxes**
Net earnings			$ 159,682			$ 181,306
Other comprehensive income (loss):						
Change in fair value of derivatives designated as cash flow hedges	$ 4,147	$ (1,416)	$ 2,731	$ 1,757	$ (527)	$ 1,230
Losses on derivatives designated as cash flow hedges transferred to net income in the current period	259	(91)	168	1,713	(591)	1,122
Unrealized loss on translation of financial statements of foreign operations	(3,259)	-	(3,259)	(6,535)	-	(6,535)
Loss on translation of financial statements of foreign operations transferred to net income on spinoff of Enerflex	18,015	-	18,015	18,015	-	18,015
Other comprehensive income (loss)	$ 19,162	$ (1,507)	$ 17,655	$ 14,950	$ (1,118)	$ 13,832
Comprehensive income			$ 177,337			$ 195,138
Comprehensive income (loss) attributable to:						
Common shareholders			$ 177,743			$ 195,761
Non-controlling interests			$ (406)			$ (623)

	Three months ended June 30, 2010			Six months ended June 30, 2010		
$ thousands	**Before Income Taxes**	**Income Taxes**	**Net of Income Taxes**	**Before Income Taxes**	**Income Taxes**	**Net of Income Taxes**
Net earnings			$ 21,922			$ 37,399
Other comprehensive (loss) income:						
Change in fair value of derivatives designated as cash flow hedges	$ 1,756	$ (687)	$ 1,069	$ 459	$ (153)	$ 306
Losses (gains) on derivatives designated as cash flow hedges transferred to net income in the current period	1,133	(401)	732	1,527	(535)	992
Unrealized loss on translation of financial statements of self-sustaining foreign operations	6,908	-	6,908	(2,684)	-	(2,684)
Unrealized gain on financial assets designated as available-for-sale	-	-	-	(18,705)	3,090	(15,615)
Other comprehensive income (loss)	$ 9,797	$ (1,088)	$ 8,709	$ (19,403)	$ 2,402	$ (17,001)
Comprehensive income			$ 30,631			$ 20,398
Comprehensive income attributable to:						
Common shareholders			$ 30,546			$ 20,325
Non-controlling interests			$ 85			$ 73

See accompanying notes

TOROMONT INDUSTRIES LTD.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

($ thousands)	Note	Three months ended June 30 **2011**	2010	Six months ended June 30 **2011**	2010
Operating activities					
Net earnings from continuing operations		**$ 23,722**	$ 17,886	**$ 37,525**	$ 24,706
Items not requiring cash and cash equivalents					
Depreciation and amortization		**12,112**	12,211	**21,235**	21,042
Stock-based compensation		**700**	772	**1,400**	1,489
Accrued pension liability		**(1,016)**	(200)	**(1,727)**	(192)
Future income taxes		**(713)**	(377)	**256**	3,821
Gain on sale of rental equipment, property, plant and equipment		**(1,899)**	(1,947)	**(3,802)**	(3,879)
Cash flow from discontinued operations		**10,938**	11,320	**26,868**	11,038
		43,844	39,665	**81,756**	58,025
Net change in non-cash working capital and other from discontinued operations	4	**31,270**	(18,623)	**30,564**	15,034
Net change in non-cash working capital and other from continuing operations	22	**(7,284)**	2,630	**(56,004)**	(5,269)
Cash provided by operating activities		**67,830**	23,672	**56,316**	67,790
Investing activities					
Additions to:					
Rental equipment		**(21,171)**	(17,799)	**(41,871)**	(25,554)
Property, plant and equipment		**(7,749)**	(2,005)	**(11,170)**	(24,332)
Proceeds on disposal of:					
Rental equipment		**6,200**	6,000	**11,085**	12,555
Property, plant and equipment		**1,390**	239	**1,580**	353
Decrease (increase) in other assets		**(85)**	(73)	**44**	1,023
Discontinued operations	4	**137,944**	(15,943)	**140,115**	(315,623)
Cash provided by (used in) investing activities		**116,529**	(29,581)	**99,783**	(351,578)
Financing activities					
Issue of long-term debt		**-**	-	**-**	450,000
Repayment of long-term debt		**(235,000)**	(17,276)	**(286,281)**	(188,555)
Financing costs		**(575)**	-	**(575)**	(6,951)
Dividends	12	**(12,348)**	(11,531)	**(24,690)**	(21,259)
Cash received on exercise of stock options		**946**	266	**1,632**	2,311
Cash (used in) provided by financing activities		**(246,977)**	(28,541)	**(309,914)**	235,546
Effect of exchange rate changes on cash denominated in foreign currency		**399**	1,641	**(666)**	352
Decrease in cash and cash equivalents		**(62,618)**	(34,450)	**(153,815)**	(48,242)
Cash and cash equivalents at beginning of period		**81,827**	191,876	**174,089**	206,957
Cash and cash equivalents at end of period		**$ 19,608**	$ 159,067	**$ 19,608**	$ 159,067

Supplemental cash flow information (note 22)

See accompanying notes

TOROMONT INDUSTRIES LTD.
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

($ thousands)	Note	Share Capital	Contributed Surplus	Retained Earnings	Foreign Currency Translation Adjustments	Cash Flow Hedges	Available-for-sale financial assets	Total accumulated other comprehensive income	Non-Controlling Interest	Total
At December 31, 2010		**$ 469,080**	**$ 10,882**	**$ 729,694**	**$ (11,219)**	**$ (2,544)**	**$ -**	**$ (13,763)**	**$ 945**	**$ 1,196,838**
Net earnings		-	-	181,306	-	-	-		(623)	180,683
Enerflex spinoff		(205,318)	(5,081)	(790,557)	-	(4,949)	-	**(4,949)**	(322)	(1,006,227)
Other comprehensive income		-	-	-	(6,535)	3,470	-	**(3,065)**	-	(3,065)
Translation losses recognized on Enerflex spinoff		-	-	-	18,015	-	-	**18,015**	-	18,015
Effect of stock compensation plans	19	2,049	968	-	-	-	-	**-**	-	3,017
Dividends		-	-	(20,069)	-	-	-	**-**	-	(20,069)
At June 30, 2011		**$ 265,811**	**$ 6,769**	**$ 100,374**	**$ 261**	**$ (4,023)**	**$ -**	**$ (3,762)**	**$ -**	**$ 369,192**

($ thousands)	Note	Share Capital	Contributed Surplus	Retained Earnings	Foreign Currency Translation Adjustments	Cash Flow Hedges	Available-for-sale financial assets	Total accumulated other comprehensive income	Non-Controlling Interest	Total
At January 1, 2010		**$ 132,261**	**$ 10,012**	**$ 677,385**	**$ -**	**$ (289)**	**$ 15,615**	**$ 15,326**	**$ -**	**$ 834,984**
Non-controlling interest on acquisition		-	-	-	-	-	-	-	531	531
Net earnings		-	-	37,399	-	-	-	-	73	37,472
Other comprehensive income		-	-	-	(2,684)	1,298	(15,615)	(17,001)	-	(17,001)
Issue of share capital on Enerflex acquisition	12	327,947	-	-	-	-	-	-	-	327,947
Effect of stock compensation plans	19	3,082	719	-	-	-	-	-	-	3,801
Dividends		-	-	(23,066)	-	-	-	-	-	(23,066)
At June 30, 2010		**$ 463,290**	**$ 10,731**	**$ 691,718**	**$ (2,684)**	**$ 1,009**	**$ -**	**$ (1,675)**	**$ 604**	**$ 1,164,668**

See accompanying notes

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

Toromont is a limited company incorporated and domiciled in Canada whose shares are publicly traded on the Toronto Stock Exchange under the symbol TIH. The registered office is located at 3131 Highway 7 West, Concord, Canada.

Basis of Preparation

Previously the Company prepared financial statements in accordance with Canadian generally accepted accounting principles ("CGAAP"). Subsequent to January 1, 2011, the Company was required to change the basis of preparation of the financial statements to International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These interim consolidated financial statements were prepared in accordance with IAS 34 - *Interim Financial Reporting*. The accounting policies of the Company are based on the IFRS that the Company expects to be applicable at December 31, 2011 and encompass individual IFRS standards and interpretations made by the International Financial Reporting Interpretations Committee ("IFRIC"). The Company is a first-time adopter of IFRS and has followed the requirements of IFRS 1 - First-time Adoption of IFRS in its initial application of IFRS as more fully discussed in Note 3 to these unaudited consolidated financial statements.

These interim consolidated financial statements do not include all of the disclosures required for full annual consolidated financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2010 reported under CGAAP and the interim consolidated financial statements for the three months ended March 31, 2011, which were the first financial statements presented under IFRS.

IFRS 1 requires an entity to adopt IFRS in its first annual financial statements prepared under IFRS by making an explicit and unreserved statement in those financial statements of compliance with IFRS. The Company will make this statement when it issues its 2011 annual financial statements.

These financial statements were prepared on a going concern basis, under the historical cost convention and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

These consolidated interim financial statements were authorized for issue by the Audit Committee of the Board of the Directors on August 12, 2011.

The significant accounting policies as disclosed in the Company's first quarter 2011 unaudited consolidated financial statements have been applied consistently in the preparation of these unaudited interim period consolidated financial statements.

Standards Issued But Not Yet Effective

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the financial year ending December 31, 2011, and accordingly, have not been applied in preparing these consolidated financial statements.

Consolidated Financial Statements - On May 12, 2011, IASB issued IFRS 10 - *Consolidated Financial Statements*. This IFRS replaces portions of IAS 27 - *Consolidated and Separate Financial Statements* that addresses consolidation, and supersedes SIC-12 in its entirety. The objective of IFRS 10 is to define the principles of control and establish the basis of determining when and how an entity should be included within a set of consolidated financial statements. IAS 27 has been amended for the issuance of IFRS 10 and retains guidance only for separate financial statements.

Joint Arrangements - On May 12, 2011, the IASB issued IFRS 11 - *Joint Ventures*. IFRS 11 supersedes IAS 31 - *Interest in Joint Ventures* and SIC-13 - *Jointly Controlled Entities – Non Monetary Contributions by Venturers*. Through an assessment of the rights and obligations in an arrangement, IFRS 11 establishes principles to determine the type of joint arrangement and guidance for financial reporting activities required by the entities that have an interest in arrangements that are controlled jointly.

As a result of the issuance of IFRS 10 and IFRS 11, IAS 28 - *Investments in Associates and Joint Ventures* has been amended to correspond to the guidance provided in IFRS 10 and IFRS 11.

Disclosure of Interests in Other Entities - On May 12, 2011, the IASB issued IFRS 12 - *Disclosure of Interests in Other Entities*. This IFRS requires extensive disclosures relating to a company's interests in subsidiaries, joint arrangements, associates, and unconsolidated structured entities. This IFRS enables users of the financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial position and performance.

IFRS 10, 11 and 12, and the amendments to IAS 27 and 28 are all effective for annual periods beginning on or after January 1, 2013. Early adoption is permitted, so long as IFRS 10, 11 and 12, and the amendments to IAS 27 and 28 are adopted at the same time. However, entities are permitted to incorporate any of the disclosure requirements in IFRS 12 into their financial statements without early adopting IFRS 12. The Company is currently assessing the impact of these new standards and amendments on its consolidated financial statements.

Fair Value Measurement On May 12, 2011, the IASB issued IFRS 13 - *Fair Value Measurement*, which defines fair value, provides guidance in a single IFRS framework for measuring fair value and identifies the required disclosures pertaining to fair value measurement. This standard is effective for annual periods beginning on or after January 1, 2013, and early adoption is permitted. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

Employee Benefits On June 16, 2011 the IASB revised IAS 19 - *Employee Benefits*. The revisions include the elimination of the option to defer the recognition of gains and losses, enhancing the guidance around measurement of plan assets and defined benefit obligations, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans and introduction of enhanced disclosures for defined benefit plans. The amendments are effective for annual periods beginning on or after January 1, 2013. The Company is currently assessing the impact of the amendments on its consolidated financial statements.

Presentation of Financial Statements - On June 16, 2011 the IASB issued amendments to IAS 1 - *Presentation of Financial Statements*. The amendments enhance the presentation of Other Comprehensive Income ("OCI") in the financial statements, primarily by requiring the components of OCI to be presented separately for items that may be reclassified to the statement of earnings from those that remain in equity. The amendments are effective for annual periods beginning on or after July 1, 2012. The Company is currently assessing the impact of the amendments on its consolidated financial statements.

Financial Instruments – Disclosures On October 7, 2010, the IASB issued amendments to IFRS 7 - *Financial Instruments: Disclosures*, which increase the disclosure requirements for transactions involving transfers of financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011. The Company is currently assessing the impact of the amendment on its financial statement disclosures.

Deferred Tax – Recovery of Underlying Assets On December 20, 2010, the IASB issued amendments to IAS 12 - *Income Taxes*, that introduce an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. The amendment is effective for annual periods beginning on or after January 1, 2012. The Company does not hold investment properties and as such does not expect the implementation of the amendment to have an impact on its financial statements.

Financial Instruments - In November 2009, the IASB issued IFRS 9 – *Financial Instruments*, which replaced the classification and measurement requirements in IAS 39 – *Financial instruments: Recognition and Measurement* for financial assets. In October 2010, the IASB issued additions to IFRS 9 regarding requirements for classifying and measuring financial liabilities. The IFRS 9 requirements are expected to be effective for annual periods beginning on or after January 1, 2013, although this has tentatively been deferred to January 1, 2015. IFRS 9 must be applied retrospectively. Earlier adoption is permitted. The Company is currently assessing the impact of adopting IFRS 9 on its financial statements.

2. Significant Accounting Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Company's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognized in the consolidated financial statements.

Property, Plant and Equipment

Fixed assets are stated at cost less accumulated depreciation, including asset impairment losses. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of fixed assets are reviewed on an annual basis. Assessing the reasonableness of the estimated useful lives of fixed assets requires judgment and is based on currently available information. Fixed assets are also reviewed for potential impairment on a regular basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Changes in circumstances, such as technological advances and changes to business strategy can result in actual useful lives and future cash flows differing significantly from estimates. The assumptions used, including rates and methodologies, are reviewed on an ongoing basis to ensure they continue to be appropriate. Revisions to the estimated useful lives of fixed assets or future cash flows constitute a change in accounting estimate and are applied prospectively.

Income Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of Non-financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Management uses its judgement to make these estimates.

Revenue Recognition

The Company generates a portion of its revenues from the assembly and manufacture of equipment and these revenues are recognized using the percentage-of-completion approach of accounting. This approach to revenue recognition requires management to make a number of estimates and assumptions surrounding the expected profitability of the contract, the estimated degree of completion based on cost progression and other detailed factors. Although these factors are routinely reviewed as part of the project management process, changes in these estimates or assumptions could lead to changes in the revenues recognized in a given period. However, there are many of these projects in process at any given point, the majority of which are in actual construction for a period of three months or less.

3. TRANSITION TO IFRS

The Company has adopted IFRS effective January 1, 2011. Prior to the adoption of IFRS, the Company prepared its financial statements in accordance with Canadian GAAP. The Company's transition date is January 1, 2010 (the "transition date") and the Company has prepared its opening IFRS statement of financial position at that date.

IFRS 1 – First Time Adoption of International Financial Reporting Standards provides specific requirements for an entity's initial adoption of IFRS. IFRS 1 requires that an entity's accounting policies used in its opening consolidated statement of financial position and throughout all periods presented in its first IFRS financial statements comply with IFRS effective at the end of its first IFRS reporting period. Accordingly, the IFRS currently issued and effective as of December 31, 2011 and prior, have been applied in preparing the consolidated financial statements as at and for the period ended June 30, 2011, the comparative information presented as at and for the period ended June 30, 2010, and in preparation of the opening IFRS statement of financial position as at January 1, 2010.

The Company has provided a detailed explanation of the impacts of the transition to IFRS, including the company's elections under IFRS 1 – *First-time Adoption of International Financial Reporting Standards*, in Note 3 of the Company's first quarter unaudited interim consolidated financial statements for the three month period ended March 31, 2011. There have been no changes to the elections and exemptions selected by the Company.

Reconciliation of Equity as Reported Under Canadian GAAP to IFRS

The following is a reconciliation of the Company's equity reported in accordance with Canadian GAAP to its equity in accordance with IFRS at the transition date, January 1, 2010, June 30, 2010 and December 31, 2010.

	Note	December 31, 2010	June 30, 2010	January 1, 2010
Total shareholders' equity under Canadian GAAP		$ 1,206,637	$ 1,175,639	$ 846,157
Differences (decreasing) increasing reported amounts				
Employee benefits	i	(14,611)	(10,971)	(11,174)
Reversal of asset impairment	ii	4,812	-	-
Total equity under IFRS		$ 1,196,838	$ 1,164,668	$ 834,984

i) Employee Future Benefits - Cumulative unrecognized actuarial gains and losses that existed at the transition date were recognized in opening retained earnings (loss of $15.9 million less tax of $3.9 million). Cumulative unrecognized past service benefits that existed at the transition date were recognized in opening retained earnings (gain of $0.9 million less tax of $0.2 million). Actuarial gains and losses arising subsequent to transition to IFRS are recognized in retained earnings and included in the statement of comprehensive income in the period in which they occur (loss of $5.2 million less tax of $1.3 million). Pension expense in 2010 under IFRS was $600 lower than under Canadian GAAP, less tax of $150.

ii) Reversal of Asset Impairment - In the fourth quarter of 2010, revised pricing under certain electricity supply contracts triggered an assessment of the recoverable amount of certain power generation assets. The value in use was based on cash flow forecast in real terms and discounted at a pre-tax rate of 3.3 per cent. This led to a reversal of $6.7 million ($4.8 million after tax) of asset impairment provision previously recorded in 2005.

Reconciliation of Net Earnings as Reported Under Canadian GAAP to IFRS

	Note	Six Months Ended June 30, 2010	Three Months Ended June 30, 2010	Year Ended December 31, 2010
Net earnings under Canadian GAAP		$ 37,197	$ 21,832	$ 98,650
Differences increasing reported amounts				
Employee benefits	i	202	90	450
Reversal of asset impairment	ii	-	-	4,812
Net earnings under IFRS		$ 37,399	$ 21,922	$ 103,912
Attributable to:				
Common Shareholders		$ 37,326	$ 21,837	$ 103,450
Non-controlling Interests		$ 73	$ 85	$ 462

Notes – see above.

Goodwill was assessed for impairment as at December 31, 2010, and the recoverable amounts exceeded the aggregated carrying values of the cash-generating units. Accordingly, no impairment was recognized.

Reconciliation of Comprehensive (Loss) Income as Reported Under Canadian GAAP to IFRS

	Note	Six Months Ended June 30, 2010	Three Months Ended June 30, 2010	Year Ended December 31, 2010
Comprehensive (loss) income under Canadian GAAP		$ 20,196	$ 30,541	$ 69,561
Differences increasing reported amounts				
Increase in net earnings		202	90	5,262
Actuarial losses on pension plans	i	-		(3,887)
Comprehensive (loss) income under IFRS		$ 20,398	$ 30,631	$ 70,936

Notes – see above.

Consolidated Statements of Cash Flow Impact

There was no change to total cash flows from operating, investing or financing activities under IFRS.

Statement of Financial Position Restatements

The following adjustments and reclassifications were made as at January 1, 2010 but are not evident in the above reconciliations:

Cumulative Translation Differences - The Company has elected to set the previously accumulated translation account, which was included in accumulated other comprehensive income, to zero at the date of transition and charged opening retained earnings.

Deferred Tax Assets and Liabilities – Deferred tax assets and liabilities are not classified as current under IFRS but are shown as non-current.

4. DISCONTINUED OPERATIONS

On June 1, 2011, Toromont completed the spinoff of its natural gas compression business, Enerflex Ltd. ("Enerflex") implemented by way of a plan of arrangement. Toromont shareholders received one share of Enerflex for each common share of Toromont. Enerflex shares began trading on the Toronto Stock Exchange on June 3, 2011 under the symbol EFX.

The book value of Toromont's outstanding common shares immediately prior to the arrangement was attributed to continuing Toromont common shares and the new Enerflex Ltd. common shares in proportion to the relative fair value at the time the arrangement (the "butterfly proportion"), which was determined to be 56.4% Toromont and 43.6% Enerflex.

In addition to assisting with the allocation of components of equity to the two entities, the butterfly proportion will also be used by previous Toromont shareholders to allocate adjusted cost base of their shares between the continuing Toromont shares and new Enerflex shares, as well as in the allocation of stock option values, as more completely described in Note 19.

Coterminous with the arrangement, Enerflex Ltd. repaid amounts owing to Toromont of $173.3 million. Toromont used these proceeds to repay amounts outstanding related to the acquisition of Enerflex Systems Income Fund. Toromont amended its credit facility to reflect reduced requirements and extend the term, as described more fully in Note 11.

The Toromont consolidated balance sheet reflects the transfer of various assets liabilities and equity accounts to Enerflex Ltd. as part of the arrangement. This non-cash distribution of the Enerflex operations to the shareholders of Toromont was recorded at carrying value on June 1, 2011. The underlying net assets representing the distribution of shares were as follows:

Assets		
Cash	$	44,452
Accounts receivable		222,737
Inventories		201,019
Property, plant and equipment		164,818
Rental equipment		114,180
Deferred tax assets		46,753
Intangible assets		29,208
Goodwill		482,656
Other current and non-current assets		31,329
Total assets	$	1,337,152
Liabilities		
Accounts payable, accrued liabilities and provisions	$	130,253
Deferred revenues		174,027
Other current and non-current liabilities		4,523
Notes payable to Toromont		173,300
		482,103
Net assets transferred	$	855,048

Results of discontinued operations were as follows:

	Three months ended June 30				Six months ended June 30			
		2011		2010		**2011**		2010
Revenues	$	163,878	$	278,901	$	492,937	$	506,746
Net earnings before tax	$	4,892	$	4,296	$	20,783	$	15,207
Income taxes	$	2,096	$	260	$	10,166	$	2,514
Net earnings after tax	$	2,796	$	4,036	$	10,617	$	12,693
Earnings (losses) attributable to :								
Common shareholders	$	3,202	$	3,951	$	11,240	$	12,620
Non-controlling interests	$	(406)	$	85	$	(623)	$	73

Toromont incurred certain legal and advisory costs related to the spinoff. These totalled $3.2 million in the six month period ended June 30, 2011 and have been allocated to discontinued operations. In addition, $3.4 million in tax expense was incurred with respect to withholding taxes and other tax items related to spinoff activities. This expense was allocated to discontinued operations.

The Company followed IFRIC 17 – *Distributions of Non-cash Assets to Owners* in accounting for this transaction. In accordance with this guidance, a dividend of $1,006.2 million ($13.03 per share) was recorded. The dividend was was based on the fair value of the distribution, determined using the trading price of the Enerflex Ltd. common shares immediately following the date of spinoff. The difference between the fair value of the dividend and the carrying value of the assets and liabilities of Enerflex Ltd. ($151,179) was recognized as a gain in the consolidated statement of operations and comprehensive income for the three and six months ended June 30, 2011. Accumulated other comprehensive loss of $18,015 related to the historical translations of Enerflex's foreign operations was also recorded in net income upon spinoff.

Cash flows from investing activities at discontinued operations included cash used for the acquisition of Enerflex Systems Income Fund in the 2010. For more information on this transaction, please refer to the audited annual consolidated statements for 2010.

5. CASH AND CASH EQUIVALENTS

		June 30 2011		December 31 2010		June 30 2010		January 1 2010
Cash	**$**	**3,618**	$	174,089	$	130,072	$	90,357
Cash equivalents		**15,990**		-		28,995		116,600
Cash and cash cash equivalents	**$**	**19,608**	$	174,089	$	159,067	$	206,957

Cash equivalents include Bankers' Acceptances and Term Deposits with an original maturity of three months or less and are denominated in Canadian dollars.

6. TRADE AND OTHER RECEIVABLES

		June 30 2011		December 31 2010		June 30 2010		January 1 2010
Trade receivables	**$**	**195,096**	$	193,308	$	177,344	$	149,266
Less: allowance for doubtful accounts		**(4,591)**		(5,096)		(5,025)		(5,089)
Trade receivables - net		**190,504**		188,212		172,319		144,177
Other receivables		**15,213**		20,409		29,695		22,570
Trade and other receivables	**$**	**205,717**	$	208,620	$	202,015	$	166,748

The aging of gross trade receivables at each reporting date was as follows:

		June 30 2011		December 31 2010		June 30 2010		January 1 2010
Current to 90 days	**$**	**185,194**	$	181,623	$	167,494	$	138,633
over 90 days		**9,902**		11,685		9,850		10,633
	$	**195,096**	$	193,308	$	177,344	$	149,266

The movement in the Company's allowance for doubtful accounts is identified below:

		Three months ended June 30				**Six months ended June 30**		
		2011		2010		**2011**		2010
Balance, beginning of period	**$**	**5,859**	$	5,727	**$**	**5,096**	$	5,089
Provisions and revisions, net		**(1,268)**		(702)		**(505)**		(64)
Balance, end of period	**$**	**4,591**	$	5,025	**$**	**4,591**	$	5,025

7. INVENTORIES

	June 30 2011	December 31 2010	June 30 2010	January 1 2010
Equipment	**$ 183,616**	$ 138,818	$ 167,046	$ 130,847
Repair and distribution parts	**61,700**	59,531	53,175	56,189
Direct materials	**2,705**	2,359	2,441	2,207
Work-in-process	**25,787**	23,708	22,767	16,592
	$ 273,808	$ 224,416	$ 245,429	$ 205,835

The amount of inventory recognized as an expense and included in cost of goods sold accounted for other than by the percentage-of-completion method during the second quarter and first half of 2011 were $207 million and $358 million respectively (2010 - $190 million and $315 million respectively).

The cost of goods sold includes inventory write-down pertaining to obsolescence and aging together with recoveries of past write-down upon disposition. The amounts charged (recovered) to the income statement and included in cost of goods sold on a net basis for inventory valuation issues during the quarter and first half of 2011 were $1.9 million and $2.1 million respectively (2010 – $0.6 million and ($0.3 million), respectively).

8. PROPERTY PLANT AND EQUIPMENT AND RENTAL ASSETS

	Land	Buildings	Equipment	Power Generation	Total	Rental assets
Cost						
December 31, 2010	$ 46,268	$ 102,152	$ 99,595	$ 37,736	$ 285,751	$ 235,183
Additions	2,447	2,725	6,046	257	11,475	35,958
Disposals	-	(158)	(3,374)	(22)	(3,554)	(18,759)
Currency translation effects	(3)	(12)	(10)	-	(25)	-
June 30, 2011	$ 48,712	$ 104,707	$ 102,257	$ 37,971	$ 293,647	$ 252,382
Accumulated depreciation						
December 31, 2010	$ -	$ 45,779	$ 78,681	$ 18,783	$ 143,243	$ 115,238
Depreciation charge	-	2,002	3,762	739	6,503	13,534
Depreciation of disposals	-	(158)	(3,343)	(22)	(3,523)	(11,138)
Currency translation effects	-	(2)	(9)	-	(11)	-
June 30, 2011	$ -	$ 47,621	$ 79,091	$ 19,500	$ 146,212	$ 117,634
Net book value - June 30, 2011	$ 48,712	$ 57,086	$ 23,166	$ 18,471	$ 147,435	$ 134,748

	Land		Buildings		Equipment		Power Generation		Total		Rental assets
Cost											
January 1, 2010	$	27,982	$	95,615	$	96,735	$	37,714	$	258,046	$	232,477
Additions		14,884		7,075		2,370		7		24,336		25,555
Disposals		(23)		(14)		(2,826)		-		(2,863)		(24,034)
Currency translation effects		1		5		4		-		10		-
June 30, 2010	$	42,844	$	102,681	$	96,283	$	37,721	$	279,529	$	233,998
Accumulated depreciation												
Janaury 1, 2010	$	-	$	41,775	$	75,210	$	24,351	$	141,336	$	108,444
Depreciation charge		-		2,048		3,812		558		6,418		12,466
Depreciation of disposals		-		(14)		(2,737)		-		(2,751)		(15,114)
Currency translation effects		-		1		4		-		5		-
June 30, 2010	$	-	$	43,810	$	76,289	$	24,909	$	145,008	$	105,796
Net book value - June 30, 2010	$	42,844	$	58,871	$	19,994	$	12,812	$	134,521	$	128,202

	Land		Buildings		Equipment		Power Generation		Total		Rental assets
Cost											
January 1, 2010	$	27,982	$	95,615	$	96,735	$	37,714	$	258,046	$	232,477
Additions		19,481		6,643		7,420		22		33,566		39,774
Disposals		(1,188)		(76)		(4,537)		-		(5,801)		(37,068)
Currency translation effects		(7)		(30)		(23)		-		(60)		-
December 31, 2010	$	46,268	$	102,152	$	99,595	$	37,736	$	285,751	$	235,183
Accumulated depreciation												
Janaury 1, 2010	$	-	$	41,775	$	75,210	$	24,351	$	141,336	$	108,444
Depreciation charge		-		4,084		7,575		1,115		12,774		29,402
Depreciation of disposals		-		(76)		(4,082)		-		(4,158)		(22,607)
Impairment Reversal		-		-		-		(6,683)		(6,683)		
Currency translation effects		-		(4)		(22)		-		(26)		-
December 31, 2010	$	-	$	45,779	$	78,681	$	18,783	$	143,243	$	115,239
Net book value - December 31, 2010	$	46,268	$	56,373	$	20,914	$	18,953	$	142,508	$	119,944

During the the second quarter and first half of 2011 depreciation expenses of $10,482 and $17,807 respectively have been charged in cost of goods sold (2010 - $9,963 and $16,777 respectively) and $1,129 and $2,219 have been charged to selling and administrative expenses (2010 - $1,050 and $2,106 respectively).

9. OTHER ASSETS

		June 30 2011		December 31 2010		**June 30 2010**		January 1 2010
Equipment sold with guaranteed residual values	**$**	**8,402**	$	8,451	$	9,692	$	10,940
Other		**704**		570		499		443
	$	**9,106**	$	9,021	$	10,191	$	11,383

10. PAYABLES, ACCRUALS AND PROVISIONS

	June 30 2011	December 31 2010	June 30 2010	January 1 2010
Accounts payable and accrued liabilities	$ **224,196**	$ 224,354	$ 239,430	$ 152,191
Dividends payable	**7,721**	12,342	11,534	9,728
Provisions	**8,266**	8,549	7,596	7,372
	$ **240,183**	$ 245,245	$ 258,560	$ 169,291

Activities related to provisions were as follows:

	Warranty	Other	Total
Balance as at December 31, 2010	$ 4,812	$ 3,737	$ 8,549
Charges, additions and adjustments, net	497	(779)	(282)
Balance as at June 30, 2011	$ 5,309	$ 2,957	$ 8,266

	Warranty	Other	Total
Balance as at January 1, 2010	$ 4,879	$ 2,493	$ 7,372
Charges, additions and adjustments, net	(67)	1,244	1,176
Balance as at December 31, 2010	$ 4,812	$ 3,737	$ 8,549

	Warranty	Other	Total
Balance as at January 1, 2010	$ 4,879	$ 2,493	$ 7,372
Charges, additions and adjustments, net	(415)	639	224
Balance as at June 30, 2010	$ 4,464	$ 3,132	$ 7,596

11. LONG-TERM DEBT

	June 30 2011	December 31 2010	June 30 2010	January 1 2010
Bank credit facility	$ **-**	$ 280,000	$ 433,125	$ -
Senior debentures	**137,770**	144,051	150,125	155,999
Notes payable	**-**	-	1,100	2,096
Debt issuance costs, net of amortization	**(3,488)**	(4,122)	(4,791)	(1,125)
Total long-term debt	**134,282**	419,929	579,559	156,970
Less current portion	**1,236**	6,889	80,917	14,044
	$ **133,046**	$ 413,040	$ 498,642	$ 142,926

All debt is unsecured.

Effective June 1, 2011, the Company amended its Canadian committed credit facility. The new credit facility, with a maturity date of June 1, 2015, provides $200 million in available financing. Debt incurred under the new facility is unsecured and ranks pari passu with debt outstanding under Toromont's existing debentures. Outstanding loans under the facility bear interest at a rate equal to the Canadian prime rate plus a specified margin ranging from 37.5 to 150 basis points. Toromont intends to utilize this facility primarily through the issuance of bankers' acceptances with acceptance fees ranging from 137.5 to 250 basis points. The applicable margin or acceptance fee will in each case be determined based on Toromont's leverage ratio. The facility includes covenants, restrictions and events of default typical for credit facilities of this nature. Debt issuance costs of $575 were adjusted against the carrying value of the debt. There were no drawings against this facility as at June 30, 2011 (December 31, 2010 - $280 million; June 30, 2010 - $450 million).

At June 30, 2011, standby letters of credit issued utilized $24.5 million of the credit lines (December 31, 2010 – $64.2 million; June 30, 2010 - $66.6 million; January 1, 2010 – $33.2 million).

The terms of the senior debentures are unchanged.

12. SHARE CAPITAL

The changes in the common shares issued and outstanding during the period were as follows:

	Six months ended June 30, 2011			Six months ended June 30, 2010		
	Number of Common Shares		**Common Share Capital**	Number of Common Shares		Common Share Capital
Balance, beginning of period	**77,149,626**	**$**	**469,080**	64,867,467	$	132,261
Enerflex spinoff	**-**		**(205,318)**	-		-
Issue of shares re Enerflex acquisition	**-**		**-**	11,875,250		327,947
Exercise of stock options	**73,870**		**2,049**	147,600		3,082
Balance, end of period	**77,223,496**	**$**	**265,811**	76,890,317	$	463,290

Dividends

The Company paid dividends of $12.3 million ($0.16 per share) and $24.7 million ($0.32 per share for the three and six months ended June 30, 2011 respectively ($11.5 million, $0.15 per share and $21.3 million, $0.30 per share for three and six months ended June 30, 2010 respectively).

The quarterly dividend rate was reduced to $0.10 per share effective with the dividend payable on July 1, 2011 in light of the spinoff of Enerflex.

13. CONTRIBUTED SURPLUS

	Three months ended June 30		Six months ended June 30	
	2011	2010	**2011**	2010
Contributed surplus, beginning of period	**$ 11,395**	$ 10,043	**$ 10,882**	$ 10,012
Enerflex spinoff	**(5,081)**	-	**(5,081)**	-
Stock-based compensation	**700**	772	**1,400**	1,489
Value of compensation cost associated with exercised options	**(245)**	(84)	**(432)**	(770)
Contributed surplus, end of period	**$ 6,769**	$ 10,731	**$ 6,769**	$ 10,731

14. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities – Classification and Measurement

Financial assets and financial liabilities are measured on an ongoing basis at cost, fair value or amortized cost, depending on the classification. The following table highlights the carrying amounts and classifications of financial assets and liabilities:

as at June 30, 2011	**Cash, loans and receivables**	**Derivatives used for hedging**	**Available for sale**	**Other financial liabilities**	**Total**
Cash and cash equivalents	$ 19,608	$ -	$ -	$ -	$ 19,608
Accounts receivable	205,717	-	-	-	205,717
Accounts payable and accrued liabilities	-	-	-	(240,183)	(240,183)
Current portion of long-term debt	-	-	-	(1,236)	(1,236)
Derivative financial instruments	-	(7,593)	-	-	(7,593)
Long term debt	-	-	-	(133,046)	(133,046)
Total	$ 225,325	$ (7,593)	$ -	$ (374,465)	$ (156,733)

as at December 31, 2010	**Cash, loans and receivables**	**Derivatives used for hedging**	**Available for sale**	**Other financial liabilities**	**Total**
Cash and cash equivalents	$ 174,089	$ -	$ -	$ -	$ 174,089
Accounts receivable	208,620	-	-	-	208,620
Accounts payable and accrued liabilities	-	-	-	(245,245)	(245,245)
Current portion of long-term debt	-	-	-	(6,889)	(6,889)
Derivative financial instruments	-	(5,063)	-	-	(5,063)
Long term debt	-	-	-	(413,040)	(413,040)
Discontinued operations	264,540	(155)	-	(164,422)	99,962
Total	$ 647,249	$ (5,218)	$ -	$ (829,596)	$ (187,565)

as at June 30, 2010	**Cash, loans and receivables**	**Derivatives used for hedging**	**Available for sale**	**Other financial liabilities**	**Total**
Cash and cash equivalents	$ 159,067	$ -	$ -	$ -	$ 159,067
Accounts receivable	202,015	-	-	-	202,015
Accounts payable and accrued liabilities	-	-	-	(258,560)	(258,560)
Current portion of long-term debt	-	-	-	(80,917)	(80,917)
Derivative financial instruments	-	3,900	-	-	3,900
Long term debt	-	-	-	(498,642)	(498,642)
Discontinued operations	225,443	(233)	-	(139,291)	85,920
Total	$ 586,525	$ 3,667	$ -	$ (977,410)	$ (387,218)

as at January 1, 2010	Cash, loans and receivables	Derivatives used for hedging	Available for sale	Other financial liabilities	Total
Cash and cash equivalents	$ 206,957	$ -	$ -	$ -	$ 206,957
Accounts receivable	166,748	-	-	-	166,748
Accounts payable and accrued liabilities	-	-	-	(169,291)	(169,291)
Current portion of long-term debt	-	-	-	(14,044)	(14,044)
Derivative financial instruments	-	(874)	-	-	(874)
Long term debt	-	-	-	(142,926)	(142,926)
Discontinued operations	78,011	-	56,502	(68,873)	65,641
Total	$ 451,716	$ (874)	$ 56,502	$ (395,134)	$ 112,210

Fair Value of Financial Instruments

The estimated fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and borrowings under the bank term facility approximate their respective carrying values given their short term maturities.

The fair value of derivative financial instruments is measured using the discounted value of the difference between the contract's value at maturity based on the contracted foreign exchange rate and the contract's value at maturity based on the comparable foreign exchange rate at period end under the same conditions. The financial institution's credit risk is also taken into consideration in determining fair value. The valuation is determined using Level 2 inputs which are observable inputs or inputs which can be corroborated by observable market data for substantially the full term of asset or liability.

The fair value of senior debentures as at June 30, 2011 was $145,187 (carrying value of $137,770). The fair value was determined using the discounted cash flow method, a generally accepted valuation technique. The discounted factor is based on market rates for debt with similar terms and remaining maturities and that has been adjusted for our credit quality. The Company has no plans to prepay these instruments prior to maturity. The valuation is determined using Level 2 inputs which are observable inputs or inputs which can be corroborated by observable market data for substantially the full term of asset or liability.

During the six-month period ended June 30, 2011, there were no transfers between Level 1 and Level 2 fair value measurements.

Derivative Financial Instruments and Hedge Accounting

Foreign exchange contracts and options are transacted with financial institutions to hedge foreign currency denominated obligations related to purchases of inventory and sales of products. The following table summarizes the Company's commitments to buy and sell foreign currencies as at June 30, 2011.

		Notional Amount	Average Exchange Rate *	Maturity
Purchase contracts	USD	261,806	$ 0.9984	July 2011 to October 2012
	EUR	11,027	$ 1.3595	August 2011 to January 2012

* CDN $ required to purchase one denominated unit

Management estimates that a loss of $7,593 would be realized if the contracts were terminated on June 30, 2011. Certain of these forward contracts are designated as cash flow hedges, and accordingly, a loss of $6,186 has been included in other comprehensive income. These losses are not expected to affect net income as the losses will be reclassified to net income within the next twelve months and will offset gains recorded on the underlying hedged items, namely foreign denominated accounts payable and accounts receivable. A loss of $1,407 on forward contracts not designated as hedges is included in net income which offsets gains recorded on the foreign-denominated items, namely accounts payable and accounts receivable.

All hedging relationships are formally documented, including the risk management objective and strategy. On an ongoing basis, an assessment is made as to whether the designated derivative financial instruments continue to be effective in offsetting changes in cash flows of the hedged transactions.

15. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

In the normal course of business, Toromont is exposed to financial risks that may potentially impact its operating results in one or all of its operating segments. The Company employs risk management strategies with a view to mitigating these risks on a cost-effective basis. Derivative financial agreements are used to manage exposure to fluctuations in exchange rates. The Company does not enter into derivative financial agreements for speculative purposes.

Currency Risk

The Canadian operations of the Company source the majority of its products and major components from the United States. Consequently, reported costs of inventory and the transaction prices charged to customers for equipment and parts are affected by the relative strength of the Canadian dollar. The Company mitigates exchange rate risk by entering into foreign currency contracts to fix the cost of imported inventory where appropriate. In addition, pricing to customers is customarily adjusted to reflect changes in the Canadian dollar landed cost of imported goods.

The Company maintains a conservative hedging policy whereby all significant transactional currency risks are identified and hedged.

Sensitivity analysis

The following sensitivity analysis is intended to illustrate the sensitivity to changes in foreign exchange rates on the Company's financial instruments and show the impact on net earnings and comprehensive income. Financial instruments affected by currency risk include cash and cash equivalents, accounts receivable, accounts payable and derivative financial instruments. This sensitivity analysis relates to the position as at June 30, 2011 and for the year then ended. The following table shows Toromont's sensitivity to a 5% weakening of the Canadian dollar against the US dollar and Euro. A 5% strengthening of the Canadian dollar would have an equal and opposite effect. This sensitivity analysis is provided as reasonably possible change in currency in a volatile environment.

Cdn dollar weakens by 5%		USD		Euro		Total
Financial instruments held in foreign operations:						
Other comprehensive Income	$	258	$	-	$	258
Financial instruments held in Canadian operations:						
Net earnings	$	1,154	$	3	$	1,157
Other comprehensive Income	$	4,907	$	528	$	5,435

The movement in other comprehensive income in foreign operations reflects the change in the fair value of financial instruments. Gains or losses on translation of foreign subsidiaries are deferred in other comprehensive income. Accumulated currency translation adjustments are recognized in income when there is a reduction in the net investment in the foreign operation.

The movement in net earnings in Canadian operations is a result of a change in the fair values of financial instruments. The majority of these financial instruments are hedged.

The movement in other comprehensive income in Canadian operations reflects the change in the fair value of derivative financial instruments that are designated as cash flow hedges. The gains or losses on these instruments are not expected to affect net income as the gains or losses will offset losses or gains on the underlying hedged items.

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash equivalents, accounts receivable and derivative financial instruments. The carrying amount of assets included on the statement of financial position represents the maximum credit exposure.

Cash equivalents consist mainly of short-term investments, such as money market deposits. The Company has deposited the cash equivalents with reputable financial institutions, from which management believes the risk of loss to be remote.

The Company has accounts receivable from customers engaged in various industries including mining, construction, food and beverage, and governmental agencies. These specific industries may be affected by economic factors that may impact accounts receivable. Management does not believe that any single industry represents significant credit risk. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base.

The credit risk associated with derivative financial instruments arises from the possibility that the counterparties may default on their obligations. In order to minimize this risk, the Company enters into derivative transactions only with highly rated financial institutions.

Interest Rate Risk

The Company minimizes its interest rate risk by managing its portfolio of floating and fixed rate debt, as well as managing the term to maturity. The Company may use derivative instruments such as interest rate swap agreements to manage its current and anticipated exposure to interest rates. There were no interest rate swap agreements outstanding as at June 30, 2011, June 30, 2010 or December 31, 2010.

The Company had no floating rate debt as at June 30, 2011.

Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities. As at June 30, 2011, the Company was holding cash and cash equivalents of $20 million and had unutilized lines of credit of $176 million.

Accounts payable are primarily due within 90 days and will be satisfied from current working capital.

The Company expects that continued cash flows from operations in 2011, together with cash and cash equivalents on hand and currently available credit facilities, will be more than sufficient to fund its requirements for investments in working capital, capital assets and dividend payments through the next twelve months, and that the Company's credit ratings provide reasonable access to capital markets to facilitate future debt issuance.

16. INTEREST INCOME AND EXPENSE

The components of net interest expense are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2011	2010	**2011**	2010
Term loan facility	**$ 570**	$ 1,368	**$ 1,280**	$ 2,040
Senior debentures	**1,737**	1,946	**3,570**	3,981
Other	**-**	253	**-**	1,547
	$ 2,307	$ 3,567	**$ 4,849**	$ 7,568

The components of net interest income are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2011	2010	**2011**	2010
Interest income on rental conversions	**$ 421**	$ 391	**$ 890**	$ 1,112
Other	**85**	16	**166**	48
	$ 506	$ 407	**$ 1,056**	$ 1,160

17. INCOME TAXES

A reconciliation of income taxes at Canadian statutory rates with the reported income taxes was as follows:

	Three months ended June 30		Six months ended June 30	
	2011	**2010**	**2011**	**2010**
Statutory Canadian federal and provincial income tax rates	28.25%	31.0%	28.25%	31.0%
Expected taxes on income from continuing operations	$ 9,231	$ 8,550	$ 14,665	$ 11,296
Increase (decrease) in income taxes resulting from:				
Higher (lower) effective tax rates in other jurisdictions	(69)	(76)	(118)	(155)
Manufacturing and processing rate reduction	(74)	(37)	(118)	(85)
(Income) expenses not (taxable) deductible for tax purposes	(166)	905	102	570
Other	31	354	(144)	108
Provision for income taxes	$ 8,953	$ 9,696	$ 14,387	$ 11,734
Effective income tax rate	27.4%	35.2%	27.7%	32.2%

18. EARNINGS PER SHARE

	Three months ended June 30		Six months ended June 30	
	2011	2010	**2011**	2010
Net earnings available to common shareholders	**$ 159,682**	$ 21,922	**$ 181,306**	$ 37,399
Weighted average common shares outstanding	**77,203,562**	76,881,262	**77,183,293**	75,381,981
Dilutive effect of stock option conversion	**397,737**	242,361	**359,210**	288,178
Diluted weighted average common shares outstanding	**77,601,299**	77,123,623	**77,542,503**	75,670,159
Basic earnings per share				
Continuing operations	**$ 0.30**	$ 0.23	**$ 0.49**	$ 0.33
Discontinued operations	**1.77**	0.06	**1.86**	0.17
	$ 2.07	$ 0.29	**$ 2.35**	$ 0.50
Diluted earnings per share				
Continuing operations	**$ 0.30**	$ 0.22	**$ 0.49**	$ 0.32
Discontinued operations	**1.76**	0.06	**1.85**	0.17
	$ 2.06	$ 0.28	**$ 2.34**	$ 0.49

For the calculation of diluted earnings per share for the three months ended June 30, 2010, 948,400 outstanding stock options with an exercise price range of $15.62 to $16.76 were considered anti-dilutive (exercise price in excess of market price) and as such were excluded from the calculation. For the calculation of diluted earnings per share for six months ended June 30, 2010, 938,400 outstanding stock options with an exercise price range of $16.27 to $16.76 were anti-dilutive and therefore excluded from the calculation. There were no anti-dilutive options for the three months and six months ending June 30, 2011.

19. STOCK BASED COMPENSATION

The Company maintains a stock option program for certain employees. Under the plan, up to 6,096,000 options may be granted for subsequent exercise in exchange for common shares. It is Company policy that no more than 1% of outstanding shares or approximately 772,000 share options may be granted in any one year. Stock options have a seven-year term, vest 20% per year on each anniversary date of the grant and are exercisable at the designated common share price, which is fixed at prevailing market prices of the common shares at the date the option is granted.

With the completion of the Enerflex spinoff, previously issued stock options were split. For each Toromont stock option previously held, option holders received one option in each of Toromont and Enerflex, with the exercise price determined by applying the "butterfly proportion" to the previous exercise price. All other conditions related to these options, including term and vesting periods, remained the same and there was no acceleration of options vesting. The butterfly proportion was determined to be 56.4% to 43.6% for Toromont and Enerflex respectively.

Toromont accrues compensation cost over the vesting period based on the intrinsic method of accounting for Toromont stock options. The Enerflex options are reflected in the financial statements of Enerflex Ltd.

A reconciliation of the outstanding options is as follows:

	Six Months ended June 30					
	2011			2010		
	Number of Options		**Weighted Average Exercise Price**	Number of Options		Weighted Average Exercise Price
Options outstanding, beginning of period	**2,144,860**	**$**	**26.04**	1,961,809	$	22.91
Granted	**-**		**-**	610,050		29.71
Exercised	**(73,870)**		**21.65**	(147,600)		15.48
Forfeited	**(52,060)**		**12.82**	(16,210)		22.13
Options outstanding, end of period	**2,018,930**	**$**	**14.73**	2,408,049	$	25.06
Options exercisable, end of period	**1,102,650**	**$**	**14.24**	1,056,133	$	22.65

The number of options outstanding at June 1, 2011 was 2,030,030 and the weighted average exercise price was $26.10. Based on the butterfly proportion, the adjusted weighted average exercise price of Toromont options was $14.72. The adjusted weighted average exercise price of Enerflex options was $11.38.

The following table summarizes stock options outstanding and exercisable as at June 30, 2011. This information reflects stock options on an adjusted basis, reflecting the butterfly proportion.

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
$12.32 - $13.17	622,410	3.3	12.41	364,670	12.39
$13.87 - $16.76	1,396,520	4.0	15.76	737,980	15.15
Total	2,018,930	3.8	$ 14.73	1,102,650	$ 14.24

No stock options were granted in the first half of 2011.

The fair value of the stock options granted during the first half of 2011 was determined at the time of grant using the Black-Scholes option pricing model with the following assumptions: share price $29.71; expected life of options 5.84 years; expected stock price volatility 25%; expected dividend yield 2.0%; and risk-free interest rate 2.6%. This resulted in a weighted average fair value price per option of $6.59. This valuation was performed on a pre-split basis. Based on the butterfly proportion, the value of the Toromont 2010 option grant is $3.72 and the value of an Enerflex option is $2.87.

Deferred Share Unit Plan

The Company offers a deferred share unit (DSU) plan for executives and non-employee directors, whereby they may elect on an annual basis to receive all or a portion of their management incentive award or fees, respectively, in deferred share units. In addition, the Board may grant discretionary DSUs.

DSUs outstanding as at June 1, 2011 have been adjusted to reflect the difference in the fair market value as a result of the spinoff of Enerflex. The adjustment was determined based on the volume-weighted average trading prices for the five trading days prior to and subsequent to the effective date of the spinoff.

The following table summarizes information related to DSU activity:

	Six months ended June 2011		Six months ended June 2010	
	Number of DSUs	**Value**	Number of DSUs	Value
Outstanding, beginning of period	**87,969**	**$ 2,747**	68,357	$ 1,872
Units taken in lieu	**19,693**	**575**	17,228	471
Redemptions	**-**	**-**	(864)	(25)
Adjustment to reflect spinoff	**58,888**	**-**	-	
Market value adjustment	**-**	**(212)**	-	(331)
Outstanding, end of period	**166,550**	**$ 3,111**	84,721	$ 1,986

20. EMPLOYEE FUTURE BENEFITS

The Company sponsors pension arrangements for substantially all of its employees, primarily through defined contribution plans in Canada and a 401(k) matched savings plan in the United States. Certain unionized employees do not participate in company-sponsored plans, and contributions are made to these retirement programs in accordance with respective collective bargaining agreements. In the case of defined contribution plans, regular contributions are made to the individual employee accounts, which are administered by a plan trustee in accordance with the plan document. The cost of pension benefits for defined contribution plans are expensed as the contributions are paid.

Approximately 150 employees are included in defined benefit plans. Pension benefit obligations under the defined benefit plans are determined periodically by independent actuaries and are accounted for using the accrued benefit method using a measurement date of December 31.

The net pension expense recorded for the periods are presented below.

	Three months ended June 30		Six months ended June 30	
	2011	2010	**2011**	2010
Defined benefit plans	**$ 249**	$ 352	**$ 484**	$ 889
Defined contribution plans	**2,182**	1,710	**3,941**	3,350
401(k) matched savings plans	**26**	24	**43**	42
Net pension expense	**$ 2,457**	$ 2,086	**$ 4,468**	$ 4,281

21. CAPITAL MANAGEMENT

The Company defines capital as the aggregate of shareholders' equity and long-term debt less cash and cash equivalents.

The Company's capital management framework is designed to maintain a flexible capital structure that allows for optimization of the cost of capital at acceptable risk while balancing the interests of both equity and debt holders.

The Company generally targets a net debt to total capitalization ratio of 33%, although there is a degree of variability associated with the timing of cash flows. Also, if appropriate opportunities are identified, the Company is prepared to significantly increase this ratio depending upon the opportunity.

The Company's capital management criteria can be illustrated as follows:

		June 30 2011		December 31 2010		June 30 2010		January 1 2010
Shareholders' equity	**$**	**369,192**	$	1,196,838	$	1,164,668	$	834,984
Long-term debt		**134,282**		419,929		579,559		156,970
Less cash and cash equivalents		**(19,608)**		(174,089)		(159,067)		(206,957)
Total capitalization	**$**	**483,866**	$	1,442,678	$	1,585,160	$	784,997
Net debt as a % of total capitalization		**24%**		17%		27%		n/m
Net debt to equity ratio		**0.31:1**		0.21:1		0.36:1		n/m

n/m - not meaningful, cash exceeds long-term debt at January 1, 2010

The Company is subject to minimum capital requirements relating to bank credit facilities and senior debentures. The Company has comfortably met these minimum requirements during the periods.

There were no changes in the Company's approach to capital management during the periods.

22. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended June 30				Six months ended June 30			
		2011		2010		**2011**		2010
Net change in non-cash working capital and other								
Trade receivables	**$**	**(20,308)**	$	(64,242)	**$**	**2,903**	$	(35,267)
Inventories		**(20,371)**		(12,760)		**(49,392)**		(39,594)
Trade and other payables		**30,684**		89,422		**(5,062)**		89,269
Deferred revenues		**(5,922)**		(820)		**(4,520)**		(1,674)
Other		**8,633**		(8,970)		**67**		(18,003)
	$	**(7,284)**	$	2,630	**$**	**(56,004)**	$	(5,269)
Cash paid during the period for:								
Interest	**$**	**3,052**	$	3,396	**$**	**4,444**	$	4,979
Income taxes	**$**	**7,590**	$	7,918	**$**	**15,502**	$	14,452
Dividends	**$**	**12,348**	$	11,532	**$**	**24,690**	$	21,260
Cash received during the period for:								
Interest	**$**	**517**	$	509	**$**	**1,081**	$	1,262
Income taxes	**$**	**-**	$	-	**$**	**-**	$	-

23. COMMITMENTS

The Company has entered into leases on buildings, vehicles and office equipment. The vehicle and office equipment leases generally have an average life between 3 and 5 years with no renewal options. The building leases have a maximum lease term of 20 years including renewal options. Some of the contracts include lease escalation clause, which is usually based on consumer price index.

Future minimum lease payments under non-cancellable operating leases as at June 30, 2011 are as follows:

2011	$	1,330
2012		1,999
2013		1,534
2014		1,147
2015		679
2016 and thereafter		2,267
	$	8,956

24. SEGMENTED INFORMATION

The Company has two reportable operating segments, each supported by the corporate office. The business segments are strategic business units that offer different products and services, and each is managed separately. The corporate office provides finance, treasury, legal, human resources and other administrative support to the business segments. Corporate overheads are allocated to the business segments based on revenue.

The Company previously reported two operating segments, Equipment Group and Compression Group. Enerflex was previously included in the Compression Group. For the first quarter of 2011, Enerflex was reported as a separate operating segment, in light of the then proposed transaction. With the completion of the transaction, operating results have been restated to reflect Enerflex as a discontinued operation.

The Equipment Group includes one of the world's larger Caterpillar dealerships by revenue and geographic territory in addition to industry leading rental operations. CIMCO is an industry leader specializing in the design, engineering, fabrication, and installation of industrial and recreational refrigeration systems. Both groups offer comprehensive product support services.

The accounting policies of the reportable operating segments are the same as those described in Note 1 – Significant Accounting Policies. Each reportable operating segment's performance is measured based on operating income. No reportable operating segment is reliant on any single external customer.

Three months ended June 30	Equipment Group 2011	Equipment Group 2010	CIMCO 2011	CIMCO 2010	Consolidated 2011	Consolidated 2010
Equipment /package sales	$ 160,411	$ 149,505	$ 35,334	$ 31,072	$ 195,745	$ 180,577
Rentals	38,291	31,883	-	-	38,291	31,883
Product support	87,329	80,586	20,119	19,709	107,448	100,295
Power Generation	3,160	2,564	-	-	3,160	2,564
Revenues	$ 289,191	$ 264,538	$ 55,453	$ 50,781	$ 344,644	$ 315,319
Operating Income	$ 29,426	$ 27,436	$ 5,050	$ 3,306	$ 34,476	$ 30,742
Operating income as a % of revenues	10.2%	10.4%	9.1%	6.5%	10.0%	9.7%

Six months ended June 30	Equipment Group 2011	Equipment Group 2010	CIMCO 2011	CIMCO 2010	Consolidated 2011	Consolidated 2010
Equipment /package sales	$ 265,987	$ 227,877	$ 57,196	$ 50,638	$ 323,183	$ 278,515
Rentals	68,254	56,711	-	-	68,254	56,711
Product support	169,673	151,458	38,836	36,369	208,509	187,827
Power generation	6,307	5,127	-	-	6,307	5,127
Revenues	$ 510,221	$ 441,173	$ 96,032	$ 87,007	$ 606,253	$ 528,180
Operating Income	$ 48,126	$ 38,825	$ 7,579	$ 4,023	$ 55,705	$ 42,848
Operating income as a % of revenues	9.4%	8.8%	7.9%	4.6%	9.2%	8.1%

Selected balance sheet information:

As at June 30, 2011	Equipment Group	CIMCO	Consolidated
Goodwill	$ 13,000	$ 450	$ 13,450
Identifiable assets	$ 735,490	$ 49,863	$ 785,353
Corporate assets			38,520
Total assets			$ 823,873

As at December 31, 2010	Equipment Group	CIMCO	Consolidated
Goodwill	$ 13,000	$ 450	$ 13,450
Identifiable assets	$ 662,021	$ 52,087	$ 714,108
Assets of discontinued operations			$ 1,364,402
Corporate assets			193,253
Total assets			$ 2,271,763

As at June 30, 2010	Equipment Group	CIMCO	Consolidated
Goodwill	$ 13,000	$ 450	$ 13,450
Identifiable assets	$ 680,285	$ 51,641	$ 731,926
Assets of discontinued operations			$ 1,416,176
Corporate assets			193,822
Total assets			$ 2,341,924

As at January 1, 2010	Equipment Group	CIMCO	Consolidated
Goodwill	$ 13,000	$ 450	$ 13,450
Identifiable assets	$ 599,358	$ 47,367	$ 646,725
Assets of discontinued operations			$ 484,149
Corporate assets			224,993
Total assets			$ 1,355,867

Operating income from rental operations for the quarter ended June 30, 2011 was $3.6 million (2010 - $2.5 million). For the six months ended June 30, 2011, operating income from rental operations was $5.9 million (2010 - $3.2 million).

25. SEASONALITY OF BUSINESS

Interim period revenues and earnings historically reflect seasonality. For the Equipment Group, the first quarter is typically the weakest due to winter shutdowns in the construction industry while the fourth quarter has consistently been the strongest quarter due to higher conversions at the Caterpillar dealership of equipment on rent with a purchase option. For CIMCO, the fourth quarter tends to be the strongest due to higher activity in recreational markets in advance of the winter recreational season.

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