Third Quarter 2011 **November 1, 2011**

RESULTS FOR THE THIRD QUARTER OF 2011

Toromont Industries Ltd. (TSX: TIH) reported strong financial results for the third quarter ending September 30, 2011.

	Three months ended September 30			Nine months ended September 30		
millions, except per share amounts	**2011**	2010	**% change**	**2011**	2010	**% change**
Continuing operations basis:						
Revenues	**$ 367.3**	$ 336.0	**9%**	**$ 973.5**	$ 864.2	**13%**
Operating income	**$ 44.3**	$ 34.2	**29%**	**$ 100.0**	$ 77.0	**30%**
Net earnings	**$ 30.9**	$ 22.7	**36%**	**$ 68.5**	$ 48.7	**41%**
Earnings per share - basic	**$ 0.40**	$ 0.30	**33%**	**$ 0.89**	$ 0.64	**39%**
Discontinued operations:						
Net earnings	**$ -**	$ 3.5	**n/m**	**$ 143.8**	$ 14.9	**n/m**
Earnings per share - basic	**$ -**	$ 0.04	**n/m**	**$ 1.86**	$ 0.20	**n/m**
Total:						
Net earnings	**$ 30.9**	$ 26.2	**18%**	**$ 212.2**	$ 63.6	**n/m**
Earnings per share - basic	**$ 0.40**	$ 0.34	**18%**	**$ 2.75**	$ 0.84	**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 in the third quarter with net earnings from continuing operations increasing 36%, reflecting higher revenues and better margins.

We are pleased with the performance of our Company through the first three quarters of 2011. New records have again been established on a continuing operations basis for both revenue and net income. Product support and rental revenues were at record levels. Backlogs were up 17% over last year.

Third Quarter Highlights[1]:

- Net earnings from continuing operations were $30.9 million in the quarter ($0.40 per share basic), up 36% from $22.7 million reported in the same quarter last year. Higher revenues, improved margins and lower interest expense contributed to the improvement. Year-to-date, net earnings from continuing operations were $68.5 million ($0.89 per share basic), 41% higher than the similar period last year.

[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 nine months ended September 30, 2011.

- Equipment Group revenues of $315 million were up 11% in the third quarter versus the similar period of 2010 on higher rental and product support activities. Revenues were $825 million for the first nine months of 2011, up 14% from the prior year. Operating income increased 33% in the third quarter and 28% in the year-to-date compared to last year due to higher revenues and increased margins.

- Equipment Group backlogs of $300 million were up 37% compared to this time last year. Mining, power systems and road building have reported strong activity levels. Bookings of $187 million in the third quarter were 18% lower than the third quarter of 2010, due principally to a $125 million order received in 2010.

- CIMCO revenues of $52 million in the third quarter were unchanged from the similar period last year and were 6% higher year-to-date. Operating income reached a record for this time of year on improved project execution.

- CIMCO bookings of $16 million in the third quarter were 31% lower than those reported in the same period last year, due principally to the end of the Recreational Infrastructure Canada stimulus program. Backlogs were $43 million at September 30, 2011.

- Net earnings from continuing operations were $30.9 million in the third quarter ($0.40 per share basic), an increase of 36% from the comparable period of the prior year. For the nine-months ended September 30, 2011, net earnings were $68.5 million ($0.89 per share), an increase of 41% from the prior year.

- The Company completed the spinoff of its natural gas compression and processing equipment business, Enerflex Ltd. ("Enerflex"), 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. Earnings from discontinued operations in 2011 were $143.8 million, as reported last quarter, including a gain of $133.2 million, $1.73 per share basic realized on the spinoff of Enerflex.

- Net earnings were $30.9 million in the quarter ($0.40 per share basic) and $212.2 million ($2.75 per share basic) on a year-to-date basis.

- The Board of Directors increased the quarterly dividend 10% to $0.11 per common share, effective with the dividend paid on October 3, 2011 to shareholders of record on September 15, 2011.

- During the third quarter of 2011, the Company purchased and cancelled 477,235 shares under its normal course issuer bid. Total cost for the shares purchased was $8.0 million (average cost of $16.83 per share).

Toromont is well positioned to achieve continuing success, with a healthy backlog, leading market positions and record volumes in our product support activities. We have significant organic growth opportunities and continue to search for strategic acquisitions. Our team is focused on improving market share through providing exceptional service to our customers.

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 nine months ended September 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 nine months ended September 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 November 1, 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. Results for 2011 include the results of Enerflex for the five 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 September 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 complementary 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 has manufacturing facilities in Canada and the United States and sells its solutions globally.

Prior to 2011, the Company reported two operating segments, the Equipment Group and the Compression Group. Enerflex was previously included in the Compression Group. With the completion of the spinoff, operating results have been restated to reflect Enerflex as a discontinued operation.

CONSOLIDATED RESULTS OF OPERATIONS

	Three months ended September 30			Nine months ended September 30		
($ thousands, except per share amounts)	**2011**	2010	% change	**2011**	2010	% change
Revenues	**$ 367,289**	$ 335,975	9%	**$ 973,542**	$ 864,155	13%
Cost of goods sold	**270,577**	254,226	6%	**727,934**	656,189	11%
Gross profit	**96,712**	81,749	18%	**245,608**	207,966	18%
Selling and administrative expenses	**52,450**	47,553	10%	**145,641**	130,971	11%
Operating income	**44,262**	34,196	29%	**99,967**	76,995	30%
Interest expense	**2,039**	3,024	(33%)	**6,888**	9,357	(26%)
Interest and investment income	**(794)**	(308)	158%	**(1,850)**	(1,468)	26%
Income before income taxes	**43,017**	31,480	37%	**94,929**	69,106	37%
Income taxes	**12,087**	8,744	38%	**26,474**	20,401	30%
Earnings from continuing operations	**30,930**	22,736	36%	**68,455**	48,705	41%
Net gain on spinoff of Enerflex	**-**	-	n/m	**133,164**	-	n/m
Earnings from discontinued operations	**-**	3,465	(100%)	**10,617**	14,895	(29%)
Net earnings	**$ 30,930**	$ 26,201	18%	**$ 212,236**	$ 63,600	n/m
Earnings per share (basic)						
Continuing operations	**$ 0.40**	$ 0.30	33%	**$ 0.89**	$ 0.64	39%
Discontinued operations	**-**	0.04	n/m	**1.86**	0.20	n/m
	$ 0.40	$ 0.34	18%	**$ 2.75**	$ 0.84	n/m
Key ratios:						
Gross profit as a % of revenues	**26.3%**	24.3%		**25.2%**	24.1%	
Selling and administrative expenses as a % of revenues	**14.3%**	14.2%		**15.0%**	15.2%	
Operating income as a % of revenues	**12.1%**	10.2%		**10.3%**	8.9%	
Income taxes as a % of income before income taxes	**28.1%**	27.8%		**27.9%**	29.5%	

Revenues from continuing operations increased 9% in the third quarter and 13% for the first nine months of 2011 compared to the same periods of 2010. Equipment Group revenues were up 11% in the quarter and 14% for the first nine months of 2011 on increases in new equipment sales, product support and rentals, reflecting improved industry fundamentals. CIMCO revenues were unchanged in the third quarter of 2011 and up 6% in the year-to-date compared to the similar periods of the prior year.

Volatility in the rate of exchange between the Canadian and U.S. dollar has an impact on revenue trends. The Canadian dollar averaged US $1.02 in the third quarter of 2011 compared to US $0.96 in 2010, a 6.0% increase and similarly strengthened 5.9% in the first nine months of 2011 versus

2010. 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, a stronger Canadian dollar can adversely affect 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 margin was 26.3% in the third quarter and 25.2% in the year-to-date compared with 24.3% and 24.1% in the similar periods of 2010. Gross profit margins in the Equipment Group in 2011 were up from 2010 due to improved rental margins due to higher activity levels and a higher proportion of product support revenues. CIMCO margins were higher in 2011 on improved facilities utilization and project execution.

Selling and administrative expenses increased $4.9 million or 10% in the third quarter and $14.7 million or 11% year-to-date compared to the same periods of the prior year. Selling and administrative expense increases are largely tracking the increase in revenues. Compensation was $3.3 million (11%) higher in the quarter and $7.6 million (9%) higher year-to-date on increased headcount, annual salary increases and higher annual incentives expense. Increased warranty and freight costs in both periods reflect increased business levels. Information technology costs increased 13% on development projects on current systems and infrastructure upgrades. Selling and administrative expenses as a percentage of revenues for the first nine months of 2011 was 15.0% in 2011 versus 15.2% in 2010.

Operating income increased $10.1 million or 29% in the third quarter of 2011, reflecting higher volumes and gross margins. Operating income increased $23.0 million or 30% for the nine-month period ended September 30, 2011 compared to the same period of 2010, also reflecting higher volumes and improved gross margins. Operating income as a percentage of revenues was 12.1% for the quarter and 10.3% year-to-date, a record for this time of year.

Interest expense was $2.0 million in the third quarter and $6.9 million on a year-to-date basis. Interest expense was 33% and 26% lower respectively from the same periods last year on lower debt balances.

The effective income tax rate for the nine-month period ended September 30, 2011 was 27.9% compared to 29.5% the same period of 2010. The reduction in rates reflects lower statutory rates.

Net earnings from continuing operations in the third quarter of 2011 were $30.9 million, 36% higher than the third quarter of 2010. Basic earnings per share ("EPS") from continuing operations were $0.40 for the quarter, 33% higher than the comparable period of 2010, reflecting the higher earnings.

For the first nine months of 2011, net earnings from continuing operations were $68.5 million, 41% higher than the comparable period of 2010. EPS from continuing operations were $0.89, 39% higher than the comparable period of 2010, reflecting the higher earnings.

Earnings from discontinued operations in 2011 included results from the Enerflex operations for the five months ended May 31, 2011, net of transaction related expenses. In addition, a net gain of $133.2 million, $1.73 per share basic, was recorded in the second quarter of 2011 on the spinoff of Enerflex.

Net earnings in the third quarter of 2011 were $30.9 million, up 18% from the comparable period of the prior year. For the year-to-date 2011, net earnings were $212.2 million, for basic EPS of $2.75.

Comprehensive income in the third quarter of 2011 was $35.6 million, comprised of net earnings of $30.9 million and other comprehensive income of $4.7 million. The other comprehensive income arose primarily on an increase in fair value of derivatives designated as cash flow hedges.

Comprehensive income for the nine months ended September 30, 2011 was $230.8 million, comprised of net earnings of $212.2 million and other comprehensive income of $18.6 million. Other comprehensive income included translation losses attributable to Enerflex which were transferred to income on spinoff.

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 September 30			Nine months ended September 30		
($ thousands)	**2011**	2010	% change	**2011**	2010	% change
Equipment sales and rentals						
New	**$ 120,813**	$ 120,668	-	**$ 327,370**	$ 286,288	14%
Used	**47,133**	43,455	8%	**106,563**	105,712	1%
Rental	**51,440**	43,134	19%	**119,694**	99,845	20%
Total equipment sales and rentals	**219,386**	207,257	6%	**553,627**	491,845	13%
Power generation	**3,057**	2,565	19%	**9,364**	7,692	22%
Product support	**92,677**	73,766	26%	**262,350**	225,224	16%
Total revenues	**$ 315,120**	$ 283,588	11%	**$ 825,341**	$ 724,761	14%
Operating income	**$ 39,498**	$ 29,611	33%	**$ 87,624**	$ 68,387	28%
Key ratios:						
Product support revenues as a % of total revenues	**29.4%**	26.0%		**31.8%**	31.1%	
Group total revenues as a % of consolidated revenues	**85.8%**	84.4%		**84.8%**	83.9%	
Operating income as a % of revenues	**12.5%**	10.4%		**10.6%**	9.4%	

New equipment sales in the third quarter of 2011 were unchanged from the prior year. New equipment sales in the third quarter of 2010 were particularly strong. In addition, the stronger Canadian dollar, up 6% in the third quarter of 2011, reduced revenues. In the year-to-date, new equipment sales were up 14% compared to the prior year. Higher activity levels were experienced through the first half of the year on improved market conditions. Sales increases resulted largely from higher unit sales into a number of markets served, notably general and heavy construction.

Used equipment sales were 8% higher in the third quarter of 2011 and 1% higher year-to-date 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 19% in the quarter and 20% in the year-to-date compared to the prior year, setting a new record for this time of year. This represents the sixth 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 19% in the quarter and 22% year-to-date compared to the similar periods of the prior year, reflecting increased operating hours and higher average prices for electricity.

Product support revenues of $92.7 million in the quarter set a new record for any quarter, increasing 26% versus 2010. Product support revenues were up 16% in the first nine months of 2011 versus the prior year. Product support revenues in 2011 benefited from higher utilization of equipment compared to the prior year driven largely by increased general economic activity.

Operating income was up 33% in the third quarter compared to 2010, significantly due to increased revenues and improved gross margins. Gross margin as a percentage of revenues increased 220 basis points compared to the third quarter of 2010 on higher activity levels and higher relative volumes in rental and product support. Selling and administrative expenses increased 12% in line with revenue growth on higher costs across a number of areas including compensation, warranty, freight and information technology.

Operating income was 28% higher in the nine-month period, reflecting improved revenues and margins. Gross margin as a percentage of revenues increased 100 basis points compared to the similar period of 2010 on higher activity levels and higher relative volumes in rental and product support. Selling and administrative expenses increased 12% on higher costs across a number of areas including compensation, warranty, freight and information technology.

Bookings ($ millions)	2011	2010	% change
Three months ended September 30	$ 187	$ 228	(18%)
Nine months ended September 30	$ 477	$ 501	(5%)

	September 30, 2011	December 31, 2010	September 30, 2010
Backlogs ($ millions)	$ 300	$ 256	$ 219

Equipment bookings declined in the third quarter of 2011 compared to the third quarter of the prior year. Third quarter bookings in 2010 included a significant mining order of $125 million.

Backlogs were $300 million at September 30, 2011, increased from $256 million at December 31, 2010 and $219 million at September 30, 2010. Approximately 65% of backlog at September 30, 2011 represents mining orders with deliveries scheduled over the next five quarters. The remaining 35% largely 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 September 30 2011	2010	% change	Nine months ended September 30 2011	2010	% change
Package sales and rentals	**$ 28,468**	$ 30,276	(6%)	**$ 85,664**	$ 80,914	6%
Product support	**23,701**	22,111	7%	**62,537**	58,480	7%
Total revenues	**$ 52,169**	$ 52,387	-	**$ 148,201**	$ 139,394	6%
Operating income	**$ 4,764**	$ 4,585	4%	**$ 12,343**	$ 8,608	43%
Key ratios:						
Product support revenues as a % of total revenues	**45.4%**	42.2%		**42.2%**	42.0%	
Group total revenues as a % of consolidated revenues	**14.2%**	15.6%		**15.2%**	16.1%	
Operating income as a % of revenues	**9.1%**	8.8%		**8.3%**	6.2%	

CIMCO package revenues were down 6% in the third quarter of 2011 compared to 2010. Canadian industrial refrigeration revenues were 16% higher in the quarter compared to the prior year, more than offsetting declines in the US. Industrial activity has shown signs of strengthening from the lows set during the recent economic recession. Recreational revenues were down 13% as expected, largely on the winding up of the federal stimulus spending program in Canada.

Package revenues were up 6% in the year-to-date. Recreational refrigeration in Canada saw good growth due to carryover of construction supported by the Recreational Infrastructure Canada program. The industrial refrigeration business was marginally lower than last year after improvements in the second and third quarters of 2011 compensated for a weaker first quarter.

Product support revenues increased 7% in the quarter and year-to-date 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 $4.8 million in the third quarter of 2011 compared to $4.6 million in 2010, an increase of 4%. In the 2011 year-to-date, operating income was $12.3 million, 43% 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 largely unchanged as a percentage of revenues.

Bookings ($ millions)	2011	2010	% change
Three months ended September 30	$ 16	$ 24	(31%)
Nine months ended September 30	$ 64	$ 89	(29%)

	September 30, 2011	December 31, 2010	September 30, 2010
Backlogs ($ millions)	$ 43	$ 67	$ 74

Bookings were down 31% in the quarter and 29% year-to-date compared to 2010. Canadian recreational bookings were down as expected on the ending of the Recreational Infrastructure Canada stimulus spending program. Industrial bookings increased in both the quarter and year-to-date versus the prior year periods.

CONSOLIDATED FINANCIAL CONDITION

At September 30, 2011, the ratio of total debt net of cash to total capitalization was 25%. Total assets were $841 million at September 30, 2011, compared with $2.3 billion at December 31, 2010, due to the spinoff of Enerflex Ltd.

Working Capital

Investment in non-cash working capital was $242.4 million at September 30, 2011. The major components, along with the changes from September 30 and December 31, 2010, are identified in the following table.

$ thousands	September 30 2011	December 31 2010	Change $	Change %	September 30 2010	Change $	Change %
Accounts receivable	$ 217,853	$ 208,620	$ 9,233	4%	$ 215,290	$ 2,563	1%
Inventories	293,090	224,416	68,674	31%	233,350	59,740	26%
Income taxes, net	(5,865)	229	(6,094)	n/m	3,309	(9,174)	n/m
Derivative financial instruments	8,775	(3,224)	11,999	n/m	(697)	9,472	n/m
Other current assets	5,779	3,342	2,437	73%	5,768	11	-
Accounts payable, accrued liabilities and provisions	(211,856)	(232,903)	21,047	(9%)	(204,101)	(7,755)	4%
Dividends payable	(8,466)	(12,342)	3,876	(31%)	(12,305)	3,839	(31%)
Deferred revenue	(55,641)	(45,069)	(10,572)	23%	(33,415)	(22,226)	67%
Current portion of long-term debt	(1,280)	(6,889)	5,609	(81%)	(340,014)	338,734	(100%)
Continuing operations	242,389	136,180	106,209	78%	(132,815)	375,204	(283%)
Discontinued operations	-	168,020	(168,020)	n/m	192,727	(192,727)	n/m
Total non-cash working capital	$ 242,389	$ 304,200	$ (61,811)	(20%)	$ 59,912	$ 182,477	n/m

Accounts receivable generally reflect trailing activity levels and timing of customer receipts. Accounts receivable were 4% higher than December 31, 2010 on higher trailing revenues. Compared to September 30, 2010, accounts receivable were 1% higher at September 30, 2011, reflecting an improvement in collections period over period.

Inventories increased 31% from December 31, 2010 and 26% from September 30, 2010. Equipment Group inventories are 29% higher compared to this time last year and 35% higher than December 31, 2010. Inventory includes approximately $35 million of mining equipment for a significant order scheduled to deliver in the fourth quarter of 2011. Higher inventory levels are also maintained to support higher expected equipment sales volumes in a tightened supply environment and the increased product support business. CIMCO inventories were 32% lower than September 30, 2010 and 39% 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 gain of $8.8 million as at September 30, 2011. This is not expected to affect net earnings, as the unrealized gains will offset future losses on the related hedged items.

Accounts payable and accrued liabilities at September 30, 2011 were 9% lower compared to December 31, 2010 on lower payables from timing of payments to suppliers partially offset by payment of year-end profit sharing amounts. Accounts payable, accrued liabilities and provisions at September 30, 2011 were 4% higher than at September 30, 2010 on higher inventory purchases and higher accruals for profit sharing on higher earnings.

Dividends payable at September 30, 2011 were 31% lower than September 30 and December 31, 2010 due to the lower dividend rate subsequent to the spinoff.

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 and other contracts.

The current portion of long-term debt reflects scheduled principal repayments due in the next twelve months. The current portion of long-term debt at September 30, 2010 included $333.1 million drawn on the committed credit facility. This credit facility was renegotiated subsequent to September 30, 2010, during which the term was extended and classification was changed to long-term. In addition, amounts outstanding under the credit facility were repaid with funds received from Enerflex on spinoff and excess cash on hand.

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 76,551,059 common shares and 2,603,445 share options outstanding. The Company purchased and cancelled 198,202 common shares under the NCIB program subsequent to September 30, 2011 for $3.3 million (average cost of $16.60 per share).

Normal Course Issuer Bid

On August 29, 2011, Toromont announced the renewal of its NCIB program. The issuer bid allows the Company to purchase up to 5.7 million of its common shares, representing 10% of common shares in the public float, in the year ending August 30, 2012. The actual number of shares purchased and the timing of any such purchases will be determined by Toromont. All shares purchased under the bid are cancelled.

During the third quarter of 2011, the Company purchased and cancelled 477,235 shares for $8.0 million (average cost of $16.83 per share). The shares were purchased for an amount higher than their weighted average book value per shares ($3.42 per share) resulting in a reduction of retained earnings of $6.4 million. No shares were purchased under the bid during the nine-month period ended September 30, 2010.

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 second 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 September 30, 2011, there were no drawings on the Canadian facility. Letters of credit utilized $25.6 million of the facility.

Cash and cash equivalents at September 30, 2011 was $3.0 million, compared to $86.1 million at September 30, 2010 and $174.1 million at December 31, 2010. Excess cash was held by the Company during 2010 in light of the acquisition/spinoff of Enerflex and the uncertain economic environment. Cash balances were drawn down in 2011 on a number of factors, most notably the repayment of acquisition related financing, net of amounts received from Enerflex on spinoff and investments in working capital, primarily inventories in light of specific orders, generally higher volumes and tightened supply. Cash balances are expected to increase through the end of 2011.

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:

$ thousands	Three months ended September 30 2011	2010	Nine months ended September 30 2011	2010
Cash, beginning of period	$ 19,608	$ 159,067	$ 174,089	$ 206,957
Cash, provided by (used in):				
Operating activities				
Operations - continuing operations	36,986	32,136	91,874	80,385
Change in non-cash working capital and other	(32,273)	(13,514)	(92,669)	(18,783)
Discontinued operations	-	32,711	57,432	57,521
	4,713	51,333	56,637	119,123
Investing activities				
Continuing operations	(5,638)	(11,906)	(41,578)	(47,861)
Discontinued operations	-	7,216	140,115	(308,407)
	(5,638)	(4,690)	98,537	(356,268)
Financing activities	(16,343)	(118,439)	(326,257)	117,107
Decrease in cash in the period	(17,268)	(71,796)	(171,083)	(120,038)
Effect of foreign exchange on cash balances	689	(1,128)	23	(776)
Cash, end of period	$ 3,029	$ 86,143	$ 3,029	$ 86,143

Cash Flows from Operating Activities

Operating activities from continuing operations provided $4.7 million in the third quarter compared to $18.6 million in the comparable period of 2010. Net earnings adjusted for items not requiring cash were 15% higher than that reported last year on higher revenues and improved operating margins. Non-cash working capital and other used $32.3 million in the quarter compared to $13.5 million in 2010. In the third quarter of 2011, the Equipment Group invested $22 million in inventory in light of stronger market conditions and specific customer orders. Discontinued operations provided $32.7 million in cash flow from operations in the third quarter of 2010.

Operating activities from continuing operations used $0.8 million in the nine-month period ended September 30, 2011 compared to generating $61.6 million in the comparable period of 2010. Net earnings adjusted for items not requiring cash were 14% higher than that reported last year on higher revenues and improved operating margins. Non-cash working capital and other used $92.7 million compared to $18.8 million in 2010. In 2011, the Equipment Group invested $74 million in inventory in light of stronger market conditions and specific customer orders. Discontinued operations provided $57.4 million in cash flow in 2011 compared to $57.5 million in the similar period last year.

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 $3.9 million in the third quarter and $28.8 million year-to-date. Investments in rental fleet increased significantly over 2010 on improved market conditions.

Additions to property, plant and equipment were $5.3 million in the third quarter of 2011 and $16.8 million year-to-date. Additions include land and buildings for new branch locations, service vehicles and information technology.

Investing activities at discontinued operations in the first nine months of 2010 included cash used for acquisition of Enerflex Systems Income Fund of $292.5 million.

Investing activities at discontinued operations in the nine months ended September 30, 2011 included cash received from Enerflex Ltd. in repayment of intercompany debt of $173.3 million owing to the Company on spinoff.

Cash Flows from Financing Activities

Financing activities used $16.3 million in the third quarter and $326.3 million in the first nine months of 2011.

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 on June 1, 2011, 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.

The Company paid dividends of $7.7 million ($0.10 per share) and $32.4 million ($0.42 per share for the three and nine months ended September 30, 2011 respectively ($11.5 million, $0.15 per share and $32.8 million, $0.45 per share for the three and nine months ended September 30, 2010 respectively). The dividend was adjusted to $0.10 per share for the post-spinoff dividend paid on July 1, 2011 which, together with the $0.06 dividend subsequently declared by the Enerflex Board, kept shareholders whole with the pre-spinoff dividend amount. On August 12, 2011, the Board of Directors increased the quarterly dividend to $0.11 per share, effective with the dividend to be paid October 3, 2011.

OUTLOOK

The Equipment Group is experiencing good levels of equipment orders in many markets, including mining, road building and general construction. While the general government stimulus spending for Canadian infrastructure is winding down, we believe that investment levels will remain strong in the infrastructure markets, notably road building. Backlogs entering the last quarter of 2011 were stronger than the same time last year. The parts and service and rental businesses have seen a resumption of growth driven by increased activity levels for our customers. These businesses provide a level of stability to operating results and an opportunity for growth.

Toromont expects to benefit from Caterpillar's expanding product line-up. Earlier this year, Caterpillar completed the acquisition of Bucyrus, a leading manufacturer of mining equipment for the surface and underground mining industries. Toromont expects to enter discussions with Caterpillar for distribution rights to these products, however the impact of this is not determinable at this time. Additionally, Caterpillar has completed the acquisition of MWM, a leading global supplier of natural gas and alternative-fuel engines, prior to the end of 2011. Toromont expects that this initiative will further expand its product offering.

Results at CIMCO have been buoyed by federal stimulus spending on recreational refrigeration projects in Canada. As the program is now at an end we expect revenues from recreation projects to decline, although we expect that this will be at least partially offset by increases in the industrial refrigeration sector.

Our management teams continue to be 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

Our contractual obligations as of September 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	remainder of 2011	2012	2013	2014	2015	Thereafter	Total
Long-term Debt							
- principal	$ -	$ 1,280	$ 1,372	$ 1,471	$ 126,576	$ 6,464	$ 137,163
- interest	3,075	6,986	6,895	6,796	5,342	944	30,038
Accounts payable	220,322	-	-	-	-	-	220,322
Operating Leases	676	2,026	1,549	1,076	665	2,282	8,274
	$ 224,073	$ 10,292	$ 9,816	$ 9,343	$ 132,583	$ 9,690	$ 395,797

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	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Revenues				
Equipment Group	$ 297,938	$ 221,030	$ 289,191	$ 315,120
CIMCO	44,934	40,579	55,453	52,169
Total revenues	$ 342,872	$ 261,609	$ 344,644	$ 367,289
Net earnings				
Continuing operations	$ 27,954	$ 13,803	$ 23,722	$ 30,930
Discontinued operations	12,358	7,821	135,960	-
	$ 40,312	$ 21,624	$ 159,682	$ 30,930
Per share information:				
Earnings per share - basic				
Continuing operations	$ 0.37	$ 0.18	$ 0.31	$ 0.40
Discontinued operations	0.15	0.10	1.76	-
	$ 0.52	$ 0.28	$ 2.07	$ 0.40
Earnings per share - diluted				
Continuing operations	$ 0.37	$ 0.18	$ 0.30	$ 0.40
Discontinued operations	0.15	0.10	1.76	-
	$ 0.52	$ 0.28	$ 2.06	$ 0.40
Dividends paid per share	$ 0.16	$ 0.16	$ 0.10	$ 0.10
Weighted average common shares outstanding - Basic (in thousands)	76,962	77,163	77,204	77,095

$ thousands, except per share amounts	Q4 2009	Q1 2010	Q2 2010	Q3 2010
Revenues				
Equipment Group	$ 239,009	$ 176,635	$ 264,538	$ 283,588
CIMCO	46,734	36,227	50,781	52,387
Total revenues	$ 285,743	$ 212,862	$ 315,319	$ 335,975
Net earnings				
Continuing operations	$ 15,577	$ 5,980	$ 19,989	$ 22,736
Discontinued operations	15,773	9,497	1,933	3,465
	$ 31,350	$ 15,477	$ 21,922	$ 26,201
Per share information:				
Earnings per share - basic				
Continuing operations	$ 0.24	$ 0.08	$ 0.26	$ 0.30
Discontinued operations	0.24	0.13	0.03	0.04
	$ 0.48	$ 0.21	$ 0.29	$ 0.34
Earnings per share - diluted				
Continuing operations	$ 0.24	$ 0.08	$ 0.25	$ 0.30
Discontinued operations	0.24	0.13	0.03	0.04
	$ 0.48	$ 0.21	$ 0.28	$ 0.34
Dividends paid per share	$ 0.15	$ 0.15	$ 0.15	$ 0.16
Weighted average common shares outstanding - Basic (in thousands)	64,771	73,866	76,881	76,896

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. In the future, the increase in mining-related business may distort this trend somewhat due to the timing of significant deliveries in any given quarter.

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.

For a further description, see the risks and uncertainties set out in the "Risks and Risk Management" and "Outlook" sections of Toromont's most recent annual MD&A contained in the 2010 Annual Report and the interim MD&A contained for the three and six months ended June 30, 2011, as filed with Canadian securities regulators at www.sedar.com and may also be found 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.

- In November 2009, the IASB issued IFRS 9 - *Financial Instruments*, which becomes effective for annual periods beginning on or after January 1, 2013.

- In 2010, the IASB amended IFRS 7 – Financial Instruments: Disclosures, effective for annual periods beginning on or after July 1, 2011 and amended IAS 12 – Income Taxes, effective for annual periods beginning on or after January 1, 2012.

- In May 2011, the IASB issued the following standards: IFRS 10 - *Consolidated Financial Statements*, IFRS 11 - *Joint Arrangements*, IFRS 12 - *Disclosure of Interests in Other Entities*, IFRS 13 - *Fair Value Measurement* and amended IAS 27 - *Separate Financial Statements* and IAS 28 - *Investments in Associates and Joint Ventures*. Each of the new standards and amendments is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- In June 2011, the IASB revised IAS 19 – *Employee Benefits*, which becomes effective for annual periods beginning on or after January 1, 2013. Also in June, the IASB amended IAS 1 – *Presentation of Financial Statements*, which become effective for annual periods beginning on or after July 1, 2012.

A summary of these standards was included in the Company's unaudited interim financial statements and accompanying MD&A for the period ended June 30, 2011.

The Company is currently assessing the impact of these new standards and amendments 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 MD&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 Toromont 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 the Company's external auditor.

Refer to Note 3 to the unaudited interim consolidated financial statements for the three and nine months ended September 30, 2011 for detailed reconciliations between Canadian GAAP and IFRS of shareholders' equity as at January 1, September 30 and December 31, 2010, and of net earnings and comprehensive income for the three and nine months ending September 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 September 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 MD&A 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; 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	**September 30 2011**	December 31 2010	September 30 2010	January 1 2010
Assets					
Current assets					
Cash and cash equivalents	5	**$ 3,029**	$ 174,089	$ 86,143	$ 206,957
Accounts receivable	6	**217,853**	208,620	215,290	166,748
Inventories	7	**293,090**	224,416	233,350	205,835
Income taxes receivable		**-**	712	3,309	11,191
Derivative financial instruments	14	**8,775**	824	-	-
Other current assets		**5,779**	3,342	5,768	2,919
Current assets of discontinued operations	4	**-**	490,499	511,135	254,180
Total current assets		**528,526**	1,102,502	1,054,995	847,830
Property, plant and equipment	8	**146,776**	142,508	134,191	116,710
Rental equipment	8	**131,759**	119,944	123,151	124,033
Derivative financial instruments	14	**897**	-	-	-
Other assets	9	**7,884**	9,021	9,594	11,383
Deferred tax assets		**11,487**	10,435	9,713	12,492
Goodwill		**13,450**	13,450	13,450	13,450
Long-term assets of discontinued operations	4	**-**	873,903	903,955	229,969
Total assets		**$ 840,779**	$ 2,271,763	$ 2,249,049	$ 1,355,867
Liabilities					
Current liabilities					
Accounts payable, accrued liabilities and provisions	10	**$ 220,322**	$ 245,245	$ 216,406	$ 169,291
Deferred revenues		**55,641**	45,069	33,415	30,059
Current portion of long-term debt	11	**1,280**	6,889	340,014	14,044
Derivative financial instruments		**-**	4,048	697	874
Income taxes payable		**5,865**	483	-	-
Current liabilities of discontinued operations	4	**-**	322,479	318,408	128,624
Total current liabilities		**283,108**	624,213	908,940	342,892
Deferred revenues		**14,726**	14,137	10,992	13,386
Long-term debt	11	**132,596**	413,040	133,599	142,926
Accrued pension liability		**17,505**	19,851	15,276	17,249
Derivative financial instruments		**-**	1,839	186	-
Deferred tax liabilities		**512**	-	-	-
Long-term liabilities of discontinued operations	4	**-**	1,845	2,210	4,430
Shareholders' equity					
Share capital	12	**264,198**	469,080	463,603	132,261
Contributed surplus	13	**6,906**	10,882	11,428	10,012
Retained earnings		**116,440**	729,694	705,613	677,385
Accumulated other comprehensive income (loss)		**4,788**	(13,763)	(3,102)	15,326
Shareholders' equity before non-controlling interest		**392,332**	1,195,893	1,177,542	834,984
Non-controlling interest		**-**	945	304	-
Shareholders' equity		**392,332**	1,196,838	1,177,846	834,984
Total liabilities and shareholders' equity		**$ 840,779**	$ 2,271,763	$ 2,249,049	$ 1,355,867

See accompanying notes

TOROMONT INDUSTRIES LTD.
INTERIM CONSOLIDATED INCOME STATEMENTS
(Unaudited)

($ thousands, except share amounts)	Note	Three months ended September 30 2011	2010	Nine months ended September 30 2011	2010
Revenues		**$ 367,289**	$ 335,975	**$ 973,542**	$ 864,155
Cost of goods sold		**270,577**	254,226	**727,934**	656,189
Gross profit		**96,712**	81,749	**245,608**	207,966
Selling and administrative expenses		**52,450**	47,553	**145,641**	130,971
Operating income		**44,262**	34,196	**99,967**	76,995
Interest expense	16	**2,039**	3,024	**6,888**	9,357
Interest and investment income	16	**(794)**	(308)	**(1,850)**	(1,468)
Income before income taxes		**43,017**	31,480	**94,929**	69,106
Income taxes	17	**12,087**	8,744	**26,474**	20,401
Net earnings from continuing operations		**30,930**	22,736	**68,455**	48,705
Net gain on spinoff of Enerflex	4	**-**	-	**133,164**	-
Earnings from discontinued operations	4	**-**	3,465	**10,617**	14,895
Net Earnings		**$ 30,930**	$ 26,201	**$ 212,236**	$ 63,600
Earnings (losses) attributable to :					
Common shareholders		**$ 30,930**	$ 26,501	**$ 212,859**	$ 63,827
Non-controlling interests		**$ -**	$ (300)	**$ (623)**	$ (227)
Basic earnings per share					
Continuing operations	18	**$ 0.40**	$ 0.30	**$ 0.89**	$ 0.64
Discontinued operations	18	**-**	0.04	**1.86**	0.20
		$ 0.40	$ 0.34	**$ 2.75**	$ 0.84
Diluted earnings per share					
Continuing operations	18	**$ 0.40**	$ 0.30	**$ 0.89**	$ 0.63
Discontinued operations	18	**-**	0.04	**1.85**	0.20
		$ 0.40	$ 0.34	**$ 2.74**	$ 0.83
Weighted average number of shares outstanding					
Basic		**77,094,820**	76,896,069	**77,153,368**	75,895,887
Diluted		**77,180,425**	77,096,497	**77,529,358**	76,151,736

See accompanying notes

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

$ thousands	**Three months ended September 30, 2011** Before Income Taxes	Income Taxes	Net of Income Taxes	**Nine months ended September 30, 2011** Before Income Taxes	Income Taxes	Net of Income Taxes
Net earnings			$ 30,930			$ 212,236
Other comprehensive income (loss):						
Change in fair value of derivatives designated as cash flow hedges	$ 8,798	$ (2,764)	$ 6,035	$ 10,555	$ (3,291)	$ 7,264
Gains on derivatives designated as cash flow hedges transferred to net income in the current period	(2,441)	732	(1,709)	(728)	141	(587)
Unrealized gain (loss) on translation of financial statements of foreign operations	394	-	394	(6,141)	-	(6,141)
Loss on translation of financial statements of foreign operations transferred to net income on spinoff of Enerflex	-	-	-	18,015	-	18,015
Other comprehensive income	$ 6,751	$ (2,032)	$ 4,720	$ 21,701	$ (3,150)	$ 18,551
Comprehensive income			$ 35,650			$ 230,787
Comprehensive income (loss) attributable to:						
Common shareholders			$ 35,650			$ 231,411
Non-controlling interests			$ -			$ (623)

$ thousands	**Three months ended September 30, 2010** Before Income Taxes	Income Taxes	Net of Income Taxes	**Nine months ended September 30, 2010** Before Income Taxes	Income Taxes	Net of Income Taxes
Net earnings			$ 26,201			$ 63,600
Other comprehensive (loss) income:						
Change in fair value of derivatives designated as cash flow hedges	$ (1,625)	$ 573	$ (1,052)	$ (1,165)	$ 420	$ (745)
(Gains) losses on derivatives designated as cash flow hedges transferred to net income in the current period	(51)	20	(31)	1,475	(515)	960
Unrealized loss on translation of financial statements of foreign operations	(344)	-	(344)	(3,028)	-	(3,028)
Unrealized gain on financial assets designated as available-for-sale	-	-	-	(18,705)	3,090	(15,615)
Other comprehensive loss	$ (2,020)	$ 593	$ (1,427)	$ (21,423)	$ 2,995	$ (18,428)
Comprehensive income			$ 24,774			$ 45,172
Comprehensive income attributable to:						
Common shareholders			$ 25,074			$ 45,399
Non-controlling interests			$ (300)			$ (227)

See accompanying notes

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

($ thousands)	Note	Three months ended September 30 2011	2010	Nine months ended September 30 2011	2010
Operating activities					
Net earnings from continuing operations		$ 30,930	$ 22,736	$ 68,455	$ 48,705
Items not requiring cash and cash equivalents					
Depreciation and amortization		11,998	12,840	33,233	33,882
Stock-based compensation	13	140	771	1,540	2,260
Accrued pension liability		(619)	(1,376)	(2,346)	(1,568)
Future income taxes		(2,917)	(1,207)	(2,660)	2,613
Gain on sale of rental equipment, property, plant and equipment		(2,546)	(1,628)	(6,348)	(5,507)
Cash flow from discontinued operations		-	3,862	26,868	13,638
		36,986	35,998	118,742	94,023
Net change in non-cash working capital and other from discontinued operations	4	-	28,849	30,564	43,883
Net change in non-cash working capital and other from continuing operations	22	(32,273)	(13,514)	(92,669)	(18,783)
Cash provided by operating activities		4,713	51,333	56,637	119,123
Investing activities					
Additions to:					
Rental equipment		(10,477)	(5,073)	(46,436)	(30,627)
Property, plant and equipment		(5,271)	(3,513)	(16,752)	(27,845)
Proceeds on disposal of:					
Rental equipment		6,579	3,263	17,664	15,818
Property, plant and equipment		3,622	312	3,993	665
Increase in other assets		(91)	(6,895)	(47)	(5,872)
Discontinued operations	4	-	7,216	140,115	(308,407)
Cash (used in) provided by investing activities		(5,638)	(4,690)	98,537	(356,268)
Financing activities					
Issue of long-term debt		-	-	-	450,000
Repayment of long-term debt		(607)	(107,144)	(286,888)	(295,699)
Financing costs		-	-	(575)	(6,951)
Dividends	12	(7,721)	(11,535)	(32,411)	(32,794)
Shares purchased for cancellation		(8,032)	-	(8,032)	-
Cash received on exercise of stock options		17	240	1,649	2,551
Cash (used in) provided by financing activities		(16,343)	(118,439)	(326,257)	117,107
Effect of exchange rate changes on cash denominated in foreign currency		689	(1,128)	23	(776)
Decrease in cash and cash equivalents		(17,268)	(71,796)	(171,083)	(120,038)
Cash and cash equivalents at beginning of period		19,608	159,067	174,089	206,957
Cash and cash equivalents at end of period		$ 3,029	$ 86,143	$ 3,029	$ 86,143

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		-	-	212,236	-	-	-		(623)	211,613
Enerflex spinoff	4	(205,318)	(5,081)	(790,557)	-	(4,949)	-	**(4,949)**	(322)	(1,006,227)
Other comprehensive income		-	-	-	(6,141)	11,626	-	**5,485**	-	5,485
Translation losses recognized on Enerflex spinoff	4	-	-	-	18,015	-	-	**18,015**	-	18,015
Shares purchased for cancellation	12	(1,634)		(6,398)						(8,032)
Effect of stock compensation plans	19	2,070	1,105	-	-	-	-	**-**	-	3,175
Dividends	12	-	-	(28,535)	-	-	-	**-**	-	(28,535)
At September 30, 2011		**$ 264,198**	**$ 6,906**	**$ 116,440**	**$ 655**	**$ 4,133**	**$ -**	**$ 4,788**	**$ -**	**$ 392,332**

($ 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-controllling interest on acquisition		-	-	-	-	-	-	-	531	531
Net earnings		-	-	63,600	-	-	-	-	(227)	63,373
Other comprehensive income		-	-	-	(3,028)	215	(15,615)	(18,428)	-	(18,428)
Issue of share capital on Enerflex acquisition	12	327,947	-	-	-	-	-	-	-	327,947
Effect of stock compensation plans	19	3,395	1,416	-	-	-	-	-	-	4,811
Dividends	12	-	-	(35,372)	-	-	-	-	-	(35,372)
At September 30, 2010		**$ 463,603**	**$ 11,428**	**$ 705,613**	**$ (3,028)**	**$ (74)**	**$ -**	**$ (3,102)**	**$ 304**	**$ 1,177,846**

See accompanying notes

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011
($ thousands except where otherwise indicated)

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 November 1, 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.

- In November 2009, the IASB issued IFRS 9 - *Financial Instruments*, which becomes effective for annual periods beginning on or after January 1, 2013.

- In 2010, the IASB amended IFRS 7 – Financial Instruments: Disclosures, effective for annual periods beginning on or after July 1, 2011 and amended IAS 12 – Income Taxes, effective for annual periods beginning on or after January 1, 2012.

- In May 2011, the IASB issued the following standards: IFRS 10 - *Consolidated Financial Statements*, IFRS 11 - *Joint Arrangements*, IFRS 12 - *Disclosure of Interests in Other Entities*, IFRS 13 - *Fair Value Measurement* and amended IAS 27 - *Separate Financial Statements* and IAS 28 - *Investments in Associates and Joint Ventures*. Each of the new standards and amendments is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- In June 2011, the IASB revised IAS 19 – *Employee Benefits*, which becomes effective for annual periods beginning on or after January 1, 2013. Also in June, the IASB amended IAS 1 – *Presentation of Financial Statements*, which become effective for annual periods beginning on or after July 1, 2012.

A summary of these standards was included in the Company's unaudited interim financial statements for the period ended June 30, 2011.

The Company is currently assessing the impact of these new standards and amendments 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 has been applied in preparing the consolidated financial statements as at and for the period ended September 30, 2011, the comparative information presented as at and for the period ended September 30, 2010, and in preparation of the opening IFRS statement of financial position as at January 1, 2010.

The Company provided a detailed explanation of the impacts of the transition to IFRS, including the elections made 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, September 30, 2010 and December 31, 2010.

	Note	December 31, 2010	September 30, 2010	January 1, 2010
Total shareholders' equity under Canadian GAAP		$ 1,206,637	$ 1,188,715	$ 846,157
Differences (decreasing) increasing reported amounts				
Employee benefits	i	(14,611)	(10,869)	(11,173)
Reversal of asset impairment	ii	4,812	-	-
Total equity under IFRS		$ 1,196,838	$ 1,177,846	$ 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	Nine Months Ended September 30, 2010	Three Months Ended September 30, 2010	Year Ended December 31, 2010
Net earnings under Canadian GAAP		$ 63,296	$ 26,099	$ 98,650
Differences increasing reported amounts				
Employee benefits	i	304	102	450
Reversal of asset impairment	ii	-	-	4,812
Net earnings under IFRS		$ 63,600	$ 26,201	$ 103,912
Attributable to:				
Common Shareholders		$ 63,827	$ 26,501	$ 103,450
Non-controlling Interests		$ (227)	$ (300)	$ 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	Nine Months Ended September 30, 2010	Three Months Ended September 30, 2010	Year Ended December 31, 2010
Comprehensive income under Canadian GAAP		$ 44,868	$ 24,672	$ 69,561
Differences increasing reported amounts				
Increase in net earnings		304	102	5,262
Actuarial losses on pension plans	i	-		(3,887)
Comprehensive income under IFRS		$ 45,172	$ 24,774	$ 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.

Long-Term Debt - The amount outstanding under the Company's credit facility at September 30, 2010 of $333.1 million was presented as long-term debt under Canadian GAAP, as it was refinanced prior to the release of the September 30, 2010 financial statements. Under IFRS, the borrowings under the term credit facility at September 30, 2010 are reclassified as current portion of long-term debt.

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. 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	$	130,254
Deferred revenues		174,027
Other current and non-current liabilities		4,523
Notes payable to Toromont		173,300
		482,104
Net assets transferred	$	855,048

Results of discontinued operations were as follows:

	Three months ended September 30				Nine months ended September 30			
		2011		2010		**2011**		2010
Revenues	$	-	$	293,523	$	492,937	$	800,269
Net earnings before tax	$	-	$	7,567	$	20,783	$	21,588
Income taxes	$	-	$	4,102	$	10,166	$	6,693
Net earnings after tax	$	-	$	3,465	$	10,617	$	14,895
Earnings (losses) attributable to :								
Common shareholders	$	-	$	3,765	$	11,240	$	15,122
Non-controlling interests	$	-	$	(300)	$	(623)	$	(227)

Toromont incurred certain legal and advisory costs related to the spinoff. These totalled $3.2 million in the nine month period ended September 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. No spinoff-related expenses were incurred in the third quarter of 2011.

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 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 nine months ended September 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

	September 30 2011	December 31 2010	September 30 2010	January 1 2010
Cash	**$ 3,029**	$ 174,089	$ 86,143	$ 90,357
Cash equivalents	**-**	-	-	116,600
Cash and cash cash equivalents	**$ 3,029**	$ 174,089	$ 86,143	$ 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

	September 30 2011	December 31 2010	September 30 2010	January 1 2010
Trade receivables	**$ 211,873**	$ 193,308	$ 208,001	$ 149,266
Less: allowance for doubtful accounts	**(6,477)**	(5,096)	(6,001)	(5,089)
Trade receivables - net	**205,396**	188,212	202,000	144,177
Other receivables	**12,457**	20,408	13,290	22,571
Trade and other receivables	**$ 217,853**	$ 208,620	$ 215,290	$ 166,748

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

	September 30 2011	December 31 2010	September 30 2010	January 1 2010
Current to 90 days	**$ 198,963**	$ 181,623	$ 195,036	$ 138,633
over 90 days	**12,910**	11,685	12,965	10,633
	$ 211,873	$ 193,308	$ 208,001	$ 149,266

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

	Three months ended September 30		**Nine months ended September 30**	
	2011	2010	**2011**	2010
Balance, beginning of period	**$ 4,591**	$ 5,025	**$ 5,096**	$ 5,089
Provisions and revisions, net	**1,886**	976	**1,381**	912
Balance, end of period	**$ 6,477**	$ 6,001	**$ 6,477**	$ 6,001

7. INVENTORIES

	September 30 2011	December 31 2010	September 30 2010	January 1 2010
Equipment	**$ 203,758**	$ 138,818	$ 147,708	$ 130,848
Repair and distribution parts	**64,281**	59,531	58,124	56,189
Direct materials	**2,791**	2,359	2,409	2,207
Work-in-process	**22,259**	23,708	25,109	16,592
	$ 293,090	$ 224,416	$ 233,350	$ 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 third quarter and first nine months of 2011 were $212 million and $570 million respectively (2010 - $191 million and $506 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 to the income statement and included in cost of goods sold on a net basis for inventory valuation issues during the quarter and first nine months of 2011 were $2.4 million and $4.5 million respectively (2010 – $1.0 million and $0.7 million, respectively).

8. PROPERTY, PLANT AND EQUIPMENT

	Land	**Buildings**	**Equipment**	**Power Generation**	**Total**	**Rental Equipment**
Cost						
December 31, 2010	$ 46,268	$ 102,152	$ 99,595	$ 37,736	$ 285,751	$ 235,183
Additions	2,469	4,942	9,064	278	16,753	46,435
Disposals	(2,496)	(380)	(4,152)	(22)	(7,050)	(26,853)
Currency translation effects	6	23	20	-	49	-
September 30, 2011	$ 46,247	$ 106,737	$ 104,527	$ 37,992	$ 295,503	$ 254,765
Accumulated depreciation						
December 31, 2010	$ -	$ 45,779	$ 78,681	$ 18,783	$ 143,243	$ 115,238
Depreciation charge	-	3,031	5,790	1,113	9,934	21,889
Depreciation of disposals	-	(380)	(4,070)	(22)	(4,472)	(14,121)
Currency translation effects	-	4	18	-	22	-
September 30, 2011	$ -	$ 48,434	$ 80,419	$ 19,874	$ 148,727	$ 123,006
Net book value - September 30, 2011	$ 46,247	$ 58,303	$ 24,108	$ 18,118	$ 146,776	$ 131,759

	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

	Land		Buildings		Equipment		Power Generation		Total		Rental Equipment
Cost											
January 1, 2010	$	27,982	$	95,615	$	96,735	$	37,714	$	258,046	$ 232,477
Additions		14,897		8,135		4,447		22		27,501	31,588
Disposals		(23)		(76)		(4,186)		-		(4,285)	(30,633)
Currency translation effects		(3)		(9)		(9)		-		(21)	-
September 30, 2010	$	42,853	$	103,665	$	96,987	$	37,736	$	281,241	$ 233,432
Accumulated depreciation											
Janaury 1, 2010	$	-	$	41,775	$	75,210	$	24,351	$	141,336	$ 108,444
Depreciation charge		-		3,062		5,656		829		9,547	20,977
Depreciation of disposals		-		(76)		(3,747)		-		(3,823)	(19,140)
Currency translation effects		-		(2)		(8)		-		(10)	-
September 30, 2010	$	-	$	44,759	$	77,111	$	25,180	$	147,050	$ 110,281
Net book value - September 30, 2010	$	42,853	$	58,906	$	19,876	$	12,556	$	134,191	$ 123,151

During the third quarter and first nine months of 2011 depreciation expenses of $10,652 and $28,459 respectively have been charged in cost of goods sold (2010 - $10,543 and $27,320 respectively) and $1,150 and $3,364 have been charged to selling and administrative expenses (2010 - $1,099 and $3,205 respectively).

9. OTHER ASSETS

	September 30 2011	December 31 2010	September 30 2010	January 1 2010
Equipment sold with guaranteed residual values	**$ 7,089**	$ 8,451	$ 9,060	$ 10,940
Other	**795**	570	534	443
	$ 7,884	$ 9,021	$ 9,594	$ 11,383

10. PAYABLES, ACCRUALS AND PROVISIONS

	September 30 2011	December 31 2010	September 30 2010	January 1 2010
Accounts payable and accrued liabilities	**$ 201,997**	$ 224,354	$ 196,017	$ 152,191
Dividends payable	**8,466**	12,342	12,305	9,728
Provisions	**9,859**	8,549	8,084	7,372
	$ 220,322	$ 245,245	$ 216,406	$ 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	403	907	1,310
Balance as at September 30, 2011	$ 5,215	$ 4,644	$ 9,859

	Warranty	**Other**	**Total**
Balance as at January 1, 2010	$ 4,879	$ 2,493	$ 7,372
Charges, additions and adjustments, net	(67)	1,244	1,177
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	(42)	754	712
Balance as at September 30, 2010	$ 4,837	$ 3,247	$ 8,084

11. LONG-TERM DEBT

	September 30 2011	December 31 2010	September 30 2010	January 1 2010
Bank credit facility	**$ -**	$ 280,000	$ 333,125	$ -
Senior debentures	**137,163**	144,051	144,051	155,999
Notes payable	**-**	-	30	2,096
Debt issuance costs, net of amortization	**(3,287)**	(4,122)	(3,593)	(1,125)
Total long-term debt	**133,876**	419,929	473,613	156,970
Less current portion	**1,280**	6,889	340,014	14,044
	$ 132,596	$ 413,040	$ 133,599	$ 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. 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 September 30, 2011 (December 31, 2010 - $280 million; September 30, 2010 - $333 million).

At September 30, 2011, standby letters of credit issued utilized $25.6 million of the credit lines (December 31, 2010 – $64.2 million; September 30, 2010 - $64.8 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:

	Nine months ended September 30, 2011		Nine months ended September 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	**74,870**	**2,070**	161,500	3,395
Purchase of shares for cancellation	**(477,235)**	**(1,634)**	-	-
Balance, end of period	**76,747,261**	**$ 264,198**	76,904,217	$ 463,603

Normal Course Issuer Bid

Toromont renewed its NCIB program in 2011. The current issuer bid allows the Company to purchase up to approximately 5.7 million of its common shares in the 12 month period ending August 30, 2012, representing 10% of common shares in the public float, as estimated at the time of renewal. The actual number of shares purchased and the timing of any such purchases will be determined by Toromont. All shares purchased under the bid will be cancelled.

In the nine-month period ended September 30, 2011, the Company purchased and cancelled 477,235 shares for $8,032 (average cost of $16.83 per share) under its NCIB program. The Company did not purchase any shares under the normal course issuer bid in the first nine months of 2010.

Dividends

The Company paid dividends of $7.7 million ($0.10 per share) and $32.4 million ($0.42 per share for the three and nine months ended September 30, 2011 respectively ($11.5 million, $0.15 per share and $32.8 million, $0.45 per share for the three and nine months ended September 30, 2010 respectively).

The dividend was adjusted to $0.10 per share for the post-spinoff dividend paid on July 1, 2011 which, together with the $0.06 dividend subsequently declared by the Enerflex Board, kept shareholders whole with the pre-spinoff dividend amount. On August 12, 2011, the Board of Directors increased the quarterly dividend to $0.11 per share, effective with the dividend to be paid October 3, 2011.

13. CONTRIBUTED SURPLUS

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Contributed surplus, beginning of period	**$ 6,769**	$ 10,731	**$ 10,882**	$ 10,012
Enerflex spinoff	**-**	-	**(5,081)**	-
Stock-based compensation	**140**	771	**1,540**	2,260
Value of compensation cost associated with exercised options	**(3)**	(74)	**(435)**	(844)
Contributed surplus, end of period	**$ 6,906**	$ 11,428	**$ 6,906**	$ 11,428

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 September 30, 2011	**Cash, loans and receivables**	**Derivatives used for hedging**	**Available for sale**	**Other financial liabilities**	**Total**
Cash and cash equivalents	$ 3,029	$ -	$ -	$ -	$ 3,029
Accounts receivable	217,853	-	-	-	217,853
Accounts payable and accrued liabilities	-	-	-	(220,322)	(220,322)
Current portion of long-term debt	-	-	-	(1,280)	(1,280)
Derivative financial instruments	-	9,672	-	-	9,672
Long term debt	-	-	-	(132,596)	(132,596)
Total	$ 220,882	$ 9,672	$ -	$ (354,198)	$ (123,644)

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)	$ (187,566)

as at September 30, 2010	**Cash, loans and receivables**	**Derivatives used for hedging**	**Available for sale**	**Other financial liabilities**	**Total**
Cash and cash equivalents	$ 86,143	$ -	$ -	$ -	$ 86,143
Accounts receivable	215,290	-	-	-	215,290
Accounts payable and accrued liabilities	-	-	-	(216,406)	(216,406)
Current portion of long-term debt	-	-	-	(340,014)	(340,014)
Derivative financial instruments	-	(883)	-	-	(883)
Long term debt	-	-	-	(133,599)	(133,599)
Discontinued operations	250,132	`	-	(142,726)	107,406
Total	$ 551,565	$ (883)	$ -	$ (832,745)	$ (282,063)

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)	$ 112,211

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 September 30, 2011 was $147,796 (carrying value of $137,163). 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 nine-month period ended September 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 September 30, 2011.

		Notional Amount		Average Exchange Rate *	Maturity
Purchase contracts	USD	241,191	$	1.0031	October 2011 to January 2014
	EUR	8,018	$	1.3653	October 2011 to January 2012

* CDN $ required to purchase one denominated unit

Management estimates that a gain of $9,672 would be realized if the contracts were terminated on September 30, 2011. Certain of these forward contracts are designated as cash flow hedges, and accordingly, an unrealized gain of $5,905 has been included in other comprehensive income. These gains are not expected to affect net income as the gains will be reclassified to net income within the next twelve months and will offset losses recorded on the underlying hedged items, namely foreign denominated accounts payable and accounts receivable. A gain of $3,767 on forward contracts not designated as hedges is included in net income which offsets losses 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 September 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	$ 186	$ -	$ 186
Financial instruments held in Canadian operations:			
Net earnings	$ 1,507	$ -	$ 1,507
Other comprehensive Income	$ 5,503	$ 416	$ 5,919

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 September 30, 2011, September 30, 2010 or December 31, 2010.

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

Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities. As at September 30, 2011, the Company had unutilized lines of credit of $174 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 September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Term loan facility	**$ 285**	$ 1,059	**$ 1,563**	$ 3,411
Senior debentures	**1,754**	1,965	**5,325**	5,946
	$ 2,039	$ 3,024	**$ 6,888**	$ 9,357

The components of net interest and investment income are as follows:

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Interest income on rental conversions	**$ 736**	$ 265	**$ 1,626**	$ 1,377
Other	**58**	43	**224**	91
	$ 794	$ 308	**$ 1,850**	$ 1,468

17. INCOME TAXES

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

	Three months ended September 30		Nine months ended September 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	$ 12,152	$ 9,759	$ 26,817	$ 21,423
Increase (decrease) in income taxes resulting from:				
Lower effective tax rates in other jurisdictions	(84)	(91)	(202)	(246)
Manufacturing and processing rate reduction	(92)	(48)	(210)	(133)
(Income) expenses not (taxable) deductible for tax purposes	86	(1,061)	188	(892)
Non-taxable gains	(155)	-	(155)	-
Other	180	185	36	249
Provision for income taxes	$ 12,087	$ 8,744	$ 26,474	$ 20,401
Effective income tax rate	28.1%	27.8%	27.9%	29.5%

18. EARNINGS PER SHARE

	Three months ended September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Net earnings available to common shareholders	**$ 30,930**	$ 26,201	**$ 212,236**	$ 63,600
Weighted average common shares outstanding	**77,094,820**	76,896,069	**77,153,368**	75,895,887
Dilutive effect of stock option conversion	**85,605**	200,428	**375,990**	255,849
Diluted weighted average common shares outstanding	**77,180,425**	77,096,497	**77,529,358**	76,151,736
Basic earnings per share				
Continuing operations	**$ 0.40**	$ 0.30	**$ 0.89**	$ 0.64
Discontinued operations	**-**	0.04	**1.86**	0.20
	$ 0.40	$ 0.34	**$ 2.75**	$ 0.84
Diluted earnings per share				
Continuing operations	**$ 0.40**	$ 0.30	**$ 0.89**	$ 0.63
Discontinued operations	**-**	0.04	**1.85**	0.20
	$ 0.40	$ 0.34	**$ 2.74**	$ 0.83

For the calculation of diluted earnings per share for the three months ended September 30, 2010, 991,920 outstanding stock options with an exercise price range of $14.75 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 nine months ended September 30, 2010, 946,920 outstanding stock options with an exercise price range of $15.62 to $16.76 were anti-dilutive and therefore excluded from the calculation. There were no anti-dilutive options for the three months and nine months ending September 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 fair value. The Enerflex options are reflected in the financial statements of Enerflex Ltd.

A reconciliation of the outstanding options for the nine-month period ended September 30, 2011 is as follows:

Nine months ended September 30, 2011			
	Number of Options		**Weighted Average Exercise Price**
Options outstanding, beginning of period	**2,144,860**	**$**	**26.04**
Granted prior to spinoff	**-**		**-**
Exercised prior to spinoff	**(62,770)**		**22.99**
Forfeited prior to spinoff	**(52,060)**		**27.11**
Options outstanding at spinoff	**2,030,030**	**$**	**26.10**
Options outstanding post spinoff	**2,030,030**		**14.72**
Granted subsequent to spinoff	**601,975**		**17.10**
Exercised subsequent to spinoff	**(12,100)**		**14.13**
Forfeited subsequent to spinoff	**(14,460)**		**14.23**
Options outstanding, end of period	**2,605,445**	**$**	**15.27**
Options exercisable, end of period	**1,097,890**	**$**	**14.23**

A reconciliation of the outstanding options for the nine-month period ended September 30, 2010 is as follows:

Nine months ended September 30, 2010			
	Number of Options		Weighted Average Exercise Price
Options outstanding, beginning of period	1,961,809	$	22.91
Granted	610,050		29.71
Exercised	(161,500)		15.58
Forfeited	(20,090)		21.25
Options outstanding, end of period	2,390,269	$	25.11
Options exercisable, end of period	1,053,233	$	22.76

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 September 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	620,710	3.0		12.41	364,270		12.39
$13.86 - $17.10	1,984,735	4.7		16.17	733,620		15.14
Total	2,605,445	4.3	$	15.27	1,097,890	$	14.23

The fair value of the stock options granted during the first nine months of 2011 was determined at the time of grant using the Black-Scholes option pricing model with the following assumptions: share price $17.10; expected life of options 5.81 years; expected stock price volatility 25%; expected dividend yield 2.57%; and risk-free interest rate 1.67%. This resulted in a weighted average fair value price per option of $3.19.

The fair value of the stock options granted during the first nine months of 2010 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 was $3.72 and the value of an Enerflex option was $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 were 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:

	Nine months ended September 30 2011			Nine months ended September 30 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	**22,753**		**628**	18,649		509
Redemptions	**-**		**-**	(864)		(25)
Adjustment to reflect spinoff	**58,888**		**-**	-		-
DSUs granted	**20,971**		**362**	-		-
Market value adjustment			**(530)**			60
Outstanding, end of period	**190,581**	**$**	**3,207**	86,142	$	2,416

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 September 30				Nine months ended September 30			
		2011		2010		**2011**		2010
Defined benefit plans	**$**	**241**	$	438	**$**	**725**	$	1,327
Defined contribution plans		**1,852**		1,808		**5,793**		5,158
401(k) matched savings plans		**34**		28		**77**		70
Net pension expense	**$**	**2,127**	$	2,274	**$**	**6,595**	$	6,555

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:

	September 30 2011	December 31 2010	September 30 2010	January 1 2010
Shareholders' equity	**$ 392,332**	$ 1,196,838	$ 1,177,846	$ 834,984
Long-term debt	**133,876**	419,929	473,613	156,970
Less cash and cash equivalents	**(3,029)**	(174,089)	(86,143)	(206,957)
Total capitalization	**$ 523,179**	$ 1,442,678	$ 1,565,316	$ 784,997
Net debt as a % of total capitalization	**25%**	17%	25%	n/m
Net debt to equity ratio	**0.33:1**	0.21:1	0.33:1	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 September 30		Nine months ended September 30	
	2011	2010	**2011**	2010
Net change in non-cash working capital and other				
Trade receivables	**$ (12,136)**	$ (13,276)	**$ (9,233)**	$ (48,543)
Inventories	**(19,282)**	12,080	**(68,674)**	(27,514)
Trade and other payables	**(19,861)**	(42,154)	**(24,923)**	47,115
Deferred revenues	**15,092**	5,030	**10,572**	3,356
Other	**3,914**	24,806	**(411)**	6,803
	$ (32,273)	$ (13,514)	**$ (92,669)**	$ (18,783)
Cash paid during the period for:				
Interest	**$ 961**	$ 971	**$ 5,405**	$ 5,950
Income taxes	**$ 8,079**	$ 3,475	**$ 23,581**	$ 17,927
Dividends	**$ 7,721**	$ 11,534	**$ 32,411**	$ 32,794
Cash received during the period for:				
Interest	**$ 794**	$ 360	**$ 1,850**	$ 1,621
Income taxes	**$ 614**	$ 11,289	**$ 614**	$ 11,289

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 September 30, 2011 are as follows:

2011	$ 676
2012	2,026
2013	1,549
2014	1,076
2015	665
2016 and thereafter	2,282
	$ 8,274

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.

	Equipment Group		CIMCO		Consolidated	
Three months ended September 30	2011	2010	2011	2010	2011	2010
Equipment /package sales	$ 167,946	$ 164,123	$ 28,468	$ 30,276	$ 196,414	$ 194,399
Rentals	51,440	43,134	-	-	51,440	43,134
Product support	92,677	73,766	23,701	22,111	116,378	95,877
Power Generation	3,057	2,565	-	-	3,057	2,565
Revenues	$ 315,120	$ 283,588	$ 52,169	$ 52,387	$ 367,289	$ 335,975
Operating Income	$ 39,498	$ 29,611	$ 4,764	$ 4,585	$ 44,262	$ 34,196
Operating income as a % of revenues	12.5%	10.4%	9.1%	8.8%	12.1%	10.2%

	Equipment Group		CIMCO		Consolidated	
Nine months ended September 30	2011	2010	2011	2010	2011	2010
Equipment /package sales	$ 433,933	$ 392,000	$ 85,664	$ 80,914	$ 519,597	$ 472,914
Rentals	119,694	99,845	-	-	119,694	99,845
Product support	262,350	225,224	62,537	58,480	324,887	283,704
Power generation	9,364	7,692	-	-	9,364	7,692
Revenues	$ 825,341	$ 724,761	$ 148,201	$ 139,394	$ 973,542	$ 864,155
Operating Income	$ 87,624	$ 68,387	$ 12,343	$ 8,608	$ 99,967	$ 76,995
Operating income as a % of revenues	10.6%	9.4%	8.3%	6.2%	10.3%	8.9%

Selected balance sheet information:

As at September 30, 2011	Equipment Group	CIMCO	Consolidated
Goodwill	$ 13,000	$ 450	$ 13,450
Identifiable assets	$ 778,008	$ 50,087	$ 828,095
Corporate assets			12,684
Total assets			$ 840,779

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 September 30, 2010	Equipment Group	CIMCO	Consolidated
Goodwill	$ 13,000	$ 450	$ 13,450
Identifiable assets	$ 694,656	$ 57,842	$ 752,498
Assets of discontinued operations			$ 1,415,090
Corporate assets			81,461
Total assets			$ 2,249,049

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 September 30, 2011 was $9.9 million (2010 - $6.6 million). For the nine months ended September 30, 2011, operating income from rental operations was $15.8 million (2010 - $9.8 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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