

TOROMONT

For immediate release

TOROMONT ANNOUNCES FINANCIAL RESULTS FOR THE FIRST QUARTER OF 2007

Toronto, Ontario (April 25, 2007) - Toromont Industries Ltd. today reported record financial results for the first quarter of 2007. Net earnings were \$14.3 million or \$0.22 per share, up 22% from \$11.7 million or \$0.18 per share reported in the first quarter of 2006.

<i>\$ millions, except per share amounts</i>	Three months ended March 31		
	2007	2006	% change
Revenues	\$ 390.2	\$ 369.4	6%
Operating income	\$ 25.0	\$ 21.3	18%
Net earnings	\$ 14.3	\$ 11.7	22%
Earnings per share	\$ 0.22	\$ 0.18	22%

“We continue to realize significant revenue growth and margin enhancement in our U.S. Compression operations, with offsetting revenue declines in Canada,” stated Robert M. Ogilvie, Chairman and Chief Executive Officer of Toromont Industries Ltd. “The Equipment Group reported an excellent quarter on very strong machine sales. Momentum in the business, particularly within the mining and construction segments, continued with good bookings in the quarter. While conditions in the Canadian natural gas markets continue to be soft, bookings were stronger in the first quarter of 2007 than in the previous two quarters. Compression Group backlogs remain at record levels as a result of excellent bookings in the United States.”

Developments in the Quarter:

- Toromont CAT was selected by Goldcorp Canada Ltd. to supply and service a new fleet of Caterpillar underground mining loaders and trucks for its mines near Pickle Lake and Red Lake, Ontario. The value of this order is approximately \$39 million.
- Toromont Energy Systems Inc. was awarded the contract to supply select booster compression equipment and services to the Midcontinent Express Pipeline (“MEP”). The MEP Project entails a 500-mile natural gas pipeline extending from Bennington, Oklahoma to Butler, Alabama. The value of this order is approximately \$33 million and deliveries are scheduled for 2008.
- Equipment Group revenues were up 22% versus the first quarter of last year on a 62% increase in sales of new equipment. Operating income for the quarter increased 17% from that reported in the same period of the prior year.
- Bookings at the Caterpillar dealership were healthy in the first quarter and backlogs remained near record levels set in December 2006.
- Operating income in the Compression Group for the first quarter was 19% higher than that reported in the prior year on higher gross margins in the U.S. and international markets. Revenues were down 11% in the quarter over the comparable period. Strong growth in the U.S.

compression market partially offset lower revenues of compression in Canada. Product support revenues were also higher.

- Compression Group bookings were strong in the first quarter, up more than 50% from the same period last year, and representing the second highest quarterly bookings in the history of the Company. Booking activity reflects continuing strength in serving diverse aspects of the U.S. natural gas markets. Backlogs were at record levels at quarter end.
- The 40,000 sq. ft. expansion of facilities in Casper, Wyoming was substantially completed.
- Toromont Energy Systems Inc. opened a new sales office in Denver, Colorado.
- Battlefield – The CAT Rental Store acquired certain assets of Sunrise Rentals in Timmins, Ontario, a privately-owned rental operator in Northern Ontario.
- In February 2007, the quarterly dividend was increased 20% to \$0.12 per share, representing the eighteenth consecutive annual increase to the regular quarterly dividend.

“We are currently expecting that 2007 will be another year of solid performance for the Company,” continued Mr. Ogilvie. “Infrastructure spending, mine development and other sectors should continue to be strong for the Equipment Group. While market conditions in the Canadian natural gas market are not particularly favourable, activity within the United States, particularly for larger horsepower units, continues to be robust.”

The Company will hold its Annual and Special Meeting of Shareholders tomorrow, April 26th, in Toronto, Ontario at 10 a.m. (EDT). The meeting will also be available via live audio webcast at www.toromont.com.

Quarterly Conference Call and Webcast

Interested parties are invited to join our quarterly conference call with investment analysts, in listen-only mode, on Wednesday, April 25, 2007 at 5:00 p.m. (EDT). The call may be accessed by telephone at 1-888-789-0150 (toll free) or 416-695-6130 (Toronto area). A replay of the conference call will be available until Wednesday, May 9, 2007 by calling 1-888-509-0081 or 416-695-5275 and quoting passcode 642821.

Both the live audio webcast and the replay of the quarterly conference call can be accessed at www.toromont.com.

About Toromont

Toromont Industries Ltd. operates through two business segments: The Equipment Group and the Compression Group. The Equipment Group includes one of the world's largest Caterpillar dealerships by revenue and geographic territory in addition to industry leading rental operations. The Compression Group is a North American leader specializing in the design, engineering, fabrication, and installation of compression systems for natural gas, coal-bed methane, fuel gas and carbon dioxide in addition to process systems and industrial and recreational refrigeration systems. Both Groups offer comprehensive product support capabilities. Toromont employs over 4,400 people in more than 115 locations and is listed on the Toronto Stock Exchange under the symbol TIH. This press release and more information about Toromont Industries can be found on the Web at www.toromont.com.

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MANAGEMENT'S DISCUSSION AND ANALYSIS of financial results for the three months ended March 31, 2007

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 quarter ended March 31, 2007, compared to the preceding year. It also discusses factors that could affect future performance. This MD&A should be read in conjunction with the attached unaudited consolidated financial statements and related notes for the quarter ended March 31, 2007, the annual MD&A contained in the 2006 Annual Report and the audited annual consolidated financial statements of the Company for the year ended December 31, 2006.

The consolidated financial statements reported herein have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are reported in Canadian dollars. The information in this MD&A is current to April 25, 2007.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's 2006 Annual Report and 2007 Annual Information Form. These are available on SEDAR at www.sedar.com and on the Company's website at www.toromont.com.

Responsibility of Management and the Board of Directors

Management is responsible for the information disclosed in this MD&A and the accompanying unaudited interim consolidated financial statements and has in place the 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 have reviewed and approved this MD&A and the accompanying unaudited interim consolidated financial statements.

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 evaluated the effectiveness of the Company's disclosure controls and procedures as at March 31, 2007. Based on that evaluation, they have concluded that the design and operation of the Company's disclosure controls and procedures were adequate and effective as of March 31, 2007 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, the Chairman & Chief Executive Officer and the Chief Financial Officer, together with other members of management, have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting in accordance with GAAP. There has been no change in the design of the Company's internal controls over financial reporting during the quarter ended March 31, 2007 that would materially affect, or is reasonably likely to materially affect the Company's internal controls over financial reporting.

While the Officers of the Company have evaluated the effectiveness of disclosure controls and procedures for the as at March 31, 2007 and have concluded that they are being maintained as designed, they expect that the disclosure controls and procedures or internal controls over financial reporting 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.

Forward Looking Statements

Certain statements contained herein, constitute “forward-looking statements”. Words such as “plans”, “intends”, “outlook”, “expects”, “anticipates”, “estimates”, “believes”, “should” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on current expectations and are influenced by management’s historical experience, perception of trends and current business conditions, expected future developments and other factors which management considers appropriate. These statements entail various risks and uncertainties as more fully described in the “Risks and Uncertainties” and the “Outlook” sections of this MD&A when read in conjunction with the annual MD&A. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether the result of new information, future events or otherwise.

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 Canadian GAAP. 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 Canadian GAAP.

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 our 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.

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.

Consolidated Results of Operations

	Three months ended March 31		
	2007	2006	% change
<i>\$ thousands, except per share amounts</i>			
Revenues	\$ 390,155	\$ 369,428	6%
Cost of goods sold	307,643	294,427	4%
Gross profit	82,512	75,001	10%
Selling and administrative expenses	57,479	53,751	7%
Operating income	25,033	21,250	18%
Interest expense	3,829	3,631	5%
Interest and investment income	(1,206)	(895)	35%
Income before income taxes	22,410	18,514	21%
Income taxes	8,159	6,792	20%
Net earnings	\$ 14,251	\$ 11,722	22%
Earnings per share - Basic	\$ 0.22	\$ 0.18	22%

Key ratios:

Gross profit as a % of revenues	21.1%	20.3%
Selling and administrative expenses as a % of revenues	14.7%	14.5%
Operating income as a % of revenues	6.4%	5.8%
Income taxes as a % of income before income taxes	36.4%	36.7%

Consolidated revenues increased 6% to \$390.2 million in the quarter versus the same period of the prior year. Equipment Group revenues were 22% higher on a 62% increase in new machine sales. Used equipment sales and rental revenues were also higher. Compression Group revenues were 11% lower in the quarter versus the same period of 2006, on a 50% decline in sales of natural gas compression packages produced in Canada. This was partially offset by higher natural gas compression revenues on packages produced in the U.S. , up 150%, and a 14% increase in product support business.

Consolidated gross profit increased 10% in the quarter over the comparable period in the prior year. Gross profit margin increased to 21.1% in the quarter compared to 20.3% in the same quarter of the prior year. Gross profit margins in Compression were higher in 2007 compared to the same period last year on sales mix and productivity improvements within the recently expanded U.S. facilities. Equipment Group gross profit margins were lower in 2007 compared to the same period last year on a change in sales mix (increased contribution from equipment sales relative to product support business).

Selling and administrative expenses increased \$3.7 million or 7% in the first quarter versus the comparable period of the prior year. Increased selling and administrative expenses reflect higher compensation costs of \$2.7 million related to increases generally implemented at the beginning of the year. Selling and administrative expenses as a percentage of revenues were 14.7% for the quarter compared to 14.5% in the similar period of 2006.

Operating income in the quarter was 18% higher than that reported in the same period of 2006 on higher revenues and margins. Operating margin for the first quarter was 6.4%, up from 5.8% in the comparable period of 2006 on the higher gross profit margins.

Interest expense in the first quarter of 2007 was comparable to the same period last year on similar levels of borrowings. Interest income increased on higher average daily cash balances.

The effective income tax rate for the first quarter was 36.4% compared to 36.7% in the comparable period of the prior year.

Net earnings in the first quarter were \$14.3 million, up 22% from \$11.7 million reported in the comparable period a year ago. Earnings per share for the quarter were \$0.22, up from \$0.18 reported in the comparable period last year.

Results of Operations in the Equipment Group

<i>\$ thousands</i>	Three months ended March 31		
	2007	2006	% change
Equipment sales and rentals			
New	\$ 102,491	\$ 63,180	62%
Used	26,323	23,882	10%
Rental	25,938	24,570	6%
Total equipment sales and rentals	154,751	111,632	39%
Power generation	4,336	4,195	3%
Product support	69,219	71,361	(3%)
Total revenues	\$ 228,306	\$ 187,188	22%
Operating income	\$ 14,569	\$ 12,464	17%

Key ratios:

Product support revenues as a % of total revenues	30.3%	38.1%
Group total revenues as a % of consolidated revenues	58.5%	50.7%
Operating income as a % of revenues	6.4%	6.7%

The Equipment Group delivered very strong first quarter revenues, increasing 22% over the prior year and representing the ninth consecutive quarter of year-over-year revenue growth. Operating income in the quarter was up 17%.

New machine sales were up 62% in the quarter compared to the similar period in 2006. Increases were driven by higher unit sales in tractor and industrial sectors. The mining, construction and industrial markets contributed to the growth.

Used equipment sales were up 10% in the quarter compared to the similar period in 2006. Sales of used equipment vary depending on customer buying preferences, exchange rate considerations and general product availability.

On March 6, 2007, the assets of Sunrise Rentals, a privately owned rental operation in Timmins, Ontario, were acquired for \$3.1 million cash. Rental revenues were up 6% in the quarter largely due to increased same store revenues generated from a larger rental fleet. The 2006 opening of a new Battlefield – The CAT Rental Store branch in Barrie, Ontario together with the recent acquisition also contributed to this growth.

Product support revenues decreased 3% in the quarter versus the comparable period of 2006 on lower parts volumes and reduced rebuild activity. Also, revenues in 2006 included a large parts order for a significant mining customer. Work in progress at March 31, 2007 was at a similar level as at the same time last year.

Operating income for the first quarter of 2007 was 17% higher than that reported in the same quarter last year on higher revenues. Gross margins were modestly lower in 2007 due to the change in sales mix mentioned earlier. Operating income as a percentage of revenues was 6.4% for the first quarter of 2007 versus 6.7% in the comparable period of 2006.

Bookings at the Caterpillar dealership were healthy in the first quarter and backlogs remained high.

Results of Operations in the Compression Group

<i>\$ thousands</i>	Three months ended March 31		
	2007	2006	% change
Package sales and rentals			
Package sales	\$ 116,098	\$ 141,646	(18%)
Rentals	4,699	4,672	1%
Total package sales and rentals	120,798	146,318	(17%)
Product support	41,051	35,922	14%
Total revenues	\$ 161,849	\$ 182,240	(11%)
Operating income	\$ 10,464	\$ 8,786	19%

Key ratios:

Product support revenues as a % of total revenues	25.4%	19.7%
Group total revenues as a % of consolidated revenues	41.5%	49.3%
Operating income as a % of revenues	6.5%	4.8%

Package sales revenues were 18% lower in the first quarter than in the same period of 2006 on lower sales of natural gas compression packages produced in Canada, down approximately 50%. Demand from Canadian gas producers has been dampened since mid 2006 due to unfavourable market conditions, caused by such factors as higher gas storage levels, lower natural gas prices and warmer weather. Conditions within the U.S. market continue to be favourable. Revenues from natural gas compression packages produced in the U.S., to varying specifications and for diverse applications, were up approximately 150% in the first quarter over the same period last year. The Company is well positioned to participate in this growth with expanded facilities in Houston, Texas and Casper, Wyoming.

Product support revenues were up 14% in the quarter versus the comparable periods of 2006, driven by a 20% increase in the natural gas market and a 5% increase in the refrigeration market. New service branches and the growing base of installed equipment have strengthened the product support business.

Operating income in the quarter was 19% higher than that reported in the same period of 2006, on increased gross margins, partially offset by higher relative expense levels. Gross margins on package sales were higher in the first quarter of 2007 by 4 percentage points compared to the same period of 2006. Reductions in margin due to volume declines were more than offset by an improved proportion of higher specification projects, improved project execution and productivity gains.

Bookings were 50% higher in the first quarter than for the same period last year, representing a record level for this time of the year, and the second highest quarter for bookings in the Company's history. Bookings in the quarter benefited in part from a \$33 million contract to supply compression equipment and services to the Midcontinent Express Pipeline, as previously announced. Backlogs continued at record levels.

Consolidated Financial Position

The Company has maintained a strong financial position. At March 31, 2007, the ratio of total debt to equity was 0.45:1 compared to 0.47:1 at December 31, 2006. Total assets were \$1.3 billion at March 31, 2007, down 2% from the end of 2006.

The Company's investment in non-cash working capital was \$462.5 million, \$50.9 million higher than at December 31, 2006, principally due to increased inventories held in advance of the busy summer selling season.

Accounts receivable were \$316.4 million at March 31, 2007, \$25.1 million lower than December 2006. Within the Equipment Group, accounts receivable increased approximately \$7 million from December 2006 on slower collections. Accounts receivable in the Compression Group were \$32 million lower on relatively lower revenues in the first quarter compared to the fourth quarter.

Inventories were \$502.9 million at March 31, 2007, up \$41.2 million from December 2006. Equipment Group machine inventory levels were approximately 12% higher at March 31, 2007 compared to December 2006, as orders for certain high demand products were received in advance of the busy summer selling season. Compression Group inventory levels were 8% higher at March 31, 2007 compared to December 2006 on advance purchasing to secure supply of certain major components for longer lead time projects and in light of certain supply conditions. Activity levels within the U.S. Compression Group have increased since 2006 year-end resulting in higher levels of work in process at March 31, 2007.

As at the date of this MD&A, the Company had 64,532,007 common shares and 2,158,849 share options outstanding.

Liquidity and Capital Resources

(\$ thousands)	Three months ended March 31		
	2007	2006	\$ Variance
Cash used in operating activities	\$ (32,535)	\$ (10,858)	\$ (21,677)
Cash used in investing activities	(16,181)	(27,345)	11,164
Cash used in financing activities	(9,298)	(6,682)	(2,616)
Change in cash and cash equivalents	\$ (58,014)	\$ (44,885)	\$ (13,129)

Operating activities used \$32.5 million in the quarter compared to \$10.9 million in the same period last year. The increase in funds used was attributable to higher investments in non-cash working capital in the current period, partially offset by higher cash earnings. Non-cash working capital increased in the first quarter due principally to increasing inventory levels as mentioned above.

Investing activities used \$16.2 million in the quarter, \$11.2 million lower than in the comparable period of 2006 on lower net capital expenditures. Net investments in rental equipment decreased \$8.8 million in the Equipment Group. Rental fleet purchases in 2006 were accelerated in the year in light of anticipated supply constraints.

Financing activities used \$9.3 million in the quarter compared to \$6.7 million in the comparable period of 2006. The Company paid dividends of \$6.4 million in the quarter, up 26% from the same period in 2006. The increase reflects the higher dividend rate per share.

Outlook

Management is currently expecting that 2007 will be another year of solid financial performance at Toromont. The balance in the Company's products and markets, combined with increased after-market support activity, provides a strong operating foundation and a platform for continued growth.

Infrastructure spending, mine development and other sectors should continue to be strong for the Equipment Group. Growth is expected in the parts and service business, given the larger installed

base of equipment, and from broader market participation as additional lines are added to Caterpillar's product offerings.

Backlogs in the Compression Group continued at record levels through March 2007, and order bookings were higher in the quarter than in recent months. Prospects for Compression are good as strength in the U.S. is expected to offset slower natural gas package sales in Canada. The product support business and process compression sector continue to grow and provide a degree of balance.

Risks and risk management

There were no material changes to the operating and financial risk assessment and related risk management strategies as described in the Company's 2006 Annual Report and 2007 Annual Information Form.

Changes in accounting policies

Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Sections 1530 *Comprehensive Income*, Section 3855 *Financial Instruments – Recognition and Measurement* and Section 3865 *Hedges*. The adoption of these new standards resulted in changes in the accounting for financial instruments and hedges, as well as the recognition of certain transition adjustments. As provided under the standards, the comparative interim consolidated financial statements have not been restated, except for the presentation of translation gains or losses on self-sustaining foreign operations.

The adoption of these Sections is done retroactively without restatement of the consolidated financial statements of prior periods. As a January 1, 2007, the impact on the consolidated balance sheet of measuring derivatives at fair value as at January 1, 2007 was an increase in: accounts receivable \$27,000; derivative financial instrument assets \$6,143,000; current future income tax assets \$300,000; accounts payable and accrued liabilities \$3,753,000; long-term future income tax liabilities \$846,000; derivative financial instrument liabilities \$857,000 and opening accumulated other comprehensive income \$1,014,000.

The effect of these changes in accounting policies on net income for the first quarter of fiscal 2007 is not significant.

The reader is referred to Note 2 in the accompanying unaudited consolidated financial statements for the period ended March 31, 2007 for further details regarding the adoption of these standards.

Selected quarterly information

\$ thousands, except per share amounts	2005				2006				2007
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenues	\$ 306,289	\$ 390,127	\$ 427,888	\$ 475,488	\$ 369,428	\$ 443,603	\$ 455,959	\$ 495,843	\$ 390,155
Net earnings - continuing operations	8,250	18,903	23,943	27,296	11,722	24,910	25,898	36,891	14,251
Net earnings	8,177	18,804	24,685	27,296	11,722	24,910	25,898	36,891	14,251
Earnings per share - continuing operations									
- Basic	0.13	0.30	0.38	0.43	0.18	0.39	0.41	0.58	0.22
- Diluted	0.13	0.29	0.37	0.43	0.18	0.38	0.40	0.58	0.22
Earnings per share									
- Basic	0.13	0.30	0.39	0.43	0.18	0.39	0.41	0.58	0.22
- Diluted	0.13	0.29	0.38	0.43	0.18	0.38	0.40	0.58	0.22
Dividends per share	0.08	0.08	0.08	0.08	0.10	0.10	0.10	0.10	0.12

Interim period revenues and earnings historically reflect seasonality in both the Equipment and Compression Groups. Within the Equipment Group, the first quarter is typically the softest 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. Within the Compression Group, the fourth quarter tends to be the strongest due to higher activity levels resulting from well-site access and drilling patterns. The second and third quarter impacts of seasonality in both Groups are relatively neutral.

TOROMONT INDUSTRIES LTD.

CONSOLIDATED BALANCE SHEETS
(unaudited)

<i>(\$ thousands)</i>	March 31	December 31
	2007	2006
Assets		
Current assets		
Cash and cash equivalents	\$ -	\$ 58,014
Accounts receivable	316,408	341,470
Inventories	502,884	461,672
Income taxes receivable	5,857	-
Future income taxes	22,440	24,305
Other current assets	8,239	7,753
Total current assets	855,828	893,214
Property, plant and equipment	185,756	185,290
Rental equipment	144,598	138,214
Goodwill	34,800	34,800
Future income taxes	2,239	-
Other assets (note 7)	47,316	48,474
Total assets	\$ 1,270,537	\$ 1,299,992
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 367,354	\$ 398,158
Current portion of long-term debt (note 9)	25,822	25,194
Income taxes payable	-	224
Derivative financial instruments	178	-
Total current liabilities	393,354	423,576
Deferred revenues	65,002	66,419
Derivative financial instruments	708	-
Long-term debt (note 9)	233,171	238,468
Accrued pension liability	5,006	5,483
Future income taxes	-	490
Shareholders' equity		
Share capital (note 10)	118,794	116,848
Contributed surplus (note 11)	6,890	6,543
Retained earnings	454,328	447,820
Accumulated other comprehensive income (note 12)	(6,716)	(5,655)
Total shareholders' equity	573,296	565,556
Total liabilities and shareholders' equity	\$ 1,270,537	\$ 1,299,992

See accompanying notes

TOROMONT INDUSTRIES LTD.

**CONSOLIDATED STATEMENTS OF EARNINGS
(unaudited)**

<i>\$ thousands, except per share amounts</i>	Three months ended March 31	
	2007	2006
Revenues	\$ 390,155	\$ 369,428
Cost of goods sold	307,643	294,427
Gross profit	82,512	75,001
Selling and administrative expenses	57,479	53,751
Operating income	25,033	21,250
Interest expense	3,829	3,631
Interest and investment income	(1,206)	(895)
Income before income taxes	22,410	18,514
Income taxes	8,159	6,792
Net earnings	\$ 14,251	\$ 11,722
Earnings per share (note 4)		
Basic	\$ 0.22	\$ 0.18
Diluted	\$ 0.22	\$ 0.18
Weighted average number of shares outstanding	64,471,113	63,672,939
End of period number of shares outstanding (note 10)	64,526,857	63,762,518

See accompanying notes

**CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(unaudited)**

<i>(\$ thousands)</i>	Three months ended March 31	
	2007	2006
Retained earnings, beginning of period	\$ 447,820	\$ 373,993
Net earnings	14,251	11,722
Dividends	(7,743)	(6,376)
Retained earnings, end of period	\$ 454,328	\$ 379,339

See accompanying notes

TOROMONT INDUSTRIES LTD.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)**

<i>(\$ thousands)</i>	Three months ended March 31	
	2007	2006
Net earnings	\$ 14,251	\$ 11,722
Other comprehensive (loss) income:		
Change in fair value of derivatives designated as cash flow hedges (net of income taxes of \$348)	(634)	-
Gains on derivatives designated as cash flow hedges transferred to net income in the current period (net of income taxes of \$441)	(818)	-
Unrealized (loss) gain on translation of financial statements of self-sustaining foreign operations	(623)	5
Other comprehensive (loss) income	(2,075)	5
Comprehensive income	\$ 12,176	\$ 11,727

See accompanying notes

TOROMONT INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(\$ thousands)	Three months ended March 31	
	2007	2006
Operating activities		
Net earnings	\$ 14,251	\$ 11,722
Items not requiring cash and cash equivalents		
Depreciation	10,418	9,783
Stock-based compensation	491	625
Accrued pension liability	(477)	(42)
Future income taxes	(620)	(2,267)
Gain on sale of rental equipment and property, plant, and equipment	(1,989)	(2,205)
	<u>22,074</u>	<u>17,616</u>
Net change in non-cash working capital and other	(54,609)	(28,474)
Cash used in operating activities	<u>(32,535)</u>	<u>(10,858)</u>
Investing activities		
Additions to:		
Rental equipment	(13,932)	(23,841)
Property, plant and equipment	(6,363)	(6,284)
Proceeds on disposal of:		
Rental equipment	6,889	8,021
Property, plant and equipment	203	160
Business acquisition (note 3)	(3,124)	(5,481)
Decrease in other assets	146	80
Cash used in investing activities	<u>(16,181)</u>	<u>(27,345)</u>
Financing activities		
Increase in term credit facility debt	6,384	3,423
Repayment of other long-term debt	(11,053)	(6,131)
Dividends	(6,431)	(5,089)
Shares issued on exercise of options	1,802	1,115
Cash used in financing activities	<u>(9,298)</u>	<u>(6,682)</u>
Decrease in cash and cash equivalents	(58,014)	(44,885)
Cash and cash equivalents at beginning of period	58,014	50,716
Cash and cash equivalents at end of period	\$ -	\$ 5,831

Supplemental cash flow information (note 13)

See accompanying notes

TOROMONT INDUSTRIES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007

(unaudited)

(\$ thousands except where otherwise indicated)

(1) Significant accounting policies

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the preparation of interim financial statements. The accounting policies used in the preparation of these unaudited interim consolidated financial statements are consistent with those used in the Company's 2006 audited annual consolidated financial statements, except for the changes in accounting policies described in Note 2. These unaudited interim consolidated financial statements do not include all disclosures required by GAAP for annual financial statements, and accordingly should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2006.

(2) Changes in accounting policies

Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Sections 1530 *Comprehensive Income*, Section 3855 *Financial Instruments – Recognition and Measurement* and Section 3865 *Hedges*. The adoption of these new standards resulted in changes in the accounting for financial instruments and hedges, as well as the recognition of certain transition adjustments. As provided under the standards, the comparative interim consolidated financial statements have not been restated, except for the presentation of translation gains or losses on self-sustaining foreign operations. The principal changes in the accounting for financial instruments and hedges due to the adoption of these accounting standards are described below.

(a) Sections 1530 *Comprehensive Income*

This Section describes the reporting and disclosure standards with respect to comprehensive income and its components. Comprehensive income is composed of net income and other comprehensive income. The Company's other comprehensive income includes unrealized gains and losses on translation of self-sustaining foreign operations and changes in the fair value of derivative instruments designated as cash flow hedges, net of income taxes. The components of comprehensive income are disclosed in the consolidated statement of comprehensive income.

(b) Section 3855 *Financial Instruments – Recognition and Measurement*

This Section sets out the standards for the recognition and measurements of financial assets and financial liabilities. Depending on their balance sheet classification, fair value or cost-based measures are used. This standard also prescribes the basis of presentation for gains and losses on financial instruments. Based on financial instrument classification, gains and losses on financial instruments are recognized in either net income or other comprehensive income.

The Company has made the following classifications:

- Cash and cash equivalents are classified as "assets held for trading" and are measured at fair value. Gains and losses resulting from the periodic revaluation are recorded in net income.

- Accounts receivable are classified as “loans and receivables” and are recorded at amortized cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.
- Accounts payable and accrued liabilities and long-term debt are classified as “other financial liabilities” and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

(c) Section 3865 *Hedges*

This Section sets out the standards on the use of hedge accounting. This standard offers different reporting options other than those set out in Section 3855 *Financial Instruments – Recognition and Measurement*, to qualifying transactions designated as hedges for accounting purposes.

The Company elected to apply hedge accounting for its interest rate swap and foreign exchange forward contracts. The interest rate swap is designated as a cash flow hedge. It is measured at fair value at the end of each period and the effective portion of the gain or loss resulting from remeasurement is recognized in other comprehensive income. The ineffective portion is recognized in net income in the period. Foreign exchange forward contracts are designated as either cash flow or fair value hedges, depending on the facts of the transaction. These derivatives are measured at fair value at the end of each period. The resulting gain or loss is recognized in other comprehensive income for cash flow hedges and in net income for fair value hedges.

The adoption of these Sections is done retroactively without restatement of the consolidated financial statements of prior periods. As at January 1, 2007, the impact on the consolidated balance sheet of measuring derivatives at fair value was an increase in: accounts receivable \$27, derivative financial instrument assets \$6,143, current future income tax assets \$300, accounts payable and accrued liabilities \$3,753, long-term future income tax liabilities \$846, derivative financial instrument liabilities \$857 and opening accumulated other comprehensive income \$1,014.

The effect of these changes in accounting policies on net income for the first quarter of fiscal 2007 is not significant.

(3) Business acquisitions

Effective March 6, 2007, certain assets of Sunrise Rentals Corporation, a privately owned rental operation in Timmins, Ontario, were purchased. In 2006, land, plant and equipment in Casper, Wyoming were purchased.

The acquisitions were recorded using the purchase method. The fair values of net assets acquired were as follows:

	2007	2006
Non-cash working capital	\$ 1,048	\$ 135
Property, plant and equipment	188	5,346
Rental equipment	1,888	-
Purchase price	\$ 3,124	\$ 5,481

(4) Earnings per share

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

	Three months ended March 31	
	2007	2006
Net earnings available to common shareholders	\$ 14,251	\$ 11,722
Weighted average common shares outstanding	64,471,113	63,672,939
Dilutive effect of stock option conversion	608,538	1,056,699
Diluted weighted average common shares outstanding	65,079,651	64,729,638
Basic earnings per share	\$ 0.22	\$ 0.18
Diluted earnings per share	\$ 0.22	\$ 0.18

(5) 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. Stock options have a seven-year term, vest 20% cumulatively 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.

The following table is a reconciliation of outstanding options:

	Three months ended March 31			
	2007	2006		
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	2,091,379	\$ 14.67	2,689,795	\$ 12.72
Granted	288,900	25.68	370,380	24.58
Exercised	(216,280)	8.29	(137,582)	8.09
Forfeited	-	-	(3,910)	16.78
Options outstanding, end of period	2,163,999	\$ 16.78	2,918,683	\$ 14.44
Options exercisable, end of period	1,181,565	\$ 12.73	1,560,723	\$ 10.74

The following table summarizes stock options outstanding and exercisable as at March 31, 2007:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price	
\$7.29 - \$8.04	256,600	0.8	\$ 8.04	256,600	\$ 8.04	
\$10.27 - \$10.71	661,779	2.4	10.66	567,979	10.66	
\$16.59 - \$25.68	1,245,620	5.3	21.82	356,986	19.39	
Total	2,163,999	3.9	\$ 16.78	1,181,565	\$ 12.73	

The Company determines the cost of stock options granted using the fair value method. The cost is amortized over the vesting periods.

The fair value of options granted during the period was determined at the time of grant using the following:

	2007	2006
Weighted average fair value price per option	\$ 6.57	\$ 6.51
Expected life of options (years)	5.82	5.78
Expected stock price volatility	25.0%	25.0%
Expected dividend yield	1.9%	1.6%
Risk-free interest rate	4.0%	4.1%

The Company offers a deferred share unit (DSU) plan to non-employee directors. A DSU is a notional unit that reflects the market value of a single common share of Toromont. Each director may elect to take all or a portion of his board retainer and meeting fees in DSUs. Each DSU fully vests upon award. The DSUs will be redeemed for cash upon a director leaving the board. The redemption amount will be based upon the average of the high and low trading prices of the common shares on the TSX for the five trading days preceding the redemption date. The program commenced in 2006 and as at March 31, 2007, the total DSUs held by participating directors was 5,186.

(6) 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 7% of participating 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 March 31	
	2007	2006
Defined benefit plans	\$ 218	\$ 454
Defined contribution plans	2,067	2,205
401(k) matched savings plans	262	157
Net pension expense	\$ 2,547	\$ 2,816

(7) Other assets

Other assets includes \$24,728 (December 31, 2006 - \$25,521), representing equipment sold directly to customers or to third-party lessors for which the Company has provided a guarantee to repurchase at a predetermined residual value and date. In accordance with GAAP, such transactions that involve a repurchase undertaking by the Company are accounted for as operating leases wherein revenue is recognized over the period extending to the date of the residual guarantee.

(8) Accounts payable and accrued liabilities

	March 31		December 31	
	2007		2006	
Accounts payable and accrued liabilities	\$ 255,647	\$ 301,131		
Dividends payable	7,742	6,431		
Deferred revenues	103,965	90,596		
Total accounts payable and accrued liabilities	\$ 367,354	\$ 398,158		

Deferred revenue represents unearned income associated with warranty and service agreements, contract advances, and any other situations where payments are received in advance of revenue recognition.

(9) Long-term debt

	March 31 2007	December 31 2006
Drawn on bank term facility	\$ 50,071	\$ 43,686
Senior debentures	191,864	199,673
Notes payable	17,058	20,303
Total long-term debt	258,993	263,662
Less current portion	25,822	25,194
	<u>\$ 233,171</u>	<u>\$ 238,468</u>

The committed bank term facilities are unsecured. These facilities permit drawings of up to \$248 million, with \$23 million maturing in 2008 and the balance of \$225 million maturing in 2011.

(10) Share capital

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

	Three months ended March 31, 2007		Twelve months ended December 31, 2006	
	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital
Balance, beginning of period	64,310,577	\$ 116,848	63,624,936	\$ 107,348
Exercise of stock options	216,280	1,946	685,641	9,500
Balance, end of period	<u>64,526,857</u>	<u>\$ 118,794</u>	<u>64,310,577</u>	<u>\$ 116,848</u>

(11) Contributed surplus

The changes in contributed surplus were as follows:

	Three months ended March 31	
	2007	2006
Contributed surplus, beginning of period	\$ 6,543	\$ 6,692
Stock-based compensation	491	625
Value of compensation cost associated with exercised options	(144)	(84)
Contributed surplus, end of period	<u>\$ 6,890</u>	<u>\$ 7,233</u>

(12) Accumulated Other Comprehensive Income

(\$ thousands)	Three months ended March 31	
	2007	2006
Balance, beginning of period, as previously reported	\$ -	\$ -
Unrealized losses on translation of financial statements of self-sustaining operations	(5,655)	(6,221)
Cumulative impact of accounting changes relating to financial instruments (note 2)	1,014	-
Restated balance, beginning of period	(4,641)	(6,221)
Other comprehensive income	(2,075)	5
Balance, end of period	\$ (6,716)	\$ (6,216)

As at March 31, 2007, gains on foreign currency derivatives designated as cash flow hedges of \$34 net of income taxes of \$5, reported in Accumulated Other Comprehensive Income in the consolidated balance sheet are expected to be reclassified to net income within the next twelve months. The loss on the interest rate swap which is designated as a cash flow hedge of \$460, net of income taxes of \$248, are expected to be reclassified to net income over the next eighteen months.

(13) Supplemental Cash Flow Information

	March 31	
	2007	2006
Net change in non-cash working capital and other		
Accounts receivable	\$ 25,940	\$ 46,259
Inventories	(41,042)	(44,694)
Accounts payable and accrued liabilities	(31,914)	(12,084)
Other	(7,593)	(17,955)
	\$ (54,609)	\$ (28,474)

Cash paid during the period for:

Interest	\$ 3,535	\$ 3,714
Income taxes	\$ 14,657	\$ 25,251

(14) Financial instruments

Foreign Exchange Contracts

In the normal course of business, 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 March 31, 2007.

		Notional Amount	Average Exchange Rate	Maturity
Purchase contracts	USD	171,106	\$ 1.1562	April 2007 to January 2008
	EUR	4,647	\$ 1.5222	April to November 2007
Sales contracts	USD	12,226	\$ 1.1682	April to October 2007
	EUR	2,787	\$ 1.5200	April to July 2007

Management estimates that a loss of \$178 would be realized if the contracts were terminated on March 31, 2007. Certain of these forward contracts are designated as hedges, in accordance with the new standards, and accordingly, a gain of \$39 has been included in other comprehensive income. A loss of \$217 on forward contracts not designated as hedges is included in net income.

Interest Rate Swap Contract

An interest rate swap is held which converts \$30,000 (March 31, 2006 - \$30,000) of floating rate debt into fixed rate debt at 5.88%. This transaction is with a Canadian chartered bank and matures September 1, 2008. This swap partially offsets exposure to Canadian floating interest rates.

Management estimates that a loss of \$708 would be realized if the contract was terminated on March 31, 2007. This contract is designated as a hedge, in accordance with the new standards, and therefore this loss has been included in other comprehensive income.

(15) Segmented financial information

The Company has two reportable operating segments, each supported by the corporate office. The Equipment Group includes one of the world's largest Caterpillar dealerships by revenue and geographic territory in addition to industry leading rental operations. The Compression Group is a North American leader specializing in the design, engineering, fabrication, and installation of compression systems for natural gas, coal bed methane, fuel gas and carbon dioxide in addition to process systems and industrial and recreational refrigeration systems. Both groups offer comprehensive product support capabilities. 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 operating income.

The accounting policies of the reportable operating segments are the same as those described in Note 1 – Significant Accounting Policies.

Three months ended March 31	Equipment Group		Compression Group		Consolidated	
	2007	2006	2007	2006	2007	2006
Equipment /package sales	\$ 128,813	\$ 87,062	\$ 116,099	\$ 141,646	\$ 244,912	\$ 228,708
Rentals	25,938	24,570	4,699	4,672	30,637	29,242
Product support	69,219	71,361	41,051	35,922	110,270	107,283
Power Generation	4,336	4,195	-	-	4,336	4,195
Revenues	\$ 228,306	\$ 187,188	\$ 161,849	\$ 182,240	\$ 390,155	\$ 369,428
Operating Income	\$ 14,569	\$ 12,464	\$ 10,464	\$ 8,786	\$ 25,033	\$ 21,250
Operating income as a % of revenues	6.4%	6.7%	6.5%	4.8%	6.4%	5.8%

Selected balance sheet information:

	Equipment Group		Compression Group		Consolidated	
	March 31 2007	December 31 2006	March 31 2007	December 31 2006	March 31 2007	December 31 2006
Goodwill	\$ 13,000	\$ 13,000	\$ 21,800	\$ 21,800	\$ 34,800	\$ 34,800
Identifiable assets	\$ 737,279	\$ 702,455	\$ 508,862	\$ 519,144	\$ 1,246,141	\$ 1,221,599
Corporate assets					24,396	78,393
Total assets					<u>\$ 1,270,537</u>	<u>\$ 1,299,992</u>

Operating income from rental operation for the quarter ended March 31, 2007 was \$3.7 million (2006 - \$2.5 million).

(16) Seasonality of business

Interim period revenues and earnings historically reflect seasonality in both the Equipment and Compression Groups. Within 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. Within the Compression Group, the fourth quarter tends to be the strongest due to higher activity levels resulting from well-site access and drilling patterns. The second and third quarter impacts of seasonality in both Groups are relatively neutral.

(17) Comparative amounts

Certain comparative figures have been restated to conform with the current year's presentation.