Second Quarter 2009 **July 21, 2009**

TOROMONT ANNOUNCES RESULTS FOR THE SECOND QUARTER OF 2009

Toromont Industries Ltd. reported financial results for the second quarter ended June 30, 2009. Earnings per share of $0.51 in the second quarter of 2009 were comparable to the prior year earnings of $0.58, excluding a $0.07 gain on the sale of investments realized last year.

	Three months ended June 30					Six months ended June 30				
$ millions, except per share amounts		**2009**		2008	**% change**		**2009**		2008	**% change**
Revenues	**$**	**484.2**	$	536.5	**(10%)**	**$**	**941.8**	$	933.5	**1%**
Operating income	**$**	**52.5**	$	53.1	**(1%)**	**$**	**89.2**	$	76.5	**17%**
Net earnings	**$**	**33.5**	$	37.8	**(11%)**	**$**	**57.2**	$	54.3	**5%**
Earnings per share - basic	**$**	**0.51**	$	0.58	**(12%)**	**$**	**0.88**	$	0.83	**6%**

Good project management coupled with effective expense control resulted in comparable operating income to last year on a 10% reduction in revenue. Toromont continued to benefit from the large backlogs that were carried into this year as well as from favourable movements in exchange rates.

Highlights for the Second Quarter:

- Compression Group revenues were up 7% in the quarter compared to the same period last year on growth in U.S. natural gas compression package sales. Operating income was up 17% on higher revenues and gross margins.

- Compression Group booking activity for the quarter was 67% lower compared to the second quarter of 2008, on lower demand for natural gas compression in the U.S. and Canada. Backlogs were down 33% from December 31, 2008 and 41% from this time last year.

- Equipment Group revenues were down 24% in the quarter versus the similar period of 2008 on lower new and used machine sales. Operating income decreased 18% compared to last year on lower volumes partially offset by higher gross margins.

- Equipment Group bookings were 31% lower than the second quarter of 2008. Generally, order rates have slowed in most regions and for most products. Backlogs at June 30, 2009 were 9% lower than at December 31, 2008 and 39% lower than at this time last year.

- The Company maintained a strong financial position and ended the quarter with $62 million of cash and cash equivalents and a net debt to shareholders' equity ratio at a very conservative 0.14:1.

Compression Group bookings continued to be negatively impacted by the natural gas cycle, exacerbated by tight credit conditions. Demand for natural gas compression equipment will not likely improve until natural gas prices recover to economic levels. The Equipment Group is also experiencing reduced bookings related to the general economic slowdown. Certain markets continue to perform well, and the announced stimulus spending for Canadian infrastructure looks promising, although the timing and extent of impact is unclear. Unless Compression and Equipment market conditions improve substantially in the near term, second half results are not likely to approach the record results seen in the second half of 2008.

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-month and six-month periods ended June 30, 2009. It also discusses factors that could affect future performance. This MD&A should be read in conjunction with the attached unaudited interim consolidated financial statements and related notes for the three-month and six-month periods ended June 30, 2009, the annual MD&A contained in the 2008 Annual Report and the audited annual consolidated financial statements of the Company for the year ended December 31, 2008.

This MD&A contains certain forward-looking information. Please refer to the "Advisory" section of this MD&A for important information regarding forward-looking information.

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 July 20, 2009.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's 2008 Annual Report and 2009 Annual Information Form. These are available on SEDAR at www.sedar.com and on the Company's website at www.toromont.com.

CONSOLIDATED RESULTS OF OPERATIONS

$ thousands, except per share amounts		Three months ended June 30				Six months ended June 30		
		2009	2008	% change		**2009**	2008	% change
Revenues	$	**484,173**	$ 536,477	(10%)	$	**941,832**	$ 933,536	1%
Cost of goods sold		**371,737**	420,459	(12%)		**734,919**	736,460	-
Gross profit		**112,436**	116,018	(3%)		**206,913**	197,076	5%
Selling and administrative expenses		**59,902**	62,963	(5%)		**117,759**	120,596	(2%)
Operating income		**52,534**	53,055	(1%)		**89,154**	76,480	17%
Interest expense		**2,262**	3,073	(26%)		**4,443**	6,211	(28%)
Interest and investment income		**(1,124)**	(7,434)	(85%)		**(2,004)**	(11,669)	(83%)
Income before income taxes		**51,396**	57,416	(10%)		**86,715**	81,938	6%
Income taxes		**17,871**	19,194	(7%)		**29,472**	27,299	8%
Earnings from continuing operations		**33,525**	38,222	(12%)		**57,243**	54,639	5%
Loss on disposal of discontinued operations		**-**	(432)	n/m		**-**	(432)	n/m
Earnings from discontinued operations		**-**	26	n/m		**-**	103	n/m
Net earnings	**$**	**33,525**	**$ 37,816**	(11%)	**$**	**57,243**	$ 54,310	5%
Basic earnings per share	**$**	**0.51**	$ 0.58	(12%)	**$**	**0.88**	$ 0.83	6%
Key ratios:								
Gross profit as a % of revenues		**23.2%**	21.6%			**22.0%**	21.1%	
Selling and administrative expenses as a % of revenues		**12.4%**	11.7%			**12.5%**	12.9%	
Operating income as a % of revenues		**10.9%**	9.9%			**9.5%**	8.2%	
Income taxes as a % of income before income taxes		**34.8%**	33.4%			**34.0%**	33.3%	

Revenues of $484.2 million were 10% lower than the comparable quarter of 2008. Compression revenues were 7% higher on while Equipment Group revenues were down 24%. For the first six months, revenues were $941.8 million, 1% higher than the comparable period of 2008. Compression revenues were 20% higher, while Equipment Group revenues were down 16%.

The Canadian/U.S. dollar exchange rate impacts reported revenues on the translation of the financial statements of the Compression Group's U.S. operations. The Canadian dollar was weaker in 2009 than in the prior year, resulting in higher revenues and net income on translation. For the second quarter, the Canadian dollar was 14% weaker, resulting in a $23 million increase in revenues and $2 million increase in net income. For the first six months of 2009, the Canadian dollar was 16% weaker, resulting in a $50 million increase in revenues and $3.7 million increase in net income. In addition, the exchange rate impacts revenues in the Canadian operations of both the Equipment and Compression Groups, as pricing to customers typically reflects movements in the exchange rate on U.S. sourced equipment, components and spare parts.

Gross profit margin in the quarter was 23.2%, up from 21.6% in the similar period of the prior year. Higher margins were reported in both Equipment and Compression.

For the first half, gross profit margin was 22.0%, up from 21.1% in the similar period of the prior year. Higher margins in the Equipment Group were partially offset by lower margins in the Compression Group.

Selling and administrative expenses were $59.9 million in the second quarter, 5% lower than the comparable period in 2008. For the first half of 2009, selling and administrative expenses were $117.8 million, 2% lower than the prior year. Foreign exchange translation on U.S. operations increased expenses by $1.4 million in the second quarter of 2009, $3.0 million for the first half of

2009. On a constant dollar basis, selling administrative expenses were down 7% in the quarter and 5% for the first half of 2009 compared to the prior year. Given current market conditions, there has been an increased focus on discretionary spending reductions. As well, total headcount is down 7% from this time last year. Selling and administrative expenses as a percentage of revenues were 12.5% for the first six months of 2009 compared to 12.9% in the same period of 2008.

Operating income in the quarter was $52.5 million, down 1% from the prior year on lower revenues, partially offset by higher gross margins and lower selling and administrative expenses. Operating income as a percentage of revenues was 10.9% in the quarter, up from 9.9% in similar period of 2008.

For the first six months, operating income was $89.2 million, up 17% from the prior year on higher gross margins and lower selling and administrative expenses. Operating income as a percentage of revenues was 9.5%, up from 8.2% in similar period of 2008.

Interest expense in 2009 was 26% lower in the quarter and 28% lower for the first six months compared to the similar periods from last year. Average debt balances were lower than those reported in 2008.

Interest income was down 28% in the second quarter and 42% in the first half on lower interest rates, excluding investment gains which were recorded in the prior year.

The effective income tax rate for the first six months of 2009 was 34.0% compared to 33.3% for 2008. The effective rate was lower in 2008, reflecting the favourable impact of capital gains realized in that year.

Net earnings for the second quarter of 2009 were $33.5 million, down 11% from 2008. Basic earnings per share were $0.51, compared with $0.58 in 2008, a decrease of 12%. The second quarter of 2008 included a $4.9 million gain on sale of investments, $0.07 per share. Excluding this item in 2008, net earnings were up 1% in the second quarter of 2009 and earnings per share were the same as those reported in 2008.

Net earnings through June 2009 were $57.2 million, up 5% from 2008. Basic earnings per share were $0.88, compared with $0.83 in 2008, an increase of 6%. The first half of 2008 included $6.9 million gain on sale of investments, or $0.10 per share. Excluding this item in 2008, net earnings were 20% higher and earnings per share were 21% higher than the prior year.

Comprehensive income for the quarter was $21.2 million, comprised of net earnings of $33.5 million and other comprehensive loss of $12.3 million. The other comprehensive loss resulted largely from an unrealized loss on translation of financial statements of self-sustaining foreign operations of $12.1 million.

Comprehensive income for the first half of 2009 was $48.4 million, comprised of net earnings of $57.2 million and other comprehensive loss of $8.9 million. The other comprehensive loss resulted largely from an unrealized loss on translation of financial statements of self-sustaining foreign operations of $7.1 million.

BUSINESS SEGMENT OPERATING RESULTS

The accounting policies of the segments are the same as those of the consolidated entity. Management evaluates overall business segment performance based on revenue growth, operating income relative to revenues and return on capital employed. Corporate expenses are allocated based on each segment's operating income. Interest expense and interest and investment income are not allocated. Please refer to note 17 to the interim financial statements for the three and six-month periods ended June 30, 2009.

Results of Operations in the Equipment Group

$ thousands	Three months ended June 30 **2009**	2008	% change	Six months ended June 30 **2009**	2008	% change
Equipment sales and rentals						
New	$ **77,632**	$ 141,569	(45%)	$ **142,316**	$ 218,787	(35%)
Used	**31,530**	34,613	(9%)	**56,015**	61,093	(8%)
Rental	**31,771**	33,635	(6%)	**59,439**	60,989	(3%)
Total equipment sales and rentals	**140,933**	209,817	(33%)	**257,770**	340,869	(24%)
Power generation	**2,344**	2,252	4%	**4,709**	4,540	4%
Product support	**73,738**	73,776	-	**146,229**	142,459	3%
Total revenues	$ **217,015**	$ 285,845	(24%)	$ **408,708**	$ 487,868	(16%)
Operating income	$ **22,289**	$ 27,261	(18%)	$ **41,275**	$ 37,828	9%
Key ratios:						
Product support revenues as a % of total revenues	**34.0%**	25.8%		**35.8%**	29.2%	
Group total revenues as a % of consolidated revenues	**44.8%**	53.3%		**43.4%**	52.3%	
Operating income as a % of revenues	**10.3%**	9.5%		**10.1%**	7.8%	

Revenues were down 24% in the second quarter and 16% in the first half of 2009 compared to 2008 on lower new and used equipment unit sales.

New equipment sales were down 45% in the quarter and 35% in the first half. Industrial power systems applications, including prime and backup power systems, recorded good deliveries in the quarter. Other market segments, most notably mining, heavy and general construction, were lower. Used equipment sales were also lower reflecting weaker market conditions.

Rental revenues were down 6% in the second quarter and 3% in the first half compared to 2008 on lower utilization and lower rental rates.

Product support revenues in the second quarter were comparable with those reported in the similar period last year as higher parts pricing due to the weaker Canadian dollar and routine annual price increases implemented at the beginning of the year were offset by lower market activity in most markets. Through the first half of 2009, product support revenues were up 3%.

Operating income in the quarter was $22.3 million, down $5.0 million or 18% from the prior year. Gross margins in the quarter were up 3.6 percentage points from the similar period last year. The gross margin increase was largely due to lagging costs associated with foreign currency hedges during a period of rapid devaluation of the Canadian dollar. Sales mix changes also increased gross margin, with a higher percentage of product support revenues to total. Selling and administrative expenses decreased 8%. Operating income was 10.3% of revenues compared with 9.5% in the prior year, reflecting the higher gross margins.

Operating income in the first half was $41.3 million, up $3.4 million or 9% from the prior year. Gross margins in the quarter were up 4.7 percentage points from the similar period last year. The gross margin increase was largely due to lagging costs associated with foreign currency hedges during a period of rapid devaluation of the Canadian dollar. Sales mix changes also increased gross margin, with a higher percentage of product support revenues to total. Selling and administrative expenses decreased 3%. Operating income was 10.1% of revenues compared with 7.8% in the prior year, reflecting the higher gross margins.

Booking activity was down 31% in the quarter and 37% in the first half compared to the similar periods in 2008, with declines in most markets. Backlogs at June 30, 2009 were 39% lower than a year prior and 9% lower than December 31, 2008.

Results of Operations in the Compression Group

	Three months ended June 30			Six months ended June 30		
$ thousands	**2009**	2008	% change	**2009**	2008	% change
Package sales and rentals						
Package sales	**$ 220,303**	$ 192,865	14%	**$ 432,396**	$ 339,808	27%
Rentals	**4,210**	5,416	(22%)	**8,500**	10,751	(21%)
Total package sales and rentals	**224,513**	198,281	13%	**440,896**	350,559	26%
Product support	**42,645**	52,351	(19%)	**92,228**	95,109	(3%)
Total revenues	**$ 267,158**	$ 250,632	7%	**$ 533,124**	$ 445,668	20%
Operating income	**$ 30,245**	$ 25,794	17%	**$ 47,879**	$ 38,654	24%
Key ratios:						
Product support revenues as a % of total revenues	**16.0%**	20.9%		**17.3%**	21.3%	
Group total revenues as a % of consolidated revenues	**55.2%**	46.7%		**56.6%**	47.7%	
Operating income as a % of revenues	**11.3%**	10.3%		**9.0%**	8.7%	

Package sales revenues in the second quarter were $27.4 million or 14% higher compared to 2008 on the following factors:

- The weaker Canadian dollar in 2009 resulted in an increase in package revenues on translation of foreign operations of $21 million.
- U.S. natural gas compression revenues were up $12 million on a U.S. dollar basis.
- Package revenues from refrigeration systems were $6 million lower compared to the similar quarter of 2008, primarily on lower activity within industrial markets.

Package sales revenues through the first six months were $92.6 million or 27% higher compared to 2008 on similar factors as noted above:

- The weaker Canadian dollar in 2009 resulted in an increase in package revenues on translation of foreign operations of $43 million.
- U.S. natural gas compression revenues were up $41 million on a U.S. dollar basis.
- Process systems revenues were up $25 million on a constant dollar basis.
- Package revenues from refrigeration systems were $12 million lower compared to the similar period of 2008, primarily on lower activity within the industrial markets.

Rental revenues were down 22% in the quarter and 21% in the first half compared to last year on lower rental fleet utilization in Canada and the U.S. Weaker natural gas markets and tighter financial markets have reduced demand for rental equipment.

Product support revenues were down 19% in the second quarter over the similar period in 2008. Refrigeration product support revenues in both Canada and the US were consistent with levels reported last year. Natural gas product support activity has declined in Canada and the US on weaker market conditions within that segment.

Operating income for the Compression Group increased 17% in the quarter. Gross margins were 0.4 percentage points higher than in the similar period last year. Gross margins in the US were higher on higher volumes and project mix while gross margins in Canada were lower on lower volumes. Selling and administrative expenses were up 3% from the prior year due to the impact of foreign exchange on the translation of U.S. operations. Excluding this, selling and administrative expenses were lower due to focused efforts on cost containment in light of current market conditions. Operating income was 11.3% of revenues in the quarter, up from 10.3% in the similar period last year.

For the first six months of 2009, operating income for the Compression Group increased 24% on the 20% increase in revenues. Gross margins were 1.6 percentage points lower than in the similar period last year on lower gross margins in Canada due to inefficiencies associated with shop rationalization in Calgary in the first quarter of 2009. Selling and administrative expenses were 1.5% higher than the prior year on foreign exchange translation of U.S. operations, partially offset by focused efforts on cost containment. Operating income was 9.0% of revenues in the quarter, up from 8.7% in the similar period last year.

Compression booking activity was down 67% for the quarter and 63% for the first half compared to the similar periods of 2008. Global economic conditions and weaker natural gas markets have served to reduce demand for compression equipment in both Canada and the U.S. Refrigeration bookings were strong in the quarter, increasing 9% in the first half compared to the prior year. Growth was reported in both recreational and industrial markets. Compression backlogs at June 30, 2009 were down 41% from this time last year and 33% from December 31, 2008.

CONSOLIDATED FINANCIAL CONDITION

The Company has maintained a strong financial position. At June 30, 2009, the ratio of total debt, net of cash, to equity was 0.14:1. Total assets were $1.4 billion.

Working Capital

The Company's investment in non-cash working capital was $479.5 million at June 30, 2009. The major components, along with the changes from June 30 and December 31, 2008 are identified in the following table.

Working capital investment generally follows the seasonality of the business, with increases in working capital in the first half of the year in preparation for the historically busier summer season, although this may be different in periods of changing demand and/or supply conditions.

$ thousands		June 30 2009		December 31 2008	Change $	%		June 30 2008	Change $	%
Accounts receivable	$	297,126	$	375,059	$ (77,933)	-21%	$	314,080	$ (16,954)	-5%
Inventories		486,496		499,360	(12,864)	-3%		507,816	(21,320)	-4%
Future income tax assets		37,657		34,934	2,723	8%		24,764	12,893	52%
Derivative financial instruments		(1,362)		11,246	(12,608)	n/m		2,189	(3,551)	n/m
Other current assets		14,005		11,381	2,624	23%		18,498	(4,493)	-24%
Accounts payable and accrued liabilities		(236,285)		(337,073)	100,788	-30%		(319,318)	83,033	-26%
Dividends payable		(9,708)		(9,045)	(663)	7%		(9,115)	(593)	7%
Deferred revenue		(108,582)		(194,261)	85,679	-44%		(165,188)	56,606	-34%
Current portion of long-term debt		(14,556)		(15,363)	807	-5%		(21,086)	6,530	-31%
Income taxes receivable (payable), net		14,700		(4,236)	18,936	n/m		10,172	4,528	45%
Total non-cash working capital	$	479,491	$	372,002	$ 107,489	29%	$	362,812	116,679	32%

Accounts receivable were 21% lower than at December 31, 2008 reflecting seasonality and lower revenues in the second quarter compared to the fourth quarter. Accounts receivable were 5% lower than at June 30, 2008. Equipment Group receivables were 14% lower than at this time last year on lower revenues. Compression Group receivables were 1% higher than at this time last year on foreign exchange translation of U.S. subsidiaries' balances offset by longer collection periods. Days sales outstanding (DSO) increased year-over-year in both Groups.

Inventories were 3% lower than at December 2008, driven by a 14% decrease in the Compression Group, partially offset by a 9% increase in the Equipment Group. Compression Group inventories in the US were down 4% on a constant dollar basis. Equipment Group inventories increased on higher machine and parts costs related to the weaker Canadian dollar and weaker demand in the current year. Compared to this time last year, inventories were 4% lower. Compression Group inventories decreased 8% on lower inventories in Canada, partially offset by higher inventories in the US. Inventories in the Equipment Group were 1% lower than this time last year reflecting lower activity levels, partially offset by higher machine and parts inventory cost.

Future income tax assets reflect differences between income tax and accounting.

Derivative financial instruments represent fair market valuations of foreign exchange contracts. Given the recent volatility in the Canadian/U.S. dollar exchange rate, the Company's hedging practices have led to a cumulative loss of $1.4 million as at June 30, 2009. Foreign exchange contracts reduce volatility by fixing landed costs related to specific customer orders and establish a level of price stability for high volume goods such as spare parts. The Company does not enter into foreign exchange forward contracts for speculative purposes. The gains and losses on the foreign exchange forward contracts designated as cash flow hedges are intended to offset the translation losses and gains on the hedged foreign currency transactions when they occur.

Other current assets included prepaid expenses and other deposits. These items fluctuate based on timing of invoicing and payment.

Accounts payable and accrued liabilities were 30% lower than at December 31, 2008 and 26% lower than at June 30, 2008 due to the timing of payments for key suppliers and year-end bonuses.

Dividends payable were 7% higher than at December 31 and June 30, 2008 reflecting the higher dividend rate of $0.15 per share compared to $0.14 per share in the prior year.

Deferred revenues in the Compression Group represent payments received from customers in advance of revenue recognition. Compression Group deferred revenues decreased 32% compared to June 2008 and 43% compared to December 2008, as a result of lower new order activity. Deferred revenues in the Equipment Group represent payments received in advance of revenue recognition on sales with residual value guarantees, long-term construction contracts, extended warranty and other customer support agreements. Equipment Group deferred revenues decreased 44% compared to June 2008 and 48% compared to December 2008 on completion of several long-term industrial projects.

Current portion of long-term debt reflects scheduled principal repayments due in the subsequent twelve-month period. This amount is lower in 2009 as a result of the maturity of senior debentures in September 2008.

Income taxes receivable (payable) reflects amounts owing for corporate income taxes less installments made to date. The amount receivable increased in 2009 on higher tax instalments compared to income in the current period.

Legal and Other Contingencies

Typical of entities with the size, complexity and nature of the Company's operations, various legal matters are pending. Exposure to these claims is mitigated through insurance coverage 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.

Normal Course Issuer Bid

No shares were repurchased in the second quarter of 2009. The Company purchased and cancelled 43,400 shares for $0.9 million (average cost of $19.77 per share) in the first quarter of 2009. The shares were purchased for an amount higher than their weighted average book value per share ($1.97 per share) resulting in a reduction of retained earnings of $0.8 million.

Approximately 4 million shares remain available for purchase and cancellation under the current normal course issuer bid that expires August 30, 2009.

Outstanding Share Data

As at the date of this MD&A, the Company had 64,710,987 common shares and 2,140,329 share options outstanding.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

Toromont's liquidity requirements are 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, notes payable and committed long-term credit facilities.

Combined unsecured credit facilities amounted to $248 million at June 30, 2009, comprised of $225 million in Canada and US $20 million in the United States ($23 million Canadian equivalent). Of these combined credit facilities, $23 million matures in July 2010 and the balance matures in 2011. At quarter-end, US $5.1 million ($6 million Canadian equivalent) was drawn against these facilities. Standby letters of credit utilized $50.4 million, leaving $192 million of the credit facilities unutilized.

The Company expects that cash flows from operations in 2009, 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.

Principal Components of Cash Flow

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

	Three months ended June 30		Six months ended June 30	
$ thousands	**2009**	2008	**2009**	2008
Cash, beginning of period	$ 67,161	$ 67,224	$ 137,274	$ 103,514
Cash, provided by (used in):				
Operations	50,589	45,608	82,500	69,081
Change in non-cash working capital and other	(15,742)	33,622	(101,689)	5,404
Operating activities	34,847	79,230	(19,189)	74,485
Investing activities	(21,716)	20,104	(36,200)	6,488
Financing activities	(18,142)	(40,036)	(19,735)	(58,353)
(Decrease) increase in cash in the period	(5,011)	59,298	(75,124)	22,620
Effect of foreign exchange on cash balances	-	(74)	-	314
Cash, end of period	$ 62,150	$ 126,448	$ 62,150	$ 126,448

Cash Flows from Operating Activities

Operating activities provided $34.8 million in the quarter compared to $79.2 million in 2008. Cash provided by operations (calculated as net earnings, adjusted for items not requiring cash) was 11% higher reflecting growth in continuing operations. Non-cash working capital and other used $15.7 million in 2009 compared to providing $33.6 million in 2008. The components and changes in working capital are discussed in more detail in this MD&A under the heading "Consolidated Financial Condition".

For the first six months of 2009, operating activities used $19.2 million compared to providing $74.5 million in 2008. Cash provided by operations was 19% higher on growth in continuing operations. Non-cash working capital and other used $101.7 million in 2009 compared to providing $5.4 million in 2008. Please see the discussion under the heading "Consolidated Financial Condition".

Cash Flows from Investing Activities

Investing activities used $21.7 million in the quarter and $36.2 million in the first six months of 2009.

Net additions to the rental fleet for the first six months of 2009 was $7.6 million, approximately half of that reported in the comparable period of the prior year. Lower rental fleet additions reflect current economic conditions.

Gross investment in property, plant and equipment was $4.6 million for the second quarter and $12.9 million for the first six months of 2009. Capital investments were related to completion of the plant expansion, service and delivery vehicles and machinery and equipment.

Cash Flows from Financing Activities

Financing activities used $18.1 million in the quarter and $19.7 million in the first half of 2009. The most significant financing activity in both periods was payment of dividends on the Company's common shares.

OUTLOOK

The Company believes that long term market fundamentals for natural gas in both Canada and the U.S. are positive. Process and international markets also provide opportunity. Canadian refrigeration markets have held up well through the first half of 2009, and the Canadian governmental spending stimulus contains monies designated for recreational refrigeration projects.

Fortunately, 2009 started with significant backlogs that have cushioned the impact through the first half of the year. These backlogs have reduced through the year as Compression bookings continued to be negatively impacted by the natural gas cycle, exacerbated by tight credit conditions. Demand for natural gas compression and related equipment will not likely see recovery until the natural gas surplus dissipates and prices recover to economic levels. Unless this demand increases substantially in the near term, second half results in the Compression Group are not likely to approach the record results seen in the second half of 2008.

Our Equipment Group is also experiencing reduced bookings related to the general economic slowdown. Certain markets continue to perform well including road building, power systems and precious metals mining and the announced stimulus spending for Canadian infrastructure looks positive, although the timing and extent of impact is unclear. Activities will need to increase substantially in key markets including infrastructure, mining and general construction, otherwise second half results in the Equipment Group are not likely to approach the record results seen in the second half of 2008.

Product support is a key component of each of Toromont's business units. While also impacted by slowing markets, we believe that it will continue to contribute to profitable performance. Our management teams have been adjusting to these new conditions since last fall. Areas of focus include headcount adjustments, asset management, discretionary spending reductions and limiting capital investment.

Toromont's financial position is strong, with a net debt to equity ratio of 0.14 to 1 at June 30, 2009. There are no significant debt maturities in the near term. Toromont has a history of performance at a high level for all stakeholders, resulting from consistent application of long-term strategies, a proven business model and a focus on asset management and progressive, profitable improvement. Toromont is well positioned in each of its diverse markets and both business segments have good growth prospects over the longer term.

SELECTED QUARTERLY INFORMATION

The following table summarizes unaudited quarterly consolidated financial data for the last two years. This quarterly information is unaudited but has been prepared on the same basis as the 2008 annual audited consolidated financial statements.

	2007		2008				2009	
$ thousands, except per share amounts	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenues								
Equipment Group	$ 284,928	$ 316,670	$ 202,023	$ 285,845	$ 307,441	$ 303,904	$ 191,693	$ 217,015
Compression Group	214,338	219,560	195,036	250,632	270,528	305,800	265,966	267,158
Total revenues	$ 499,266	$ 536,230	$ 397,059	$ 536,477	$ 577,969	$ 609,704	$ 457,659	$ 484,173
Net earnings								
Continuing operations	$ 30,597	$ 38,984	$ 16,417	$ 38,222	$ 37,104	$ 49,110	$ 23,718	$ 33,525
Discontinued operations	64	314	77	(406)	-	-	-	-
	$ 30,661	$ 39,298	$ 16,494	$ 37,816	$ 37,104	$ 49,110	$ 23,718	$ 33,525
Per share information:								
Basic earnings per share								
Continuing operations	$ 0.47	$ 0.61	$ 0.25	$ 0.59	$ 0.57	$ 0.76	$ 0.37	$ 0.51
Discontinued operations	-	-	-	(0.01)	-	-	-	-
	$ 0.47	$ 0.61	$ 0.25	$ 0.58	$ 0.57	$ 0.76	$ 0.37	$ 0.51
Diluted earnings per share								
Continuing operations	$ 0.47	$ 0.61	$ 0.25	$ 0.59	$ 0.56	$ 0.76	$ 0.37	$ 0.51
Discontinued operations	-	-	-	(0.01)	-	-	-	-
	$ 0.47	$ 0.61	$ 0.25	$ 0.58	$ 0.56	$ 0.76	$ 0.37	$ 0.51
Dividends per share	$ 0.12	$ 0.12	$ 0.14	$ 0.14	$ 0.14	$ 0.14	$ 0.15	$ 0.15

Interim period revenues and earnings historically reflect some seasonality.

The Equipment Group has a distinct seasonal trend in activity levels. Lower revenues are typically recorded during the first quarter due to winter shutdowns in the construction industry. The fourth quarter has consistently 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.

The Compression Group also has a distinct seasonal trend in activity levels due to well-site access and drilling patterns, which are adjusted to take advantage of weather conditions. Generally, higher revenues are reported in the fourth quarter of each year.

Management anticipates that the seasonality historically experienced will continue in the future, although variations from this trend may occur in volatile markets as seen this year.

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 operating and financial risks that may potentially impact its operating results in either or both 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. Please refer to the "Risks and Risk Management" section starting on page 45 of the Company's 2008 Annual Report. There have been no material changes to the operating and financial risk assessment and related risk management strategies as described in the Company's 2008 Annual Report.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The accounting policies used in the preparation of the accompanying unaudited interim consolidated financial statements are consistent with those used in the Company's 2008 audited annual consolidated financial statements, and described in Note 1 therein, except for the changes in accounting policies described in the following section.

The preparation of financial statements in conformity with Canadian GAAP requires estimates and assumptions that affect the results of operation 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. There have been no material changes to the critical accounting estimates as described in the Company's 2008 Annual Report.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064 *Goodwill and Intangible Assets*, which replaced previous guidance. The standard establishes guidelines for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to initial recognition. The standard had no impact on the Company's consolidated financial statements.

Effective January 1, 2009, the Company adopted CICA EIC 173 *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. Adoption of this guidance had no impact on the Company's consolidated financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards (IFRS) will be required in Canada for publicly accountable enterprises for fiscal years beginning on or after January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures.

Our conversion project consists of four phases: diagnostic, design and planning, solution development and implementation. We will invest in training and resources throughout the transition period to facilitate a timely conversion.

Based on diagnostics completed to date, the areas identified with the most potential impact are as follows: property, plant and equipment; provisions; certain aspects of revenue recognition; and IFRS 1 First Time Adoption. The Company expects the transition to IFRS to impact financial reporting, business processes, internal controls and information systems.

We are in the solution development phase and have established issue-specific work teams to focus on quantification of impact, generating options and making recommendations in the identified risk areas. During this phase, we will establish a staff communications plan, develop our staff training programs, and evaluate the impacts of the IFRS transition on other business activities.

Although our solution development activities are well underway and commencing according to plan, continued progress is necessary before the Company can prudently increase the specificity of the disclosure of IFRS changeover accounting policy differences. In addition, due to anticipated changes in Canadian GAAP and IFRS prior to the Company's transition to IFRS, the full impact of adopting IFRS on the Company's future financial position and results of operations cannot be reasonably determined at this time.

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 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 unaudited interim consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chairman and 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 others within those entities.

Additionally, they have designed internal controls over financial reporting (ICFR) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting in accordance with GAAP.

The control framework used in the design of both DC&P and ICFR is the internal control integrated framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

There has been no change in the design of the Company's internal controls over financial reporting during the three-month period ended June 30, 2009, 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 designed the Company's disclosure controls and procedures and internal controls over financial reporting, they expect that these controls and procedures may not prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

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 and do not have standardized meaning. It is unlikely that these measures will be comparable to similar measures used 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 the business segments. Consolidated and segmented operating income is reconciled to net earnings in tables where used in this MD&A.

Operating 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. These measures are used to evaluate each business segment's asset management performance.

ADVISORY

Statements and information herein that are not historical facts are "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 forward-looking information and statements.

By their nature, forward-looking information and statements are subject to risks and uncertainties which may be beyond Toromont's ability to control or predict. Actual results or events could differ materially from those expressed or implied by forward-looking information and statements. Factors that could cause actual results or events to differ from current expectations include, among others: business cycle risk, including general economic conditions in the countries in which Toromont operates; risk of commodity price changes including precious and base metals and natural gas; risk of changes in foreign exchange rates, including the Cdn$/US$ exchange rate; risk of equipment product acceptance and availability of supply; risk of increased competition; credit risk related to financial instruments; risk of additional costs associated with warranties and maintenance contracts; interest rate risk on financing arrangements; and risk of availability of financing. Additional information on these factors and other risks and uncertainties that could cause actual results or events to differ from current expectations can be found in the "Risks and Risk Management" and "Outlook" section of this MD&A and the "Risks and Risk Management" and "Outlook" sections of Toromont's management's discussion and analysis of financial results for the year ended December 31, 2008. 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 forward-looking information and statements.

Forward-looking information and statements contained herein about prospective results of operations, financial position or cash flows that are based on assumptions about future economic conditions and courses of action are presented for the purpose of assisting Toromont's shareholders in understanding managements' current view regarding those future outcomes and may not be appropriate for other purposes. Readers are cautioned not to place undue reliance on the forward-looking information and statements contained herein, which are given as of the date of this document, and not to use such information and statements for anything other than their intended purpose. Toromont disclaims any obligation or intention to update or revise any forward-looking information or statement, whether the result of new information, future events or otherwise, except as required by applicable law.

TOROMONT INDUSTRIES LTD.

CONSOLIDATED BALANCE SHEETS
(Unaudited)

$ thousands	**June 30 2009**	December 31 2008	June 30 2008
Assets			
Current assets			
Cash and cash equivalents	**$ 62,150**	$ 137,274	$ 126,448
Accounts receivable	**297,126**	375,059	314,080
Inventories (note 5)	**486,496**	499,360	507,816
Income taxes receivable	**15,340**	2,068	13,695
Future income taxes	**37,657**	34,934	25,176
Derivative financial instruments	**-**	13,212	2,571
Other current assets	**14,005**	11,381	18,498
Total current assets	**912,774**	1,073,288	1,008,284
Property, plant and equipment	**198,140**	199,370	182,056
Rental equipment	**198,019**	203,277	164,355
Derivative financial instruments	**-**	1,403	277
Other assets	**34,218**	21,312	17,235
Goodwill	**34,800**	34,800	34,800
Total assets	**$ 1,377,951**	$ 1,533,450	$ 1,407,007
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (note 6)	**$ 245,993**	$ 346,118	$ 328,433
Deferred revenues	**108,582**	194,261	165,188
Current portion of long-term debt (note 7)	**14,556**	15,363	21,086
Income taxes payable	**640**	6,304	3,523
Future income taxes	**-**	-	412
Derivative financial instruments	**1,362**	1,966	382
Total current liabilities	**371,133**	564,012	519,024
Deferred revenues	**31,366**	25,480	18,120
Long-term debt (note 7)	**157,172**	158,112	165,750
Accrued pension liability	**2,361**	2,322	3,005
Future income taxes	**5,897**	4,421	2,070
Shareholders' equity			
Share capital (note 8)	**129,829**	127,704	126,862
Contributed surplus (note 9)	**9,586**	8,978	8,141
Retained earnings	**668,582**	631,522	575,121
Accumulated other comprehensive income (loss) (note 10)	**2,025**	10,899	(11,086)
Total shareholders' equity	**810,022**	779,103	699,038
Total liabilities and shareholders' equity	**$ 1,377,951**	$ 1,533,450	$ 1,407,007

See accompanying notes

TOROMONT INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

$ thousands, except share amounts	Three months ended June 30 **2009**	2008	Six months ended June 30 **2009**	2008
Revenues	**$ 484,173**	$ 536,477	**$ 941,832**	$ 933,536
Cost of goods sold	**371,737**	420,459	**734,919**	736,460
Gross profit	**112,436**	116,018	**206,913**	197,076
Selling and administrative expenses	**59,902**	62,963	**117,759**	120,596
Operating income	**52,534**	53,055	**89,154**	76,480
Interest expense	**2,262**	3,073	**4,443**	6,211
Interest and investment income	**(1,124)**	(7,434)	**(2,004)**	(11,669)
Income before income taxes	**51,396**	57,416	**86,715**	81,938
Income taxes	**17,871**	19,194	**29,472**	27,299
Earnings from continuing operations	**33,525**	38,222	**57,243**	54,639
Loss on disposal of discontinued operations (note 3)	**-**	(432)	**-**	(432)
Earnings from discontinued operations (note 3)	**-**	26	**-**	103
Net earnings	**$ 33,525**	$ 37,816	**$ 57,243**	$ 54,310
Basic earnings per share (note 12)				
Continuing operations	**$ 0.51**	$ 0.59	**$ 0.88**	$ 0.84
Discontinued operations	**-**	(0.01)	**-**	(0.01)
	$ 0.51	$ 0.58	**$ 0.88**	$ 0.83
Diluted earnings per share (note 12)				
Continuing operations	**$ 0.51**	$ 0.59	**$ 0.88**	$ 0.84
Discontinued operations	**-**	(0.01)	**-**	(0.01)
	$ 0.51	$ 0.58	**$ 0.88**	$ 0.83
Weighted average number of shares outstanding:				
- Basic	**64,698,046**	65,097,927	**64,688,286**	65,043,878
- Diluted	**64,760,059**	65,705,457	**64,808,310**	65,531,692

See accompanying notes

TOROMONT INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Unaudited)

$ thousands	Three months ended June 30 **2009**	2008	Six months ended June 30 **2009**	2008
Retained earnings, beginning of period	**$ 644,766**	$ 546,420	**$ 631,522**	$ 539,039
Net earnings	**33,525**	37,816	**57,243**	54,310
Dividends	**(9,709)**	(9,115)	**(19,411)**	(18,228)
Shares purchased for cancellation (note 8)	**-**	-	**(772)**	-
Retained earnings, end of period	**$ 668,582**	$ 575,121	**$ 668,582**	$ 575,121

See accompanying notes

TOROMONT INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three months ended June 30, 2009			Six months ended June 30, 2009		
$ thousands	**Before Income Taxes**	**Income Taxes**	**Net of Income Taxes**	**Before Income Taxes**	**Income Taxes**	**Net of Income Taxes**
Net earnings			$ 33,525			$ 57,243
Other comprehensive (loss) income:						
Change in fair value of derivatives designated as cash flow hedges	$ (2,401)	$ 840	$ (1,561)	$ (2,846)	$ 996	$ (1,850)
Gains (loss) on derivatives designated as cash flow hedges transferred to net income in the current period	467	(163)	304	(1,996)	699	(1,297)
Unrealized loss on translation of financial statements of self-sustaining foreign operations	(12,144)	-	(12,144)	(7,059)	-	(7,059)
Unrealized gain on financial assets designated as available-for-sale	1,300	(215)	1,085	1,596	(264)	1,332
Other comprehensive (loss) income	$ (12,778)	$ 462	$ (12,316)	$ (10,305)	$ 1,431	$ (8,874)
Comprehensive income			$ 21,209			$ 48,369

	Three months ended June 30, 2008			Six months ended June 30, 2008		
$ thousands	**Before Income Taxes**	**Income Taxes**	**Net of Income Taxes**	**Before Income Taxes**	**Income Taxes**	**Net of Income Taxes**
Net earnings			$ 37,816			$ 54,310
Other comprehensive (loss) income:						
Change in fair value of derivatives designated as cash flow hedges	$ (850)	$ 296	$ (554)	$ 3,562	$ (1,247)	$ 2,315
Gains on derivatives designated as cash flow hedges transferred to net income in the current period	361	(126)	235	11	(3)	8
Gain on financial assets designated as available-for-sale transferred to net income in the current period	(6,051)	1,059	(4,992)	(68)	24	(44)
Loss on translation of financial statements of self-sustaining foreign operations transferred to net income on disposition of operations	825	-	825	825	-	825
Unrealized (loss) gain on translation of financial statements of self-sustaining foreign operations	(423)	-	(423)	1,950	-	1,950
Other comprehensive (loss) income	$ (6,138)	$ 1,229	$ (4,909)	$ 6,280	$ (1,226)	$ 5,054
Comprehensive income			$ 32,907			$ 59,364

See accompanying notes

TOROMONT INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

$ thousands	Three months ended June 30 2009	2008	Six months ended June 30 2009	2008
Operating activities				
Net earnings	**$ 33,525**	$ 37,816	**$ 57,243**	$ 54,310
Items not requiring cash and cash equivalents				
Depreciation	**15,243**	14,079	**27,380**	24,897
Stock-based compensation	**606**	578	**1,201**	1,157
Accrued pension liability	**(24)**	(310)	**39**	(578)
Future income taxes	**2,692**	(187)	**184**	(212)
Gain on sale of:				
Rental equipment, property, plant and equipment	**(1,453)**	(928)	**(3,547)**	(2,691)
Investments	**-**	(5,872)	**-**	(8,234)
Loss on disposal of discontinued operations	**-**	432	**-**	432
	50,589	45,608	**82,500**	69,081
Net change in non-cash working capital and other (note 16)	**(15,742)**	33,622	**(101,689)**	5,404
Cash provided by (used in) operating activities	**34,847**	79,230	**(19,189)**	74,485
Investing activities				
Additions to:				
Rental equipment	**(16,701)**	(14,530)	**(22,528)**	(28,109)
Property, plant and equipment	**(4,563)**	(8,822)	**(12,881)**	(11,788)
Proceeds on disposal of:				
Rental equipment	**6,242**	6,505	**14,884**	12,973
Property, plant and equipment	**42**	155	**605**	277
Disposal of discontinued operations (note 3)	**-**	4,038	**-**	4,038
Decrease (increase) in other assets	**(6,736)**	33,387	**(16,280)**	29,726
Business acquisitions (note 4)	**-**	(629)	**-**	(629)
Cash (used in) provided by investing activities	**(21,716)**	20,104	**(36,200)**	6,488
Financing activities				
(Decrease) increase in term credit facility debt	**(7,306)**	(30,000)	**5,985**	(30,000)
Repayment of other long-term debt	**(1,425)**	(1,156)	**(7,732)**	(13,463)
Dividends	**(9,703)**	(9,113)	**(18,748)**	(16,905)
Shares purchased for cancellation	**-**	-	**(858)**	-
Cash received on exercise of options	**292**	233	**1,618**	2,015
Cash used in financing activities	**(18,142)**	(40,036)	**(19,735)**	(58,353)
Effect of exchange rate changes on cash denominated in foreign currency	**-**	(74)	**-**	314
(Decrease) increase in cash and cash equivalents	**(5,011)**	59,224	**(75,124)**	22,934
Cash and cash equivalents at beginning of period	**67,161**	67,224	**137,274**	103,514
Cash and cash equivalents at end of period	**$ 62,150**	$ 126,448	**$ 62,150**	$ 126,448

Supplemental cash flow information (note 16)

See accompanying notes

TOROMONT INDUSTRIES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009
(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 2008 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, 2008.

(2) Changes in accounting policies

Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064 *Goodwill and Intangible Assets*, which replaced previous guidance. The standard establishes guidelines for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to initial recognition. The standard had no impact on the Company's consolidated financial statements.

Credit Risk and the Fair Value of Financial Instruments

Effective January 1, 2009, the Company adopted CICA EIC 173 *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. Adoption of this guidance had no impact on the Company's consolidated financial statements.

(3) Discontinued operations

Effective June 30, 2008, the shares of Aero Tech Manufacturing Inc. were sold to its local management.

Revenues and income before income taxes from discontinued operations in the second quarter of 2008 were $4,067 and $41 respectively. For the first half, revenues and income before income taxes from discontinued operations were $7,621 and $163 respectively.

(4) Business acquisitions

During the second quarter of 2008, certain assets of a privately owned rental operation in Sault Ste Marie, Ontario, were purchased. The acquisitions were recorded using the purchase method. The purchase price was $629. The fair value of assets acquired were as follows: non-cash working capital - $126; property, plant and equipment - $165; and rental assets - $338.

(5) Inventories

	June 30 2009	December 31 2008	June 30 2008
Equipment	**$ 256,202**	$ 232,879	$ 294,598
Repair and distribution parts	**87,630**	80,261	78,633
Direct materials	**88,478**	72,041	68,169
Work-in-process	**54,186**	114,179	66,416
	$ 486,496	$ 499,360	$ 507,816

The amount of inventory recognized as an expense and included in cost of goods sold accounted for other than by the percentage-of-completion method during the second quarter and first half of 2009 were $170 million and $328 million respectively (2008 - $238 million and $410 million respectively). The amount charged to the income statement and included in cost of goods sold for write down of inventory for valuation issues during the quarter and first half of 2009 were $2.3 million and $3.6 million respectively (2008 – $0.7 million and $2.0 million, respectively).

(6) Accounts payable and accrued liabilities

	June 30 2009	December 31 2008	June 30 2008
Accounts payable and accrued liabilities	**$ 236,285**	$ 337,073	$ 319,318
Dividends payable	**9,708**	9,045	9,115
Total accounts payable and accrued liabilities	**$ 245,993**	$ 346,118	$ 328,433

(7) Long-term debt

	June 30 2009	December 31 2008	June 30 2008
Drawn on bank term facility	**$ 5,985**	$ -	$ -
Senior debentures	**161,677**	166,659	175,368
Notes payable	**4,066**	6,816	11,468
Total long-term debt	**171,728**	173,475	186,836
Less current portion	**14,556**	15,363	21,086
	$ 157,172	$ 158,112	$ 165,750

All debt is unsecured.

The Company maintains $225 million in bank credit in Canada and US$20 million in bank credit in the United States, provided through committed credit facilities. Of this, US$20 million matures in July 2010 and $225 million matures in 2011. The amount drawn on the US facility at June 30, 2009 was US$5.1 million (December 31, 2008 - $nil; June 30, 2008 - $nil) and bears interest at prime. The US prime rate was 3.25% at June 30, 2009. There were no amounts drawn on the Canadian facility as at any of the above reporting periods.

(8) Share capital

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

	Three months ended June 30, 2009		Six months ended June 30, 2009	
	Number of Common Shares	**Common Share Capital**	Number of Common Shares	Common Share Capital
Balance, beginning of period	**64,691,437**	**$ 129,441**	64,620,677	$ 127,704
Exercise of stock options	**19,550**	**388**	133,710	2,211
Purchase of shares for cancellation	**-**	**-**	(43,400)	(86)
Balance, end of period	**64,710,987**	**$ 129,829**	64,710,987	$ 129,829

Normal Course Issuer Bid

The Company purchased and cancelled 43,400 shares for $858 (average cost of $19.77 per share) in the first quarter of 2009. The shares were purchased for an amount higher than their weighted average book value per share ($1.97 per share) resulting in a reduction of retained earnings of $772. The Company did not purchase any shares under the normal course issuer bid in the first half of 2008.

Approximately 4 million shares remain available for purchase and cancellation under the current normal course issuer bid that expires August 30, 2009.

(9) Contributed surplus

Contributed surplus consists of accumulated stock option expense less the fair value of the options at the grant date that have been exercised and reclassified to share capital. Changes in contributed surplus were as follows:

	Three months ended June 30		Six months ended June 30	
	2009	2008	**2009**	2008
Contributed surplus, beginning of period	**$ 9,075**	$ 7,626	**$ 8,978**	$ 7,707
Stock-based compensation	**606**	578	**1,201**	1,157
Value of compensation cost associated with exercised options	**(95)**	(63)	**(593)**	(723)
Contributed surplus, end of period	**$ 9,586**	$ 8,141	**$ 9,586**	$ 8,141

(10) Accumulated other comprehensive income

The changes in accumulated other comprehensive income were as follows:

	Three months ended June 30		Six months ended June 30	
	2009	2008	**2009**	2008
Balance, beginning of period	**$ 14,309**	$ (6,177)	**$ 10,899**	$ (16,140)
Other comprehensive (loss) income	**(12,316)**	(4,909)	**(8,874)**	5,054
Balance, end of period	**$ 1,993**	$ (11,086)	**$ 2,025**	$ (11,086)

Accumulated other comprehensive income was comprised of the following amounts.

	Before income taxes	Income taxes	Net of income taxes
As at June 30, 2009			
Gains (losses) on foreign exchange derivatives designated as cash flow hedges	$ 611	$ (214)	$ 397
Unrealized gain on financial assets designated as available-for-sale	1,596	(264)	1,332
Unrealized losses on translation of financial statements of self-sustaining foreign operations	296	-	296
	$ 2,503	$ (478)	$ 2,025

	Before income taxes		Income taxes		Net of income taxes
As at December 31, 2008					
Gains (losses) on foreign exchange derivatives designated as cash flow hedges	$ 5,453	$	(1,909)	$	3,544
Unrealized gains on translation of financial statements of self-sustaining foreign operations	7,355		-		7,355
	$ 12,808	$	(1,909)	$	10,899
As at June 30, 2008					
Gains (losses) on foreign exchange derivatives designated as cash flow hedges	$ 1,457	$	(511)	$	946
Unrealized losses on translation of financial statements of self-sustaining foreign operations	(12,032)		-		(12,032)
	$ (10,575)	$	(511)	$	(11,086)

(11) Financial instruments

Categories of financial assets and liabilities

The carrying values of the Company's financial instruments are classified into the following categories:

		June 30 2009		December 31 2008		June 30 2008
Held for trading (1)	**$**	**62,150**	$	137,274	$	126,448
Loans and receivables (2)	**$**	**312,466**	$	377,127	$	327,775
Available for sales assets (3)	**$**	**17,821**	$	-	$	-
Other financial liabilities (4)	**$**	**418,361**	$	525,897	$	518,792
Derivatives designated as effective hedges (5) - gain	**$**	**611**	$	5,453	$	1,457
Derivatives designated as held for trading (6) - (loss) gain	**$**	**(1,973)**	$	7,196	$	1,009

(1) Comprised of cash and cash equivalents. All held for trading assets were designated as such upon initial recognition.
(2) Comprised of accounts receivable and income taxes receivables.
(3) Comprised of investments, reported in other assets.
(4) Comprised of accounts payable and accrued liabilities, income taxes payable and long-term debt.
(5) Comprised of the Company's foreign exchange forward contracts designated as hedges, all of which are effective hedges.
(6) Comprised of the Company's foreign exchange forward contracts that are not designated as hedges for accounting purposes.

The estimated fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, income taxes receivable/payable, borrowings under the bank term facility and notes payable approximate their respective carrying values. Derivative financial instruments are carried at fair value determined based on appropriate valuation methodologies. Investments are carried at fair value based on quoted market prices.

The fair values of the senior debentures are based on discounted cash flows using current interest rates for debt with similar terms and remaining maturities. The Company has no plans to prepay these instruments prior to maturity. The fair value and carrying amounts of the senior debentures as at June 30, 2009 were $156,856 and $161,677 respectively (December 31, 2008 - $155,640 and $166,659, respectively).

Derivative financial instruments and hedge accounting

Foreign exchange contracts and options are transacted with financial institutions to hedge foreign currency denominated obligations related to purchases of inventory and sales of products. The following table summarizes the Company's commitments to buy and sell foreign currencies as at June 30, 2009.

		Notional Amount		Average Exchange Rate	Maturity
Purchase contracts	USD	73,913	$	1.1835	July 2009 to April 2010
	EUR	10,132	$	1.5357	August 2009 to June 2010
	GBP	61	$	1.8144	August 2009
Sales contracts	USD	4,872	$	1.0241	August 2009 to December 2009
	EUR	2,470	$	1.5774	July 2009 to November 2009

Management estimates that a loss of $1,362 would be incurred if the contracts were terminated on June 30, 2009. Certain of these forward contracts are designated as cash flow hedges, and accordingly, a gain of $611 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 loss of $1,973 on forward contracts not designated as hedges is included in net income which offsets gains recorded on the foreign-denominated items, namely accounts payable and accounts receivable.

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

Risks arising from financial instruments and risk management

In the normal course of business, Toromont is exposed to financial risks that may potentially impact its operating results in either or both 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. Derivative financial agreements are used to manage exposure to fluctuations in exchange rates and interest rates. The Company does not enter into derivative financial agreements for speculative purposes.

Currency risk

The Company transacts business in multiple currencies, the most significant of which are the Canadian dollar and the U.S. dollar. As a result, the Company has foreign currency exposure with respect to items denominated in foreign currencies. The types of foreign exchange risk can be categorized as follows:

Transaction exposure

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

The Company also sells compression packages in foreign currencies, primarily the U.S. dollar, and enters into foreign currency contracts to reduce these exchange rate risks.

The Company maintains a conservative hedging policy whereby all significant transactional currency risks are identified and hedged. As such there is not a material transaction exposure.

Translation exposure

All of the Company's foreign operations are considered self-sustaining. Accordingly, assets and liabilities are translated into Canadian dollars using the exchange rates in effect at the balance sheet dates. Unrealized translation gains and losses are deferred and included in accumulated other comprehensive income. The cumulative currency translation adjustments are recognized in income when there has been a reduction in the net investment in the foreign operations.

Foreign currency based earnings are translated into Canadian dollars each period. As a result, fluctuations in the value of the Canadian dollar relative to these other currencies will impact reported net income. Such exchange rate fluctuations have historically not been material year-over-year relative to the overall earnings or financial position of the Company. A fluctuation of +/- 5%, provided as an indicative range in a volatile currency environment, would, everything else being equal, have an effect on net income before tax for the three- and six-month periods ended June 30, 2009 of approximately +/- $1.3 million and +/- $2.5 million respectively.

Credit risk

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

The cash equivalents consist mainly of short-term investments, such as money market deposits. No asset-backed commercial paper products were held. The Company has deposited the cash equivalents with highly rated financial institutions, from which management believes the risk of loss to be remote.

The Company has accounts receivable from clients engaged in various industries including mining, construction, natural gas production and transportation, food and beverage, and governmental agencies that are not concentrated in any specific geographic area. These specific industries may be affected by economic factors that may impact accounts receivable. Management does not believe that any single industry or geographic region represents significant credit risk. Credit risk concentration with respect to trade receivables is mitigated by the Company's large client base. As at June 30, 2009, $21.0 million, or 8.1% of trade accounts receivable, were more than 90 days overdue, which is consistent with historical aging profiles.

The movement in the Company's allowance for doubtful accounts was as follows:

	Three months ended June 30		Six months ended June 30	
	2009	2008	**2009**	2008
Balance, beginning of period	**$ 11,322**	$ 7,974	**$ 9,774**	$ 6,501
Change in foreign exchange rates	**(241)**	(11)	**(144)**	45
Provisions and revisions, net	**(425)**	580	**1,026**	1,998
Balance, end of period	**$ 10,656**	$ 8,544	**$ 10,656**	$ 8,544

The Company minimizes the credit risk of investments by investing in securities that meet minimum requirements for quality and liquidity as allowed under the Company's treasury policy or as specifically approved by the Company's Board of Directors.

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

In relation to its debt financing, the Company is exposed to changes in interest rates, which may impact on the Company's borrowing costs. Floating rate debt exposes the Company to fluctuations in short-term interest rates. As at June 30, $10.1 million or 6% of the Company's total debt portfolio is subject to movements in floating interest rates. A +/- 2.75% change in interest rates, which is indicative of the change in the prime lending rate over the preceding twelve-month period, would, all things being equal, have an insignificant impact on income before income taxes for the period.

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.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities. As at June 30, 2009, the Company was holding cash and cash equivalents of $62 million and had unutilized lines of credit of $192 million.

The contractual maturities of the Company's long-term debt were presented in the Company's audited consolidated financial statements for the year ended December 31, 2008.

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 2009, 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.

(12) 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, which assumes that all outstanding stock option grants are exercised, if dilutive, and the assumed proceeds are used to purchase the Company's common shares at the average market price during the period.

	Three months ended June 30		Six months ended June 30	
	2009	2008	**2009**	2008
Net earnings available to common shareholders	**$ 33,525**	$ 37,816	**$ 57,243**	$ 54,310
Weighted average common shares outstanding	**64,698,046**	65,097,927	**64,688,286**	65,043,878
Dilutive effect of stock option conversion	**62,013**	607,530	**120,024**	487,814
Diluted weighted average common shares outstanding	**64,760,059**	65,705,457	**64,808,310**	65,531,692
Basic earnings per share				
Continuing operations	**$ 0.51**	$ 0.59	**$ 0.88**	$ 0.84
Discontinued operations	**-**	(0.01)	**-**	(0.01)
	$ 0.51	$ 0.58	**$ 0.88**	$ 0.83
Diluted earnings per share				
Continuing operations	**$ 0.51**	$ 0.59	**$ 0.88**	$ 0.84
Discontinued operations	**-**	(0.01)	**-**	(0.01)
	$ 0.51	$ 0.58	**$ 0.88**	$ 0.83

Excluded from the calculations for the three- and six-months ended June 30, 2009 were 917,640 outstanding stock options with an exercise price range of $24.58 to $28.84 as they were anti-dilutive.

(13) 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% 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.

The following table is a reconciliation of outstanding options:

	Six Months ended June 30					
	2009			2008		
	Number of Options		**Weighted Average Exercise Price**	Number of Options		Weighted Average Exercise Price
Options outstanding, beginning of period	**1,917,599**	**$**	**21.62**	1,843,359	$	18.78
Granted	**498,000**		**22.02**	379,400		28.84
Exercised	**(133,710)**		**11.92**	(162,300)		12.02
Forfeited	**(141,560)**		**17.01**	(37,380)		24.28
Options outstanding, end of period	**2,140,329**	**$**	**22.11**	2,023,079	$	21.11
Options exercisable, end of period	**1,073,327**	**$**	**19.56**	994,463	$	16.33

The following table summarizes stock options outstanding and exercisable as at June 30, 2009:

	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**
$10.28 - $10.71	216,480	0.6	$	10.69	216,480	$	10.69
$16.59 - $22.78	1,009,569	4.1		20.45	502,939		18.87
$24.58 - $28.84	914,280	4.8		26.64	353,908		25.98
Total	2,140,329	4.0	$	22.11	1,073,327	$	19.56

The fair value of the stock options granted during the period was determined at the time of grant using the Black-Scholes option pricing model with the following assumptions:

	Six Months ended June 30	
	2009	2008
Weighted average fair value price per option	**$ 4.55**	$ 6.90
Expected life of options (years)	**5.80**	5.84
Expected stock price volatility	**25.0%**	25.0%
Expected dividend yield	**2.2%**	1.9%
Risk-free interest rate	**2.1%**	3.3%

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 to executives. As at June 30, 2009, 110,715 units were outstanding at a value of $2,345 (December 31, 2008 – 79,476 units at a value of $1,671; June 30, 2008 – 76,128 units at a value of $2,216). The Company records the cost of the DSU Plan as compensation expense.

(14) 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 5% 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 June 30		Six months ended June 30	
	2009	2008	**2009**	2008
Defined benefit plans	**$ 566**	$ 264	**$ 1,131**	$ 524
Defined contribution plans	**2,123**	2,215	**4,551**	4,439
401(k) matched savings plans	**183**	234	**571**	535
Net pension expense	**$ 2,872**	$ 2,713	**$ 6,253**	$ 5,498

(15) Capital Management

The Company defines capital as the aggregate of shareholders' equity (excluding accumulated other comprehensive income) 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 equity ratio of 0.5:1, 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 capital management criteria can be illustrated as follows:

	June 30 2009	December 31 2008	June 30 2008
Shareholder's equity excluding accumulated other comprehensive income (loss)	**$ 807,997**	$ 768,204	$ 710,124
Long-term debt	**171,728**	173,475	186,836
Cash and cash equivalents	**(62,150)**	(137,274)	(126,448)
Capital under management	**$ 917,575**	$ 804,405	$ 770,512
Net debt as a % of capital under management	**12%**	5%	8%
Net debt to equity ratio	**0.14:1**	0.05:1	0.09:1

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 period.

(16) Supplemental cash flow information

	Three months ended June 30		Six months ended June 30	
	2009	2008	**2009**	2008
Net change in non-cash working capital and other				
Accounts receivable	**$ 15,938**	$ (14,102)	**$ 77,933**	$ 23,059
Inventories	**59,199**	(47,355)	**12,864**	(64,785)
Accounts payable and accrued liabilities	**(67,934)**	87,867	**(177,298)**	54,900
Other	**(22,945)**	7,212	**(15,188)**	(7,770)
	$ (15,742)	$ 33,622	**$ (101,689)**	$ 5,404
Cash paid during the period for:				
Interest	**$ 3,206**	$ 3,953	**$ 4,848**	$ 6,749
Income taxes	**$ 27,997**	$ 20,220	**$ 48,242**	$ 42,606

(17) 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 June 30		Equipment Group 2009		2008		Compression Group 2009		2008		Consolidated 2009		2008
Equipment /package sales	$	109,162	$	176,182	$	220,303	$	192,865	$	329,465	$	369,047
Rentals		31,771		33,635		4,210		5,416		35,981		39,051
Product support		73,738		73,776		42,645		52,351		116,383		126,127
Power Generation		2,344		2,252		-		-		2,344		2,252
Revenues	$	217,015	$	285,845	$	267,158	$	250,632	$	484,173	$	536,477
Operating Income	$	22,289	$	27,261	$	30,245	$	25,794	$	52,534	$	53,055
Operating income as a % of revenues		10.3%		9.5%		11.3%		10.3%		10.9%		9.9%

Six months ended June 30		Equipment Group 2009		2008		Compression Group 2009		2008		Consolidated 2009		2008
Equipment /package sales	$	198,331	$	279,880	$	432,396	$	339,808	$	630,727	$	619,688
Rentals		59,439		60,989		8,500		10,751		67,939		71,740
Product support		146,229		142,459		92,228		95,109		238,457		237,568
Power Generation		4,709		4,540		-		-		4,709		4,540
Revenues	$	408,708	$	487,868	$	533,124	$	445,668	$	941,832	$	933,536
Operating Income	$	41,275	$	37,826	$	47,879	$	38,654	$	89,154	$	76,480
Operating income as a % of revenues		10.1%		7.8%		9.0%		8.7%		9.5%		8.2%

Selected balance sheet information:

		Equipment Group						Compression Group						Consolidated				
		June 30 2009		December 31 2008		June 30 2008		June 30 2009		December 31 2008		June 30 2008		June 30 2009		December 31 2008		June 30 2008
Goodwill	$	13,000	$	13,000	$	13,000	$	21,800	$	21,800	$	21,800	$	34,800	$	34,800	$	34,800
Identifiable assets	$	700,346	$	731,553	$	737,935	$	563,076	$	633,940	$	509,772	$	1,263,422	$	1,365,493	$	1,247,707
Corporate assets														114,529		167,957		155,395
Total assets													$	1,377,951	$	1,533,450	$	1,403,102

Operating income from rental operations for the quarter ended June 30, 2009 was $2.5 million (2008 - $6.6 million). For the six months ended June 30, 2009, operating income from rental operations was $5.6 million (2008 - $11.1 million)

(18) 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. Variations from this trend may occur when market fundamentals are either improving or deteriorating.

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