First Quarter 2014 **April 24, 2014**

TOROMONT ANNOUNCES RESULTS FOR THE FIRST QUARTER OF 2014 AND REGULAR QUARTERLY DIVIDEND

Toronto, Ontario (April 24, 2014) - Toromont Industries Ltd. (TSX: TIH) reported financial results for the three-month period ended March 31, 2014, with net earnings up 4%.

		Three months ended March 31			
millions, except per share amounts		**2014**		2013	**% change**
Revenues	**$**	**311.7**	$	313.1	**-**
Operating income	**$**	**26.6**	$	25.4	**5%**
Net earnings	**$**	**18.6**	$	17.8	**4%**
Earnings per share - basic	**$**	**0.24**	$	0.23	**4%**

The Company delivered good results in the first quarter; despite the adverse impact of the challenging winter conditions to our construction customers. Toromont serves diverse markets with a host of products and services. The increased contribution of product support fostered improved profitability in the quarter while selling and administrative expense growth was modest. Order bookings in the quarter totaled $182 million, a good level for this time of year.

Highlights:

- Net earnings were $18.6 million in the quarter ($0.24 per share basic), up 4% from $17.8 million reported last year, mainly attributable to an increased contribution from product support and lower relative expense levels.

- Equipment Group revenues for the quarter were $264 million, down 1% from 2013 on lower new equipment sales, offset by increases in used equipment, rentals and product support revenues. Product support revenues of $106 million surpassed the first quarter record set last year by $8.8 million (9%). Operating income increased 4% compared to last year, mainly on the increased contribution from product support.

- Equipment Group backlogs were $134 million at March 31, 2014 compared to $97 million at December 31, 2013 and $147 million at this time last year. Bookings were $149 million in the first quarter of 2014 compared to $145 million for the same period last year.

- CIMCO revenues of $48 million in the quarter were 3% higher than a year ago and represented a new high for a first quarter. The first quarter is typically slower than the rest of the year due to seasonality. Operating income increased 14% in the quarter on lower expenses.

- CIMCO bookings in the first quarter of 2014 were comparable to 2013 and are within expected levels for this time of the year. Backlogs decreased by 33% from a year ago to

$72 million, reflecting advancement on the Maple Leaf project and generally lower bookings throughout 2013.

- The Company is in a strong financial position. Total debt, net of cash, to total capitalization was 14%, well within stated capital targets.

- The Board of Directors announced the regular quarterly dividend of 15 cents per outstanding common shares, payable July 2, 2014 to shareholders of record on June 13, 2014. The regular quarterly dividend was previously increased 15% to 15 cents per share effective with the dividend paid April 1, 2014.

Investment in infrastructure continues to be led by a number of larger projects. We expect the resource area to remain capital-constrained, however, product support has increased in part on the larger installed base of mining equipment combined with contributions from other markets. Rental markets continue to show strength. The recent state of excess global inventories combined with significant currency movements, have been and are expected to continue to be a challenge for equipment margins. CIMCO's current backlog bodes well for the balance of 2014.

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 months ended March 31, 2014, compared to the preceding year. This MD&A should be read in conjunction with the attached unaudited condensed interim consolidated financial statements and related notes for the three months ended March 31, 2014, the annual MD&A contained in the 2013 Annual Report and the audited annual consolidated financial statements for the year ended December 31, 2013.

The unaudited condensed interim consolidated financial statements reported herein have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. The information in this MD&A is current to April 24, 2014.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's 2013 Annual Report and 2014 Annual Information Form. These filings are available on SEDAR at www.sedar.com and on the Company's website at www.toromont.com.

Advisory

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

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

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

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

CONSOLIDATED RESULTS OF OPERATIONS

($ thousands, except per share amounts)	**Three months ended March 31** **2014**	2013	$ change	% change
REVENUES	**$ 311,748**	$ 313,132	$ (1,384)	-
Cost of goods sold	**234,039**	237,213	(3,174)	(1%)
Gross profit	**77,709**	75,919	1,790	2%
Selling and administrative expenses	**51,149**	50,568	581	1%
OPERATING INCOME	**26,560**	25,351	1,209	5%
Interest expense	**2,085**	2,102	(17)	(1%)
Interest and investment income	**(1,066)**	(1,192)	126	(11%)
Income before income taxes	**25,541**	24,441	1,100	5%
Income taxes	**6,912**	6,593	319	5%
NET EARNINGS	**$ 18,629**	$ 17,848	$ 781	4%
EARNINGS PER SHARE (BASIC)	**$ 0.24**	$ 0.23	$ 0.01	4%
KEY RATIOS:				
Gross profit as a % of revenues	**24.9%**	24.2%		
Selling and administrative expenses as a % of revenues	**16.4%**	16.1%		
Operating income as a % of revenues	**8.5%**	8.1%		
Income taxes as a % of income before income taxes	**27.1%**	27.0%		

Revenues were relatively unchanged in the first quarter of 2014 compared to 2013. Equipment Group revenues decreased 1% as lower new equipment sales were largely offset by increases in product support, rental and used equipment sales. CIMCO revenues increased 3% on higher product support revenues.

Gross profit margins increased 70 basis points in comparison with the first quarter of 2013 primarily as a result of improved margins in the Equipment Group. The Equipment Group experienced a 110 basis point increase in gross margins on an increased contribution from product support revenues and good project execution. CIMCO's gross profit margins were lower on lower package margins.

Selling and administrative expenses increased $0.6 million, or 1%, from 2013. Bad debt expense was $0.8 million higher in the quarter on aging of certain accounts. Otherwise, selling and administrative expenses were relatively unchanged from last year as a 2% reduction in compensation and a gain related to insurance proceeds ($0.6 million) offset higher occupancy, training, safety and information technology expenses. The mark-to-market of deferred share units led to a recovery of $0.4 million in 2014 versus an expense of $0.7 million recorded a year ago.

Operating income increased 5% in the quarter compared to the prior year on higher gross profit margins, partially offset by increased selling and administrative expenses. Operating income as a percentage of revenues was 8.5% for the quarter compared to 8.1% in the similar period of 2013.

Interest expense was relatively flat from the prior year reflecting similar average debt balances. Interest income decreased by 11% from the prior year on lower conversions of rental equipment.

The effective income tax rate for 2014 was 27.1%, largely unchanged from the prior year.

Net earnings in the quarter were $18.6 million, 4% higher than 2013, in line with the increase in operating income.

Earnings per share for the first quarter were $0.24 per share, 4% higher than 2013.

Comprehensive income in the first quarter of 2014 was $18.7 million, comprised mainly of net earnings.

BUSINESS SEGMENT OPERATING RESULTS

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

Equipment Group

	Three months ended March 31			
($ thousands)	**2014**	2013	$ change	% change
Equipment sales and rentals				
New	**$ 80,880**	$ 103,334	$ (22,454)	(22%)
Used	**31,143**	23,556	7,587	32%
Rental	**42,748**	39,829	2,919	7%
Total equipment sales and rentals	**154,771**	166,719	(11,948)	(7%)
Power generation	**3,129**	2,915	214	7%
Product support	**105,934**	97,182	8,752	9%
Total revenues	**$ 263,834**	$ 266,816	$ (2,982)	(1%)
Operating income	**$ 25,143**	$ 24,105	$ 1,038	4%
KEY RATIOS:				
Product support revenues as a % of total revenues	**40.2%**	36.4%		
Group total revenues as a % of consolidated revenues	**84.6%**	85.2%		
Operating income as a % of revenues	**9.5%**	9.0%		

New equipment sales were 22% lower than the first quarter of 2013, with lower revenues from construction ($14.0 million) and Power Systems ($5.1 million). The particularly harsh winter conditions experienced in 2014 impacted construction schedules, deferring customer equipment requirements.

Used equipment sales were 32% higher in the first quarter with increases in both construction (up $3.0 million) and mining (up $2.5 million). Used equipment sales vary on factors such as product availability (both new and used), customer demands and the general pricing environment.

Light equipment rentals increased 7% over last year on improved utilization. Heavy equipment rentals were unchanged despite the larger fleet, on lower utilization related to the harsh weather conditions. Equipment on rent with a purchase option ("RPO") decreased 10% on reduced activity. The RPO fleet was $28.6 million at March 31, 2014 compared to $34.2 million last year. Power rentals were 152% higher than last year on improved utilization. Rental rates were fairly consistent in both years.

Power generation revenues from Toromont-owned plants increased 7% over last year, mainly on higher thermal revenue from the Sudbury Downtown plant.

Product support revenues increased 9% to a new first quarter high. Parts sales were up 12% with increases across all industries. Service revenues were relatively even with the prior year.

Operating income was up 4% in the quarter compared to 2013, with a 3% increase in gross profit partially offset by a 3% increase in selling and administrative expenses. Gross profit as a percentage of revenues increased 110 basis points compared to the similar quarter of 2013 substantially resulting from a higher proportion of product support revenues to total (product support revenues represented 40.2% of total revenues versus 36.4% a year ago) and good project execution. Selling and administrative expenses increased 3% on increased bad debt expenses. Operating income as a percentage of revenues was 9.5% in the quarter compared to 9.0% in the same period of 2013.

($ millions)	**2014**	2013	$ change	% change
Bookings - three-months ended March 31	**$ 149**	$ 145	$ 4	3%
Backlogs - as at March 31	**$ 134**	$ 147	$ (13)	(9%)

Equipment bookings increased 3% year over year and compare favorably to the ten year average first quarter bookings of $134 million. Backlogs were $134 million, down 9% from March 31, 2013 on mix of equipment ordered, inventories on hand and generally improved equipment availability. While this represents a relatively lower level, the entire backlog is expected to deliver in 2014.

CIMCO

	Three months ended March 31			
($ thousands)	**2014**	2013	$ change	% change
Package sales	**$ 27,248**	$ 26,981	$ 267	1%
Product support	**20,666**	19,335	1,331	7%
Total revenues	**$ 47,914**	$ 46,316	$ 1,598	3%
Operating income	**$ 1,417**	$ 1,246	$ 171	14%
KEY RATIOS:				
Product support revenues as a % of total revenues	**43.1%**	41.7%		
Group total revenues as a % of consolidated revenues	**15.4%**	14.8%		
Operating income as a % of revenues	**3.0%**	2.7%		

Package revenues were up 1% from a year ago. Industrial activity decreased $5.1 million or 23% with decreases in both Canada (down $3.7 million) and the US (down $1.4 million). Recreational revenues increased $5.4 million or 123% with increases in both Canada (up $2.1 million) and the US (up $3.3 million). Relative market contributions can be quite variable from quarter-to-quarter, depending upon construction schedules.

Product support revenues increased 7% in the quarter compared to the prior year, on record activity levels in Canada.

Operating income was $1.4 million in the quarter, up 14% from 2013. Gross margins as a percentage of revenue were 170 basis points lower, mainly on lower package margins, reflecting generally lower technical complexity of jobs in house. Equipment package gross margins were also reduced by higher warranty expenses. Product support gross margins were slightly higher than the same period last year. Selling and administrative expenses decreased by 8%. Higher compensation, training, and safety expenses were more than offset by reduced bad debt expense on improved collections ($0.6 million) and final insurance proceeds related to the Mobile fire ($0.6 million).

($ millions)	**2014**	2013	$ change	% change
Bookings - three-months ended March 31	**$ 33**	$ 34	$ (1)	(3%)
Backlogs - as at March 31	**$ 72**	$ 107	$ (35)	(33%)

Bookings in 2014 were relatively flat as compared to 2013. US bookings were down $2.7 million compared to a very strong quarter last year. Canadian bookings increased 8.5% over last year on good industrial activity. Backlogs decreased by 33% to $72 million due to progress against the Maple Leaf Foods industrial order. Backlogs are considered to be at a healthy level for this time of the year.

CONSOLIDATED FINANCIAL CONDITION

The Company maintained a strong financial position. At March 31, 2014, the ratio of total debt, net of cash, to total capitalization was 14%, compared to 26% at March 31, 2013 and 10% at December 31, 2013.

Working Capital

The Company's investment in non-cash working capital was $308.2 million at March 31, 2014. The major components, along with the changes from March 31 and December 31, 2013, are identified in the following table.

	March 31	**March 31**	**Change**		**December 31**	**Change**	
$ thousands	**2014**	2013	**$**	**%**	**2013**	**$**	**%**
Accounts receivable	$ 204,181	$ 212,308	$ (8,127)	(4%)	$ 240,259	$ (36,078)	(15%)
Inventories	362,497	323,071	39,426	12%	327,439	35,058	11%
Other current assets	4,675	3,423	1,252	37%	4,585	90	2%
Accounts payable, accrued liabilities and provisions	(217,007)	(176,457)	(40,550)	23%	(238,473)	21,466	(9%)
Income taxes receivable	5,913	4,373	1,540	35%	6,135	(222)	n/m
Derivative financial instruments	530	482	48	n/m	1,331	(801)	n/m
Dividends payable	(11,542)	(9,951)	(1,591)	16%	(9,988)	(1,554)	16%
Deferred revenue	(39,533)	(54,944)	15,411	(28%)	(48,924)	9,391	(19%)
Current portion of long-term debt	(1,523)	(2,095)	572	(27%)	(1,470)	(53)	4%
Total non-cash working capital	$ 308,191	$ 300,210	$ 7,981	3%	$ 280,894	$ 27,297	10%

Accounts receivable decreased 4% compared to March 31, 2013, reflecting a higher allowance for doubtful accounts and slightly lower trailing revenues. While the average age of receivables has increased, days sales outstanding ("DSO") improved 3 days to 51 as compared to 54 at March 31, 2013 with improvements in both the Equipment Group (3 days) and CIMCO (4 days).

In comparison to December 31, 2013, accounts receivable decreased 15% largely on lower trailing revenues (Q1 2014 revenues were 23% lower than Q4 2013 revenues); a normal seasonal trend. Lower revenues will generally result in lower accounts receivable balances. DSO was 48 at December 31, 2013.

Inventories at March 31, 2014 were 12% higher compared to March 31, 2013.

- Equipment Group inventories were 14% higher than last year with increases in equipment and parts. The increase in equipment reflects inventory held for certain customer-specified delivery dates later in the year, as well as advanced purchasing in anticipation of the busy summer selling period, a normal seasonal trend. Higher parts inventories reflect higher activity levels and an additional remote location.
- CIMCO inventories were $3.8 million lower than last year mainly on reductions in work-in-process for Canadian industrial projects.

Inventories at March 31, 2014 were 11% higher compared to December 31, 2013 mainly on increases in the Equipment Group in line with the normal seasonal trend. CIMCO's inventory was lower compared to December 31 on lower work-in-process due to project progress in the first quarter.

Accounts payable and accrued liabilities at March 31, 2014 were higher than at March 31, 2013 largely on increased purchasing of inventory in anticipation of the busier season ahead. Compared to December 31, 2013, the decrease largely reflects the payout of annual performance incentive bonuses.

Income taxes receivable reflect amounts due to the Company as installments made exceeded current tax expense.

Derivative financial instruments represent the fair value of foreign exchange contracts. Fluctuations in the value of the Canadian dollar have led to a cumulative net gain of $0.5 million as at March 31, 2014. This is not expected to affect net income, as the unrealized gain will offset future losses on the related hedged items.

Dividends payable increased compared to March 31 and December 31, 2013 reflecting the higher dividend rate. The dividend rate was increased from $0.13 per share to $0.15 per share effective with the April 1, 2014 dividend payment, an increase of 15%.

Deferred revenues represent billings to customers in excess of revenue recognized. In the Equipment Group, deferred revenues arise on sales of equipment with residual value guarantees, extended warranty contracts and other customer support agreements as well as on progress billings on long-term construction contracts. In CIMCO, deferred revenues arise on progress billings in advance of revenue recognition. Deferred revenues have decreased in both groups on progress made against long-term contracts and the resulting recognition of revenue.

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

Legal and Other Contingencies

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

Outstanding Share Data

As at the date of this MD&A, the Company had 76,983,177 common shares and 2,470,494 share options outstanding.

Dividends

The Company declared and paid the following dividends to common shareholders during 2013 and 2014.

Record Date	Payment Date	Dividend Amount per Share	Dividends Paid in Total ($ millions)
December 11, 2012	January 2, 2013	$0.12	$ 9.2
March 13, 2013	April 1, 2013	$0.13	$10.0
June 13, 2013	July 2, 2013	$0.13	$9.9
September 12, 2013	October 1, 2013	$0.13	$10.0
December 11, 2013	January 2, 2014	$0.13	$10.0
March 13, 2014	April 1, 2014	$0.15	$11.5

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

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

The Company maintains a $200 million committed credit facility. The facility matures in September, 2017. Debt incurred under the facility is unsecured and ranks on par with debt outstanding under Toromont's existing debentures. Interest is based on a floating rate, primarily bankers' acceptances and prime, plus applicable margins and fees based on the terms of the credit facility.

As at March 31, 2014, no amounts were drawn on the facility (December 31, 2013 - $nil, March 31, 2013 - $37.8 million). Letters of credit utilized $24.7 million of the facility (December 31, 2013 - $26.6 million, March 31, 2013 - $24.2 million).

The Company expects that continued cash flows from operations in 2014, and currently available credit facilities will be more than sufficient to fund requirements for investments in working capital and capital assets.

Principal Components of Cash Flow

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

	Three months ended March 31	
$ thousands	**2014**	2013
Cash, beginning of period	$ 70,769	$ 2,383
Operations	28,244	27,737
Change in non-cash working capital and other	(25,683)	2,871
Cash provided by operating activities	2,561	30,608
Cash used in investing activities	(31,271)	(34,360)
Cash (used in) provided by financing activities	(8,886)	4,376
Effect of foreign exchange on cash balances	75	63
(Decrease) increase in cash in the period	(37,521)	687
Cash, end of period	$ 33,248	$ 3,070

Cash Flows from Operating Activities

Operating activities provided $2.6 million in the first quarter of 2014 compared to $30.6 million in the comparable period of 2013. Net earnings adjusted for items not requiring cash were 2% higher than last year on higher net earnings. Non-cash working capital and other used $25.7 million compared to providing $2.9 million in 2013. Inventory levels increased $35 million in the first quarter of 2014 compared to a reduction of $4.7 million in the similar period of 2013.

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

Cash Flows from Investing Activities

Net rental fleet additions (purchases less proceeds of disposition) totalled $26.1 million in the quarter compared to $29.2 million last year. Continued investment in the rental fleet reflects strong demand on improved market conditions, the existing fleet age profile and the recent expansion of heavy rental operations.

Investments in property, plant and equipment in the quarter totalled $6.2 million compared to $4.7 million in the comparable period last year. Additions in the current quarter included $2.1 million for service vehicles, $1.7 million for land and buildings for new and expanded branches, and $1.1 million for upgrades to information technology infrastructure. Additions in 2013 included $1.0 million for buildings and expanded branches, $0.9 million for machinery and equipment and $2.2 million for service vehicles.

Cash Flows from Financing Activities

Financing activities used $8.9 million in the first quarter of 2014 compared to providing $4.4 million in the comparable quarter of 2013.

Significant uses and sources of cash in 2014 included:

- Dividends paid to common shareholders of $10 million or $0.13 per share;
- Repayment of long-term debt of $0.7 million; and
- Cash received on exercise of share options of $1.8 million.

Significant sources and uses of cash in 2013 included:

- Drawings on the credit facility of $11.2 million;
- Cash received on exercise of share options of $2.3 million; and
- Dividends paid to common shareholders of $9.2 million or $0.12 per share.

OUTLOOK

Competitive pressure in the Equipment market continued, exacerbated by a weakened Canadian dollar. Longer term, large infrastructure investment is expected to continue. Backlogs and RPO inventories have declined from a year ago, somewhat dampening near-term opportunities.

Market conditions in mining are tight, however, opportunities for sales in support of new mine development, mine expansion and equipment replacement continue to exist. We remain engaged on a variety of mining projects at various stages of development within our territory. With the substantially increased base of installed equipment, product support activity should continue to grow so long as mines remain active.

The parts and service business has experienced significant growth and provides a measure of stability, driven by the larger installed base of equipment in the field. Work-in-process levels remain healthy, increasing 25% at the end of March 2014, and we continue to hire new technicians. We also expect that our investment in the rental business will continue to contribute to growth.

At CIMCO, overall booking activity was good. Canadian industrial bookings were very strong, an encouraging sign for general market recovery. The product support business remains a focus for development and we are encouraged by continued growth in this area. CIMCO continues to expand its product offerings through the use of natural refrigerants including providing innovative CO_2 solutions, which are expected to contribute to its growth by replacing CFC, HCFC and HFC refrigerants in both recreational and industrial applications.

The diversity of our business, expanding product offering and capabilities, financial strength and disciplined operating culture positions us well for what is generally expected to be a year of modest economic growth in Canada.

QUARTERLY RESULTS

The following table summarizes unaudited quarterly consolidated financial data for the eight most recently completed quarters. This quarterly information is unaudited but has been prepared on the same basis as the 2013 annual audited consolidated financial statements.

($ thousands, except per share amounts)	Q2 2013	Q3 2013	Q4 2013	Q1 2014
REVENUES				
Equipment Group	$ 317,052	$ 427,111	$ 351,713	$ 263,834
CIMCO	57,686	71,186	55,551	47,914
Total revenues	$ 374,738	$ 498,297	$ 407,264	$ 311,748
NET EARNINGS	$ 27,284	$ 43,485	$ 34,414	$ 18,629
PER SHARE INFORMATION:				
Earnings per share - basic	$ 0.36	$ 0.57	$ 0.45	$ 0.24
Earnings per share - diluted	$ 0.35	$ 0.56	$ 0.45	$ 0.24
Dividends paid per share	$ 0.13	$ 0.13	$ 0.13	$ 0.13
Weighted average common shares outstanding - Basic (in thousands)	76,589	76,625	76,737	76,895

($ thousands, except per share amounts)	Q2 2012	Q3 2012	Q4 2012	Q1 2013
REVENUES				
Equipment Group	$ 334,300	$ 362,393	$ 367,402	$ 266,816
CIMCO	45,307	52,646	63,666	46,316
Total revenues	$ 379,607	$ 415,039	$ 431,068	$ 313,132
NET EARNINGS	$ 25,383	$ 32,463	$ 44,657	$ 17,848
PER SHARE INFORMATION:				
Earnings per share - basic	$ 0.33	$ 0.43	$ 0.58	$ 0.23
Earnings per share - diluted	$ 0.33	$ 0.42	$ 0.58	$ 0.23
Dividends paid per share	$ 0.12	$ 0.12	$ 0.12	$ 0.12
Weighted average common shares outstanding - Basic (in thousands)	76,761	76,289	76,352	76,495

Interim period revenues and earnings historically reflect some seasonality.

The Equipment Group has historically had a distinct seasonal trend in activity levels. Lower revenues are recorded during the first quarter due to winter shutdowns in the construction industry. The fourth quarter has typically been the strongest quarter in part due to the timing of customers' capital investment decisions, delivery of equipment from suppliers for customer-specific orders and conversions of equipment on rent with a purchase option. In the future, the increase in mining-related business may distort this trend somewhat due to the timing of significant deliveries, including parts to remote mine sites and major repairs, in any given quarter.

CIMCO also has historically had a distinct seasonal trend in results due to timing of construction activity, with the first quarter reporting lower revenues on winter shutdowns.

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

RISKS AND RISK MANAGEMENT

In the normal course of business, Toromont is exposed to risks that may potentially impact its financial results in 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. There have been no material changes to the operating and financial risk assessment and related risk management strategies as described in the Company's 2013 Annual Report.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies used in the preparation of the accompanying unaudited interim consolidated financial statements are consistent with those used in the Company's 2013 audited annual consolidated financial statements, and described in Note 1 therein.

The preparation of financial statements in conformity with IFRS requires estimates and assumptions that affect the results of operations and financial position. By their nature, these judgments are subject to an inherent degree of uncertainty and are based upon historical experience, trends in the industry and information available from outside sources. Management reviews its estimates on an ongoing basis. Different accounting policies, or changes to estimates or assumptions could potentially have a material impact, positive or negative, on Toromont's financial position and results of operations. There have been no material changes to the critical accounting estimates as described in Note 2 to the Company's 2013 audited annual consolidated financial statements, contained in the Company's 2013 Annual Report.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

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

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The President & Chief Executive Officer and the Chief Financial Officer, together with other members of management, have designed the Company's disclosure controls and procedures ("DC&P") in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would have been known to them and by others within those entities.

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

There have been no significant changes in the design of the Company's internal controls over financial reporting during the three-month period ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

While the Officers of the Company have designed the Company's disclosure controls and procedures and internal control over financial reporting, they expect that the controls and procedures may not prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

In May 2013, COSO released an updated version of the 1992 internal control integrated framework. The original framework will be available through December 15, 2014, at which time the 1992 framework will be superseded. The Company is in the process of reviewing the changes to the framework and developing a transition plan to adopt the new framework for the fiscal year ending December 31, 2014.

NON-IFRS FINANCIAL MEASURES

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

Operating Income and Operating Margin

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

Operating income margin is calculated by dividing operating income by total revenue.

Return on Equity and Return on Capital Employed

Return on equity ("ROE") is monitored to assess the profitability of the consolidated Company. ROE is calculated by dividing net earnings by opening shareholders' equity (adjusted for shares issued and redeemed during the year).

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

Working Capital and Non-Cash Working Capital

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

Net Debt to Total Capitalization

Net debt is defined as total long-term debt less cash and cash equivalents. Total capitalization is defined as net debt plus shareholders' equity. The ratio of net debt to total capitalization is determined by dividing net debt by total capitalization.

Free Cash Flow

Free cash flow is defined as cash provided by operating activities (as per the Unaudited Interim Condensed Consolidated Statement of Cash Flows), less cash used in investing activities, other than business acquisitions.

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

($ thousands)	Note	March 31 2014	December 31 2013	March 31 2013
Assets				
Current assets				
Cash		**$ 33,248**	$ 70,769	$ 3,070
Accounts receivable		**204,181**	240,259	212,308
Inventories		**362,497**	327,439	323,071
Income taxes receivable		**5,913**	6,135	4,373
Derivative financial instruments	7	**530**	1,331	482
Other current assets		**4,675**	4,585	3,423
Total current assets		**611,044**	650,518	546,727
Property, plant and equipment	2	**167,732**	166,440	158,345
Rental equipment	2	**194,469**	174,712	182,121
Other assets	3	**5,622**	8,861	8,182
Deferred tax assets		**3,625**	2,435	13,655
Goodwill and intangible assets		**27,582**	27,589	27,612
Total assets		**$ 1,010,074**	$ 1,030,555	$ 936,642
Liabilities				
Current liabilities				
Accounts payable, accrued liabilities and provisions	4	**$ 228,549**	$ 248,461	$ 186,408
Deferred revenues		**39,533**	48,924	54,944
Current portion of long-term debt	5	**1,523**	1,470	2,095
Total current liabilities		**269,605**	298,855	243,447
Deferred revenues		**11,221**	11,060	10,364
Long-term debt	5	**130,316**	130,948	169,039
Accrued pension liability		**12,843**	13,135	25,959
Shareholders' equity				
Share capital	6	**281,393**	279,149	273,790
Contributed surplus		**6,494**	6,329	5,871
Retained earnings		**297,066**	289,979	207,382
Accumulated other comprehensive income		**1,136**	1,100	790
Shareholders' equity		**586,089**	576,557	487,833
Total liabilities and shareholders' equity		**$ 1,010,074**	$ 1,030,555	$ 936,642

See accompanying notes

TOROMONT INDUSTRIES LTD.
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS
(Unaudited)

($ thousands, except share amounts)	Note	Three months ended March 31 2014	2013
Revenues		**$ 311,748**	$ 313,132
Cost of goods sold		**234,039**	237,213
Gross profit		**77,709**	75,919
Selling and administrative expenses		**51,149**	50,568
Operating income		**26,560**	25,351
Interest expense	8	**2,085**	2,102
Interest and investment income	8	**(1,066)**	(1,192)
Income before income taxes		**25,541**	24,441
Income taxes		**6,912**	6,593
Net earnings		**$ 18,629**	$ 17,848
Earnings per share			
Basic	9	**$ 0.24**	$ 0.23
Diluted	9	**$ 0.24**	$ 0.23
Weighted average number of shares outstanding			
Basic	9	**76,895,051**	76,495,141
Diluted	9	**77,567,084**	77,088,916

See accompanying notes

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

	Three months ended March 31	
($ thousands)	**2014**	2013
Net earnings	**$ 18,629**	$ 17,848
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net earnings:		
Unrealized gain on translation of financial statements of foreign operations	**263**	115
Change in fair value of derivatives designated as cash flow hedges, net of income tax expense (2014 - $378; 2013 - $306)	**1,073**	866
Gain on derivatives designated as cash flow hedges transferred to net earnings, net of income tax expense (2014 - $457; 2013 - $151)	**(1,300)**	(423)
Other comprehensive income	**36**	558
Comprehensive income	**$ 18,665**	$ 18,406

See accompanying notes

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

Three months ended March 31 ($ thousands)	**Note**	**2014**	2013
Operating activities			
Net earnings		**$ 18,629**	$ 17,848
Items not requiring cash:			
Depreciation and amortization		**14,428**	12,509
Stock-based compensation		**585**	489
Accrued pension liability		**(292)**	(881)
Deferred income taxes		**(1,110)**	(123)
Gain on sale of rental equipment, property, plant and equipment		**(3,996)**	(2,105)
		28,244	27,737
Net change in non-cash working capital and other	12	**(25,683)**	2,871
Cash provided by operating activities		**2,561**	30,608
Investing activities			
Additions to:			
Rental equipment	2	**(32,484)**	(34,070)
Property, plant and equipment	2	**(6,172)**	(4,666)
Intangible assets		**-**	(500)
Proceeds on disposal of:			
Rental equipment	2	**6,432**	4,888
Property, plant and equipment	2	**1,016**	64
Increase in other assets		**(63)**	(76)
Cash used in investing activities		**(31,271)**	(34,360)
Financing activities			
Increase in term credit facility debt		**-**	11,225
Repayment of long-term debt		**(723)**	-
Dividends	6	**(9,987)**	(9,164)
Cash received on exercise of stock options		**1,824**	2,315
Cash (used in) provided by financing activities		**(8,886)**	4,376
Effect of exchange rate changes on cash denominated in foreign currency		**75**	63
(Decrease) increase in cash		**(37,521)**	687
Cash at beginning of period		**70,769**	2,383
Cash at end of period		**$ 33,248**	$ 3,070

Supplemental cash flow information (note 12)
See accompanying notes

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

				Accumulated other comprehensive income			
($ thousands)	Share Capital	Contributed Surplus	Retained Earnings	Foreign Currency Translation Adjustments	Cash Flow Hedges	Total	Total
At January 1, 2014	**$ 279,149**	**$ 6,329**	**$ 289,979**	**$ 831**	**$ 269**	**$ 1,100**	**$ 576,557**
Net earnings	-	-	18,629	-	-	-	18,629
Other comprehensive income	-	-	-	263	(227)	36	36
Effect of stock compensation plans	2,244	165	-	-	-	-	2,409
Dividends declared	-	-	(11,542)	-	-	-	(11,542)
At March 31, 2014	**$ 281,393**	**$ 6,494**	**$ 297,066**	**$ 1,094**	**$ 42**	**$ 1,136**	**$ 586,089**

				Accumulated other comprehensive income			
($ thousands)	Share Capital	Contributed Surplus	Retained Earnings	Foreign Currency Translation Adjustments	Cash Flow Hedges	Total	Total
At January 1, 2013	**$ 270,900**	**$ 5,957**	**$ 199,486**	**$ 424**	**$ (192)**	**$ 232**	**$ 476,575**
Net earnings	-	-	17,848	-	-	-	17,848
Other comprehensive income	-	-	-	115	443	558	558
Effect of stock compensation plans	2,890	(86)	-	-	-	-	2,804
Dividends declared	-	-	(9,952)	-	-	-	(9,952)
At March 31, 2013	**$ 273,790**	**$ 5,871**	**$ 207,382**	**$ 539**	**$ 251**	**$ 790**	**$ 487,833**

See accompanying notes

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

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

Toromont operates through two business segments: The Equipment Group and CIMCO. The Equipment Group includes one of the larger Caterpillar dealerships by revenue and geographic territory in addition to industry-leading rental operations. CIMCO is a market leader in the design, engineering, fabrication and installation of industrial and recreational refrigeration systems. Both segments offer comprehensive product support capabilities. Toromont employs over 3,200 people in more than 100 locations.

Basis of Preparation

These interim condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), including International Accounting Standard ("IAS") 34 - *Interim Financial Reporting*. Accordingly, these interim condensed consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2013.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements were the same as those that applied to the Company's consolidated financial statements as at and for the year ended December 31, 2013.

The interim condensed consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousands, except where otherwise indicated.

These interim condensed consolidated financial statements were authorized for issue by the Audit Committee of the Board of the Directors on April 24, 2014.

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2013, except the following interpretation and amendment that were adopted, as required, on January 1, 2014:

a. **International Financial Reporting Interpretations Committee ("IFRIC") 21 - *Levies***

IFRIC 21 provides guidance on when to recognize a liability to pay a levy imposed by the government that is accounted for in accordance with IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*. The application of IFRIC 21 had no impact on the Company's financial position or performance.

b. **IAS 36 - *Impairment of Assets***

The amendment reverses the unintended requirement in IFRS 13 - *Fair Value Measurement*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendment, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The amendment affects presentation only and had no impact on the Company's financial position or performance.

2. PROPERTY, PLANT AND EQUIPMENT AND RENTAL EQUIPMENT

During the three months ended March 31, 2014, the Company acquired rental assets with a cost of $32,484 and property, plant and equipment with a cost of $6,172 (2013 - $34,070 and $4,666 respectively).

Rental assets with a net book value of $3,328 and property, plant and equipment with a net book value of $124 were disposed of during the three months ended March 31, 2014 (2013 - $2,817 and $30 respectively) resulting in a net gain on disposal of $3,996 (2013 - $2,105).

During the three months ended March 31, 2014 depreciation expense of $13,010 was charged in cost of goods sold (2013 - $11,220) and $1,268 was charged to selling and administrative expenses (2013 - $1,139).

3. OTHER ASSETS

	March 31 2014	December 31 2013	March 31 2013
Equipment sold with guaranteed residual values	**$ 4,136**	$ 7,437	$ 6,948
Other	**1,486**	1,424	1,234
	$ 5,622	$ 8,861	$ 8,182

4. PAYABLES, ACCRUALS AND PROVISIONS

	March 31 2014	December 31 2013	March 31 2013
Accounts payable and accrued liabilities	**$ 203,196**	$ 224,073	$ 165,500
Dividends payable	**11,542**	9,987	9,951
Provisions	**13,811**	14,401	10,957
	$ 228,549	$ 248,461	$ 186,408

5. LONG-TERM DEBT

	March 31 2014	December 31 2013	March 31 2013
Bank credit facility	**$ -**	$ -	$ 37,772
Senior debentures	**133,789**	134,511	135,883
Debt issuance costs, net of amortization	**(1,950)**	(2,093)	(2,521)
Total long-term debt	**131,839**	132,418	171,134
Less current portion	**1,523**	1,470	2,095
	$ 130,316	$ 130,948	$ 169,039

All debt is unsecured.

At March 31, 2014, standby letters of credit issued utilized an additional $24.7 million of the credit lines (December 31, 2013 – $26.6 million; March 31, 2013 – $24.2 million).

6. SHARE CAPITAL

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

	Three months ended March 31, 2014		Three months ended March 31, 2013	
	Number of Common Shares	**Common Share Capital**	Number of Common Shares	Common Share Capital
Balance, beginning of period	**76,844,897**	**$ 279,149**	76,407,658	$ 270,900
Exercise of stock options	**127,680**	**2,244**	164,610	2,890
Balance, end of period	**76,972,577**	**$ 281,393**	76,572,268	$ 273,790

Dividends

The Company paid dividends of $10.0 million or $0.13 per share, for the three months ended March 31, 2014 (2013 – $9.2 million or $0.12 per share).

The quarterly dividend was increased on February 10, 2014 to $0.15 per share effective with the dividend paid on April 1, 2014.

7. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities – Classification and Measurement

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

As at March 31, 2014	Derivatives	Other financial liabilities	Total
Current portion of long-term debt	-	(1,523)	(1,523)
Derivative financial instruments	530	-	530
Long term debt	-	(130,316)	(130,316)
Total	$ 530	$ (131,839)	$ (131,309)

Fair Value of Financial Instruments

The fair value of senior debentures as at March 31, 2014 was $140,218 with a carrying value of $133,789 (December 31, 2013 - $141,800 with a carrying value of $134,511; March 31, 2013 - $146,246 with a carrying value of $135,883). The fair value was determined using the discounted cash flow method, a generally accepted valuation technique. The discounted factor is based on market rates for debt with similar terms and remaining maturities, adjusted for our credit quality. The Company has no plans to prepay these instruments prior to maturity. The valuation is determined using Level 2 inputs which are observable inputs or inputs which can be corroborated by observable market data for substantially the full term of asset or liability.

During the period ended March 31, 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

Derivative Financial Instruments and Hedge Accounting

Foreign exchange contracts and options are transacted with financial institutions to hedge foreign currency denominated obligations related to purchases of inventory and sales of products. As at March 31, 2014, the Company was committed to USD purchase contracts with a notional amount of $126 million at an average exchange rate of $1.1030, maturing between April 2014 and January 2015.

Management estimates that a gain of $530 (December 31, 2013 - $1,331; March 31, 2013 – $482) would be realized if the contracts were terminated on March 31, 2014. Certain of these forward contracts are designated as cash flow hedges, and accordingly, an unrealized gain of $54 (December 31, 2013 - $360; March 31, 2013 –$338) 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. Certain of those forward contracts are not designated as cash flow hedges but are entered into for periods consistent with foreign currency exposure of the underlying transactions. A gain of $476 (December 31, 2013 - $971; March 31, 2013 – $144) on forward contracts not designated as hedges is included in net income which offsets losses recorded on the foreign-denominated items, namely accounts payable.

8. INTEREST INCOME AND EXPENSE

The components of interest expense were as follows:

	Three months ended March 31	
	2014	2013
Term loan facility	**$ 408**	$ 407
Senior debentures	**1,677**	1,695
	$ 2,085	$ 2,102

The components of interest and investment income were as follows:

	Three months ended March 31	
	2014	2013
Interest income on rental conversions	**$ 681**	$ 1,040
Other	**385**	152
	$ 1,066	$ 1,192

9. EARNINGS PER SHARE

	Three months ended March 31	
	2014	2013
Net earnings available to common shareholders	**$ 18,629**	$ 17,848
Weighted average common shares outstanding	**76,895,051**	76,495,141
Dilutive effect of stock option conversion	**672,033**	593,775
Diluted weighted average common shares outstanding	**77,567,084**	77,088,916
Earnings per share:		
Basic	**$ 0.24**	$ 0.23
Diluted	**$ 0.24**	$ 0.23

There were no anti-dilutive options for the three months ended March 31, 2014 or 2013.

10. STOCK BASED COMPENSATION

A reconciliation of the outstanding options was as follows:

	Three months ended March 31, 2014			Three months ended March 31, 2013		
	Number of Options		**Weighted Average Exercise Price**	Number of Options		Weighted Average Exercise Price
Options outstanding, beginning of period	**2,610,274**	**$**	**18.49**	2,564,355	$	16.92
Exercised [1]	**(127,680)**		**14.28**	(164,610)		14.06
Forfeited	**(1,500)**		**16.76**	(700)		13.87
Options outstanding, end of period	**2,481,094**	**$**	**18.70**	2,399,045	$	17.12
Options exercisable, end of period	**1,054,204**	**$**	**16.23**	1,044,180	$	15.43

[1] The weighted average share price at date of exercise for three-month period ended March 31, 2014 was $25.60 (2013 - $22.55).

The following table summarizes stock options outstanding and exercisable as at March 31, 2014.

	Options Outstanding				**Options Exercisable**		
Range of Exercise Prices	**Number Outstanding**	**Weighted Average Remaining Life (years)**		**Weighted Average Exercise Price**	**Number Outstanding**		**Weighted Average Exercise Price**
$12.42 - $14.75	255,739	1.6	$	12.80	254,739	$	12.79
$14.76 - $17.10	1,125,480	3.3	$	16.85	683,530	$	16.74
$17.11 - $23.40	1,099,875	7.2	$	21.98	115,935	$	20.76
Total	2,481,094	4.8	$	18.70	1,054,204	$	16.23

Deferred Share Unit Plan

A reconciliation of the DSU plan was as follows:

	Three months ended March 31, 2014			**Three months ended March 31, 2013**		
	Number of DSUs		**Value**	Number of DSUs		Value
Outstanding, beginning of period	**288,920**	**$**	**7,696**	211,872	$	4,297
Units taken in lieu of performance incentive awards, director fees and dividends	**24,313**		**627**	51,957		1,148
Redemptions	**(7,786)**		**(197)**	-		-
Fair market value adjustment	**-**		**(379)**	-		662
Outstanding, end of period	**305,447**	**$**	**7,747**	263,829	$	6,107

The liability for deferred share units is recorded in accounts payable and accrued liabilities.

11. EMPLOYEE FUTURE BENEFITS

The net pension expense included the following components:

	Three months ended March 31	
	2014	2013
Defined benefit plans	**$ 522**	$ 588
Defined contribution plans	**2,255**	2,118
401(k) matched savings plans	**39**	32
Net pension expense	**$ 2,816**	$ 2,738

12. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31	
	2014	2013
Net change in non-cash working capital and other		
Accounts receivables	**$ 36,075**	$ 19,210
Inventories	**(35,058)**	4,715
Accounts payable, accrued liabilities and provisions	**(21,464)**	(17,846)
Deferred revenues	**(9,230)**	(694)
Other	**3,994**	(2,514)
	$ (25,683)	$ 2,871
Cash paid during the period for:		
Interest	**$ 489**	$ 258
Income taxes	**$ 10,896**	$ 14,191
Cash received during the period for:		
Interest	**$ 943**	$ 1,097
Income taxes	**$ 3,457**	$ -

13. SEGMENTED INFORMATION

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

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

Three months ended March 31	Equipment Group 2014	2013	CIMCO 2014	2013	Consolidated 2014	2013
Equipment/package sales	**$ 112,023**	$ 126,890	**$ 27,248**	$ 26,981	**$ 139,271**	$ 153,871
Rentals	**42,748**	39,829	**-**	-	**42,748**	39,829
Product support	**105,934**	97,182	**20,666**	19,335	**126,600**	116,517
Power generation	**3,129**	2,915	**-**	-	**3,129**	2,915
Total revenues	**$ 263,834**	$ 266,816	**$ 47,914**	$ 46,316	**$ 311,748**	$ 313,133
Operating Income	**$ 25,143**	$ 24,105	**$ 1,417**	$ 1,246	**$ 26,560**	$ 25,351
Interest expense					**2,085**	2,102
Interest and investment income					**(1,066)**	(1,192)
Income taxes					**6,912**	6,593
Net earnings					**$ 18,629**	$ 17,848

Operating income from rental operations for the quarter ended March 31, 2014 was $2.4 million (2013 - $3.9 million).

14. SEASONALITY OF BUSINESS

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

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