For immediate release

TOROMONT ANNOUNCES STRONG GROWTH IN OPERATIONS IN THE SECOND QUARTER OF 2008

Toronto, Ontario (July 22, 2008) - Toromont Industries Ltd. today reported solid financial results for the three months ended June 30, 2008. Revenues in the quarter increased 15% and operating income increased 23% versus the comparable period of 2007. Compression Group revenues and operating income were at record levels for this time of year, driven by continued strength in US natural gas operations. The Equipment Group reported good results in the second quarter after a weaker start to the year and is only modestly behind record revenue and operating income levels set last year.

Earnings in the second quarter and for the first half of 2007 and 2008 included investment gains and earnings from discontinued operations. Excluding these items in both years, net earnings for the second quarter of 2008 were $33.3 million or $0.51 basic earnings per share, up 32% from $25.2 million or $0.39 per share in the similar period of 2007. For the first half, excluding these items, net earnings were $47.8 million or $0.73 basic earnings per share, up 21% from $39.4 million or $0.61 per share in the comparable period of 2007.

Net earnings were $37.8 million or $0.58 per share, down marginally from the second quarter of 2007 on strong growth in results from operations, largely offset by lower relative gains on investments. Revenues, operating income and net earnings were all higher in the first six months of 2008 compared to the similar periods of 2007. For the first half of the year, net earnings were $54.3 million or $0.83 basic earnings per share, up from $52.3 million or $0.81 per share reported in 2007.

	Three months ended June 30			Six months ended June 30		
$ millions, except per share amounts	**2008**	2007	**% change**	**2008**	2007	**% change**
Revenues	**$ 536.5**	$ 465.5	**15%**	**$ 933.5**	$ 851.3	**10%**
Operating income	**$ 53.1**	$ 43.2	**23%**	**$ 76.5**	$ 68.2	**12%**
Net earnings	**$ 37.8**	$ 38.1	**(1%)**	**$ 54.3**	$ 52.3	**4%**
Earnings per share - basic	**$ 0.58**	$ 0.59	**(2%)**	**$ 0.83**	$ 0.81	**2%**

"We are pleased with the results for the second quarter and through the first half of the year," stated Robert M. Ogilvie, Chairman and Chief Executive Officer of Toromont Industries Ltd. "The Compression Group had a terrific quarter with excellent growth in US operations supported by strong market fundamentals. The US natural gas compression market continues to experience strong growth and we are well positioned to participate in this area. The Equipment Group continues to perform well despite the stronger Canadian dollar and softer market conditions in some areas. Strong deliveries of new equipment to the mining and infrastructure markets continue to generally outweigh pockets of weakness."

Developments in the Quarter:

- Equipment Group revenues were up 6% in the second quarter of 2008 versus the same period of 2007 on higher new machine sales. The stronger Canadian dollar, up 9% in the second

quarter of 2008 compared to 2007, reduced reported revenues by an estimated 10 percentage points. Operating income increased 4% over the same period last year on the higher revenues.

- Equipment Group bookings were 12% lower in the second quarter and 3% lower in the first half compared to the record levels in the similar periods last year. Generally, good demand for new equipment continued, particularly for the larger models used in mining and infrastructure markets and for marine and power applications. Backlogs at June 30, 2008 were relatively unchanged from this time last year.

- Compression Group revenues were up 27% in the quarter compared to the same period last year on a 36% growth in package sales, driven by continued strength in US natural gas compression. Operating income for the quarter was up 51% on higher revenues, improved gross margins on product mix and project execution, and lower relative growth in selling and administrative expenses.

- Compression Group booking activity for the quarter was very strong, up more than 100% compared to the previous record levels reported for the second quarter of 2007. The trend of strong bookings growth in the US continued in the quarter. Bookings in Canada were also up significantly due to several key orders secured. While premature to consider it a full recovery of activities in Canada, these orders do represent a positive development. Backlogs were at record levels, up 27% from this time last year.

- Battlefield – The CAT Rental Store purchased a privately owned rental operation in Sault Ste. Marie, Ontario, expanding its coverage to a key area of Northern Ontario and increasing its branch network to 36 locations.

- The operations of Aero Tech Manufacturing Inc. were sold to its management effective June 30, 2008. Sale proceeds were $4.0 million and an after tax loss of $432,000, arising from cumulative foreign currency translation on this US business, was reflected in second quarter results.

- In the second quarter of 2008, the Company sold certain marketable securities realizing $5.8 million in gains, or 7 cents per share after tax.

- The Company generated very strong cash flow and closed the quarter with $126 million of cash and a net debt to shareholders' equity ratio at a very conservative 0.09:1.

"Momentum in Compression continues to be positive, with good prospects for the remainder of the year on record bookings and backlogs," continued Mr. Ogilvie. "We have also seen some strengthening of demand in Canada for natural gas compression equipment. Significantly stronger pricing for North American natural gas year-over-year bodes well for our markets. We are encouraged that the Equipment Group continues to deliver solid results, even though the economy in central Canada is showing signs of weakness. We anticipate that the Equipment Group will continue its solid performance due to the balance in our products and markets, combined with after-market support activity."

Quarterly Conference Call and Webcast

Interested parties are invited to join the quarterly conference call with investment analysts, in listen-only mode, on Wednesday, July 23, 2008 at 8:30 a.m. (EST). The call may be accessed by telephone at 1-877-888-3490 (toll free) or 416-641-6141 (Toronto area). A replay of the conference call will be

available until Wednesday, August 6, 2008 by calling 1-800-408-3053 or 416-695-5800 and quoting passcode 3266078.

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

About Toromont

Toromont Industries Ltd. operates through two business segments: The Equipment Group and the Compression Group. The Equipment Group includes one of the world's largest Caterpillar dealerships by revenue and geographic territory in addition to industry leading rental operations. The Compression Group is a North American leader specializing in the design, engineering, fabrication, and installation of compression systems for natural gas, coal-bed methane, fuel gas and carbon dioxide in addition to process systems and industrial and recreational refrigeration systems. Both Groups offer comprehensive product support capabilities. Toromont employs approximately 4,500 people in more than 130 locations and is listed on the Toronto Stock Exchange under the symbol TIH. This press release and more information about Toromont Industries can be found on the Web at www.toromont.com.

-30-

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") comments on the operations, performance and financial condition of Toromont Industries Ltd. ("Toromont" or the "Company") as at and for the three and six months ended June 30, 2008, compared to the preceding year. It also discusses factors that could affect future performance. This MD&A should be read in conjunction with the attached unaudited interim consolidated financial statements and related notes for the three and six months ended June 30, 2008, the annual MD&A contained in the 2007 Annual Report and the audited annual consolidated financial statements of the Company for the year ended December 31, 2007.

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 21, 2008.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's 2007 Annual Report and 2008 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

	Three months ended June 30			Six months ended June 30		
$ thousands, except per share amounts	**2008**	2007	% change	**2008**	2007	% change
Revenues	**$ 536,477**	$ 465,548	15%	**$ 933,536**	$ 851,265	10%
Cost of goods sold	**420,459**	364,371	15%	**736,460**	668,209	10%
Gross profit	**116,018**	101,177	15%	**197,076**	183,056	8%
Selling and administrative expenses	**62,963**	57,939	9%	**120,596**	114,879	5%
Operating income	**53,055**	43,238	23%	**76,480**	68,177	12%
Interest expense	**3,073**	3,363	(9%)	**6,211**	7,190	(14%)
Interest and investment income	**(7,434)**	(495)	n/m	**(11,669)**	(1,700)	n/m
Gain on sale of property	**-**	15,990	n/m	**-**	15,990	n/m
Income before income taxes	**57,416**	56,360	2%	**81,938**	78,677	4%
Income taxes	**19,194**	18,266	5%	**27,299**	26,390	3%
Earnings from continuing operations	**38,222**	38,094	0%	**54,639**	52,287	4%
Loss on disposal of discontinued operations	**(432)**	-	n/m	**(432)**	-	n/m
Earnings (loss) from discontinued operations	**26**	(24)	n/m	**103**	34	n/m
Net earnings	**$ 37,816**	**$ 38,070**	(1%)	**$ 54,310**	$ 52,321	4%
Basic earnings per share	**$ 0.58**	$ 0.59	(2%)	**$ 0.83**	$ 0.81	2%
Key ratios:						
Gross profit as a % of revenues	**21.6%**	21.7%		**21.1%**	21.5%	
Selling and administrative expenses as a % of revenues	**11.7%**	12.4%		**12.9%**	13.5%	
Operating income as a % of revenues	**9.9%**	9.3%		**8.2%**	8.0%	
Income taxes as a % of income before income taxes	**33.4%**	32.4%		**33.3%**	33.5%	

It was determined that Aero Tech was not core to the growth of the Company. Accordingly, effective June 30, 2008, the shares of Aero Tech were sold to local management. The Company recorded an after tax loss of $432,000 on the transaction, being total consideration of $4.0 million less net assets disposed of $3.6 million, less a cumulative foreign exchange loss of $0.8 million. The Aero Tech operations were previously included with those of the Compression Group. The accompanying consolidated financial statements have been restated to reflect Aero Tech as a discontinued operation. The remaining discussion and analysis has been prepared on a continuing operations basis.

Revenues of $536.5 million were 15% higher than the comparable quarter of 2007, representing a new record for a second quarter. Compression revenues were 27% higher on increases in US natural gas compression. Equipment Group revenues were 6% higher on strong deliveries of new equipment.

For the first half of the year, revenues of $933.5 million were 10% higher than the comparable period of 2007, again representing a new record for this time of year. Compression revenues were 26% higher on sustained strong growth in US natural gas compression. Equipment Group revenues were down 2% on a weaker first quarter.

The stronger Canadian dollar has had a dampening impact on revenues as pricing to customers typically reflects movements in the exchange rate on US sourced equipment, components and spare parts. As well, the stronger Canadian dollar negatively impacts reported revenues on the translation of the financial statements of the Compression Group's growing US operations. The Canadian dollar was 9% stronger on average in the second quarter of 2008 and 13% stronger for the first half compared to the similar periods of last year. The estimated impact of the stronger Canadian dollar in the quarter was a decrease in reported revenues of $43 million, $24 million in Equipment and $19 million in Compression. The impact in Compression included a $15 million decrease in revenues due to the translation of foreign subsidiaries, which also reduced net income in the Group by approximately $1 million.

Gross profit increased 15% in the quarter on the 15% increase in revenues compared to the same period of 2007. Gross profit margin in the second quarter of 2008 was 21.6%, down from 21.7% in the prior year. An unfavourable change in product mix (higher proportion of equipment sales) and lower margins in product support business (largely due to the impact of foreign exchange on parts pricing) was largely offset by improved margins on equipment sales in both Groups.

Through the first half of the year, gross profit increased 8% on the 10% increase in revenues. Gross profit margin for the first six months of 2008 was 21.1%, down marginally from 21.5% for the comparable period of 2007. An unfavourable change in product mix (higher proportion of equipment sales and a higher proportion of Compression business) and lower margins in product support business were only partially offset by improved margins on equipment sales in both Groups.

Selling and administrative expenses increased $5.0 million or 9% in the second quarter of 2008 versus the prior year. Salaries and benefits were up $4.7 million, reflecting compensation adjustments and higher profit sharing on earnings increases. Selling and administrative expenses as a percentage of revenues were 11.7% for 2008, improved from 12.4% in the same period of 2007.

Selling and administrative expenses increased $5.7 million or 5% in the first six months of 2008 versus the prior year. Salaries and benefits were up $5.4 million, reflecting compensation adjustments and higher profit sharing on earnings increases. Selling and administrative expenses as a percentage of revenues were 12.9% for 2008, improved from 13.5% in 2007.

Operating income in the quarter was $53.1 million, up $9.8 million or 23% from the prior year on strong revenue growth and a relatively lower level of growth in selling and administrative expenses. Operating income as a percentage of revenues was 9.9%, up from 9.3% in 2007.

For the first half of 2008, operating income was $76.5 million, up $8.3 million or 12% from the prior year on strong revenue growth and a relatively lower level of growth in selling and administrative expenses. Operating income as a percentage of revenues through the first six months of 2008 was 8.2%, up from 8.0% in 2007.

Interest expense in 2008 was 9% lower in the second quarter and 14% lower in the first half compared to the similar periods last year. Average debt balances in 2008 were lower than those reported in 2007 on strong generation of cash from operating and certain investing activities.

Interest and investment income included gains realized on sale of marketable securities of $5.8 million, or $0.07 per share after tax in the second quarter and $8.2 million or $0.10 per share after tax

through the first six months. The remaining interest income relates to investing excess cash balances and has increased compared to the similar periods of 2007 on strong cash flows from operating and certain investing activities.

During the second quarter of 2007, certain property that had been held for future development was sold. Net proceeds were $17.6 million and a gain of $16.0 million, $12.9 million after tax, or $0.20 per share was realized.

The effective income tax rate for the first six months was 33.3% compared to 33.5% for 2007. Both periods include capital gains that are taxed at lower rates. Excluding these items in both years, the effective tax rate on continuing operations for the first half of 2008 was 35.2%, lower than 37.2% for the same period in the prior year on lower Canadian income tax rates.

Net earnings for the second quarter of 2008 were $37.8 million, down 1% from 2007. Basic earnings per share were $0.58, down one cent or 2% from 2007. For the first six months, net earnings were $54.3 million, up 4% from 2007. Basic earnings per share were $0.83 compared with $0.81 in 2007, an increase of 2%.

Comprehensive income for the second quarter was $32.9 million, comprised of net earnings of $37.8 million and other comprehensive loss of $4.9 million. The other comprehensive loss arose primarily on the transfer to net income on realization of previously reported unrealized gains on marketable securities that were designated as available-for-sale ($5.0 million).

Comprehensive income for the first six months was $59.4 million, comprised of net earnings of $54.3 million and other comprehensive income of $5.1 million. The other comprehensive income resulted from changes in fair value of derivatives designated as cash flow hedges ($2.3 million) and an unrealized gain on translation of financial statements of self-sustaining foreign operations ($1.9 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.

Results of Operations in the Equipment Group

$ thousands	Three months ended June 30 2008	2007	% change	Six months ended June 30 2008	2007	% change
Equipment sales and rentals						
New	**$ 141,569**	$ 120,998	17%	**$ 218,787**	$ 223,488	(2%)
Used	**34,613**	38,692	(11%)	**61,093**	65,015	(6%)
Rental	**33,635**	34,527	(3%)	**60,989**	60,465	1%
Total equipment sales and rentals	**209,817**	194,217	8%	**340,869**	348,968	(2%)
Power generation	**2,252**	2,486	(9%)	**4,540**	6,822	(33%)
Product support	**73,776**	71,729	3%	**142,459**	140,948	1%
Total revenues	**$ 285,845**	$ 268,432	6%	**$ 487,868**	$ 496,738	(2%)
Operating income	**$ 27,261**	$ 26,162	4%	**$ 37,826**	$ 40,731	(7%)
Key ratios and other statistics:						
Product support revenues as a % of total revenues	**25.8%**	26.7%		**29.2%**	28.4%	
Group total revenues as a % of consolidated revenues	**53.3%**	57.7%		**52.3%**	58.4%	
Operating income as a % of revenues	**9.5%**	9.7%		**7.8%**	8.2%	

Revenues for the second quarter of 2008 were up 6% compared to the similar quarter last year as strong machine unit sales offset weakness in other areas, including the impact of the stronger Canadian dollar.

New machine sales were up 17% in the quarter on higher unit deliveries. Some of this growth was a result of product availability issues at the end of the first quarter, which led to some sales slippage into the second quarter. Power systems applications recorded strong deliveries.

For the first six months, new machine sales are down 2% from the record level reported last year, impacted by market conditions in several markets served.

Used equipment sales were down 11% for the quarter and 6% for the first half compared to the similar periods of last year. Sales of used equipment vary depending on customer buying preferences, exchange rate considerations and general product availability.

Rental revenues were down 3% in the second quarter and were up 1% in the first half compared to 2007. At Battlefield – The CAT Rental Store, rental revenues were higher in both periods on increased same store sales and a new location in Concord, Ontario. Rental revenues from the larger machines at the Toromont CAT dealership were down in both periods as the Company focused on converting potential rental transactions to sales transactions.

Power generation revenues from Toromont-owned plants declined 9% in the quarter and 33% in the first six months over 2007, reflecting the disposition of power generation assets in mid-2007. On a comparable basis, power generation revenues were up 23% and 21% respectively, reflecting increased operating hours and higher average prices for electricity.

Product support revenues were 3% higher in the quarter and 1% higher in the first half, compared to the similar periods of the prior year. The stronger Canadian dollar reduced reported revenue growth by an estimated 9 percentage points for both periods. Product support revenues benefited from higher parts sales to mining customers while work for on-highway truck engines has continued to decline due to softness in the transportation sector.

Operating income in the second quarter increased 4% over the prior year on the 6% increase in revenues. Gross margins were largely unchanged from the same period in 2007 as an unfavourable sales mix change was offset by modestly higher margins on equipment. Selling and administrative expenses as a percentage of revenues were slightly higher in 2008 than in the prior year. Operating income was 9.5% of revenues compared with 9.7% in the prior year, reflecting the impact of the higher expense levels.

Operating income in the first half decreased 7% over the prior year on the 2% decrease in revenues. Gross margins were modestly higher compared to the same period in 2007 on a favourable sales mix change. Selling and administrative expenses as a percentage of revenues were slightly higher through the first half of 2008 than in the prior year. Operating income was 7.8% of revenues compared with 8.2% in the prior year, reflecting the impact of the higher expense levels.

Booking activity was down 12% in the quarter and 3% in the first half compared to the similar periods in 2007. Bookings can be affected by timing of large orders. Demand generally continued to be good for new equipment, particularly for the larger models used in mining and infrastructure markets and for marine and power applications. Backlogs at June 30, 2008 were relatively unchanged from this time last year.

Results of Operations in the Compression Group

	Three months ended June 30			Six months ended June 30		
$ thousands	**2008**	2007	% change	**2008**	2007	% change
Package sales and rentals						
Package sales	**$ 192,865**	$ 142,188	36%	**$ 339,808**	$ 253,849	34%
Rentals	**5,416**	4,887	11%	**10,751**	9,586	12%
Total package sales and rentals	**198,281**	147,075	35%	**350,559**	263,435	33%
Product support	**52,351**	50,041	5%	**95,109**	91,092	4%
Total revenues	**$ 250,632**	$ 197,116	27%	**$ 445,668**	$ 354,527	26%
Operating income	**$ 25,794**	$ 17,076	51%	**$ 38,654**	$ 27,446	41%
Key ratios and other statistics:						
Product support revenues as a % of total revenues	**20.9%**	25.4%		**21.3%**	25.7%	
Group total revenues as a % of consolidated revenues	**46.7%**	42.3%		**47.7%**	41.6%	
Operating income as a % of revenues	**10.3%**	8.7%		**8.7%**	7.7%	

Package sales revenues were 36% higher in the second quarter and 34% higher in the first six months compared to the similar periods of 2007 on substantial growth in US natural gas compression. Conditions within the US natural gas compression market continued to be favourable and the Company's participation in this market has increased through investment in facilities and people. Revenues from the sale of Canadian natural gas compression equipment were down year-over-year due to continued market softness. Package revenues from refrigeration systems reached record levels for this time of year with strong activity within the Canadian recreational and industrial markets.

Rental revenues were up 11% in the quarter and 12% in the first half over last year. The increase was due to a larger rental fleet in the US compared to this time last year.

Product support revenues were up 5% in the second quarter and 4% in the first half over the similar periods in 2007. Natural gas product support activities continue to expand with the growing installed base of Company branded equipment in the field, particularly in the US.

Operating income for the Compression Group increased 51% in the second quarter, and 41% in the first half, driven by the higher revenues. Gross margins were essentially unchanged over the prior year as improved margins in Canada offset lower margins in the US. Margins within the Canadian natural gas compression operations have improved in 2008 on the completion of cost saving activities initiated in 2007 in light of slower market conditions. Margins within the US natural gas compression operations have generally improved on higher volumes and good project execution, however this is being more than offset by lower margins on a large pipeline project. General and administrative expenses grew at a lower rate than the growth in revenues. Operating income was 8.7% of revenues for the first six months of 2008 compared to 7.7% in the similar period of 2007, a record for this time of year.

Compression booking activity for the quarter was double that reported in the second quarter of 2007. Canadian natural gas booking activity was significantly higher than the prior year reflecting several key orders secured. Booking activity within the refrigeration operations for both the quarter and first half was lower than in the prior year on lower activity in the industrial market. Compression Group backlogs were at record levels at June 30, 2008, up 27% from this time last year on strong demand for natural gas compression equipment.

CONSOLIDATED FINANCIAL CONDITION

The Company has maintained a strong financial position. At June 30, 2008, the ratio of total debt, net of cash, to equity was 0.09:1. Total assets were $1.4 billion.

Working Capital

The Company's investment in non-cash working capital was $362.8 million at June 30, 2008. The major components, along with the changes from June 30 and December 31, 2007 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 busier summer season, although this may be different in periods of changing demand and/or supply conditions.

	June 30 2008	December 31 2007	Change	June 30 2007	Change
Accounts receivable	$ 314,080	$ 339,381	$ (25,301)	$ 312,974	$ 1,106
Inventories	507,816	444,858	62,958	498,897	8,919
Other current assets	18,498	27,607	(9,109)	23,066	(4,568)
Accounts payable and accrued liabilities	(319,318)	(267,999)	(51,319)	(268,830)	(50,488)
Deferred revenue	(165,188)	(160,678)	(4,510)	(138,159)	(27,029)
Dividends payable	(9,115)	(7,792)	(1,323)	(7,761)	(1,354)
Derivative financial instruments	2,189	(3,575)	5,764	(9,857)	12,046
Other	13,850	(8,457)	22,307	4,406	9,444
Total non-cash working capital	$ 362,812	$ 363,345	$ (533)	$ 414,736	$ (51,924)

Accounts receivable were 7% lower than at December 31, 2007 reflecting seasonality of revenue in the Equipment Group. Excluding balances at discontinued operations in the prior year, accounts receivable were 1% higher on higher revenues partially offset by improved collections. Accounts receivable management continues to be a focus; improved collection efforts have reduced days sales outstanding to 47 days in 2008, compared to 49 days at this time last year. Additionally, advance and progress billings against long-term contracts are used as a cash flow management tool.

Inventories were 14% higher than at December 2007, driven by a 24% increase in the Equipment Group. Inventories reflect seasonality of revenues in the Equipment Group, with inventories building through the year in preparation for the busy summer season and reducing at year-end. Inventories were 2% higher than at this time last year on higher levels of component and other raw materials held in the Compression Group to support higher volumes.

Accounts payable and accrued liabilities were 19% higher than at both June 30 and December 31, 2007 on timing of purchases and payments for products and components.

Deferred revenues at June 30, 2008 have increased 3% from December 31, 2007 and 20% from June 30, 2007. The Compression Group uses progress billings as a method of funding working capital requirements on long-term contracts.

Derivative financial instruments include fair market valuations of foreign exchange contracts. Given the recent volatility in the Canadian/US dollar exchange rate, the Company's hedging practices have led to a cumulative opportunity gain of $2.2 million as at June 30, 2008. 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.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

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

Combined unsecured credit facilities amounted to $245 million at June 30, 2008, with $20 million maturing in 2010 and the balance maturing in 2011. At quarter-end, $210 million of the credit facilities were unutilized.

During the quarter, the Company terminated an interest rate swap agreement before maturity, incurring a cost of $207 thousand. The swap was due to mature on September 1, 2008, and converted $30 million floating rate debt into fixed rate debt at 5.88%.

The Company expects that continued cash flows from operations in 2008, 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)	**2008**	2007	Change	**2008**	2007	Change
Cash provided by operations	**$ 45,608**	$ 33,947	$ 11,661	**$ 69,081**	$ 56,021	$ 13,060
Change in non-cash working capital and other	**33,548**	32,361	1,187	**5,718**	(22,248)	27,966
Cash provided by operating activities	**79,156**	66,308	12,848	**74,799**	33,773	41,026
Cash provided by (used in) investing activities	**20,104**	(6,750)	26,854	**6,488**	(22,931)	29,419
Cash used in financing activities	**(40,036)**	(26,150)	(13,886)	**(58,353)**	(35,448)	(22,905)
Change in cash and cash equivalents	**$ 59,224**	$ 33,408	$ 25,816	**$ 22,934**	$ (24,606)	$ 47,540

Cash Flows from Operating Activities

Operating activities provided $79.2 million in the quarter compared to $66.3 million in 2007. Cash provided by operations (calculated as net earnings, adjusted for items not requiring cash) was 35% higher reflecting strong growth in continuing operations. Non-cash working capital and other provided $33.5 million in 2008 compared to $32.4 million in 2007. The components and changes in working capital are discussed in more detail in this MD&A under the heading "Financial Condition".

For the first half of 2008, operating activities provided $74.8 million compared to $33.8 million in 2007. Cash provided by operations was 23% higher reflecting strong growth in continuing operations. Non-cash working capital and other provided $5.7 million in 2008 compared to using $22.2 million in 2007. The components and changes in working capital are discussed in more detail in this MD&A under the heading "Financial Condition".

Cash Flows from Investing Activities

Investing activities provided $20.1 million in the second quarter and $6.5 million in the first half of the year. In 2008, the sale of marketable securities provided proceeds of $33.2 million in the second quarter and $43.9 million in the first half. In 2007, property was sold for proceeds of $17.6 million.

Net additions to the rental fleet (additions less proceeds on disposal) in the first half of 2008 were $15.1 million, 36% lower than in the same period last year on lower investments in both groups. All of the investment in 2008 was attributable to the Equipment Group.

Gross investment in property, plant and equipment was $8.8 million for the quarter and $11.8 million for the first half. Investments in 2008 were related to normal replacement and expansion of facilities and service and delivery vehicle fleet.

On June 30, 2008, Aero Tech Manufacturing, a wholly owned subsidiary, was sold for proceeds of $4.0 million. In addition, a rental operation in Sault Ste. Marie, Ontario was purchased during the quarter for net cash of $0.6 million. In the first quarter of 2007, a rental operation in Timmins, Ontario was purchased for net cash of $3.1 million.

Cash Flows from Financing Activities

Financing activities used $40.0 million in the second quarter and $58.4 million in the first half of 2008. The significant financing activities for the first half of the year were as follows:

- Decrease in term credit facility debt of $30 million.
- Dividends paid to common shareholders in 2008 of $16.9 million, an increase of 19% over 2007 reflecting the higher dividend rate.
- Normal scheduled debt repayments of $13.5 million.
- Cash received on exercise of share options totaled $2.0 million.

Outstanding Share Data

As at the date of this MD&A, the Company had 65,105,797 common shares and 2,023,079 share options outstanding.

OUTLOOK

The overall outlook for Toromont's business continues to be positive. The balance in the Company's products and markets, combined with after-market support activity, provides a strong operating foundation.

The Equipment Group ended the second quarter of 2008 with healthy order backlog. Growth in important core markets such as mining, infrastructure and power systems applications is expected to continue to counter weakness in areas of residential construction and forestry activity.

Market fundamentals for natural gas for the longer term continue to be positive given declining reservoir pressures and future supply needs. Backlogs at the end of the second quarter were at

record levels, driven by increased natural gas activity in the US and recent bookings in Canada. The US natural gas market is expected to continue to be strong and Toromont's participation will increase in light of the Company's expanded presence. Although there has been a recent pullback, recent increases in price for North American natural gas have led some industry analysts to point towards the potential for increased activity in the Canadian natural gas markets. New orders secured in the quarter are a positive development and management is cautiously optimistic. The Compression Group is well positioned to serve increased demand when market conditions improve.

While the US economy is weak and Canadian GDP growth has slowed, solid backlogs and industry and market diversification provide management with reasonable optimism for continued success for Toromont Industries Ltd. in 2008.

SELECTED QUARTERLY INFORMATION

The following table summarizes unaudited quarterly consolidated financial data for the last two years.

	2006				2007				2008	
$ thousands, except per share amounts	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenues										
Equipment Group	$ 187,188	$ 262,057	$ 247,898	$ 290,726	$ 228,306	$ 268,432	$ 284,928	$ 316,670	$ 202,023	$ 285,845
Compression Group	177,802	177,706	204,549	200,688	157,411	197,116	214,338	219,560	195,036	250,632
Total revenues	$ 364,990	$ 439,763	$ 452,447	$ 491,414	$ 385,717	$ 465,548	$ 499,266	$ 536,230	$ 397,059	$ 536,477
Net earnings										
Continuing operations	$ 11,632	$ 24,719	$ 25,753	$ 36,657	$ 14,193	$ 38,094	$ 30,597	$ 38,984	$ 16,417	$ 38,222
Discontinued operations	90	191	145	234	58	(24)	64	314	77	(406)
	$ 11,722	$ 24,910	$ 25,898	$ 36,891	$ 14,251	$ 38,070	$ 30,661	$ 39,298	$ 16,494	$ 37,816
Per share information:										
Basic earnings per share										
Continuing operations	$ 0.18	$ 0.39	$ 0.41	$ 0.58	$ 0.22	$ 0.59	$ 0.47	$ 0.61	$ 0.25	$ 0.59
Discontinued operations	-	-	-	-	-	-	-	-	-	(0.01)
	$ 0.18	$ 0.39	$ 0.41	$ 0.58	$ 0.22	$ 0.59	$ 0.47	$ 0.61	$ 0.25	$ 0.58
Diluted earnings per share										
Continuing operations	$ 0.18	$ 0.38	$ 0.40	$ 0.58	$ 0.22	$ 0.58	$ 0.47	$ 0.61	$ 0.25	$ 0.59
Discontinued operations	-	-	-	-	-	-	-	-	-	(0.01)
	$ 0.18	$ 0.38	$ 0.40	$ 0.58	$ 0.22	$ 0.58	$ 0.47	$ 0.61	$ 0.25	$ 0.58
Dividends per share	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.12	$ 0.12	$ 0.12	$ 0.12	$ 0.14	$ 0.14

This quarterly information is unaudited but has been prepared on the same basis as the 2007 annual audited consolidated financial statements.

Interim period revenues and earnings historically reflect some seasonality.

The Equipment Group has 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 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. Variations from this trend usually occur when natural gas market fundamentals are either improving or deteriorating.

Management anticipates that the seasonality historically experienced will continue in the future, although it may be somewhat mitigated by continued product and geographic diversification.

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

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2008, the Company adopted the CICA Handbook Section 3031 *Inventories*. The standard provides guidance on the types of costs that can be capitalized and requires reversal of previous inventory write-downs if economic circumstances have changed to support the higher inventory values. There was no impact on the valuation of inventory as at January 1, 2008 or on net income for current or prior periods. Additional disclosure has been provided in Note 5 to the unaudited interim consolidated financial statements.

Effective January 1, 2008, the Company adopted the CICA Handbook Section 1535 *Capital Disclosures*. The standard requires disclosure about the Company's capital and how it is managed, as discussed further in Note 16 to the unaudited interim consolidated financial statements. This standard has no impact on the classification or measurement of the Company's consolidated financial statements.

Effective January 1, 2008, the Company adopted CICA Handbook Sections 3862 *Financial Instruments - Disclosures*; and 3863 *Financial Instruments – Presentation*. These new standards require disclosure on financial instruments and related risks, as discussed further in Note 12 to the

unaudited interim consolidated financial statements. These standards had no impact on the classification or measurement of the Company's consolidated financial statements.

FUTURE ACCOUNTING STANDARDS

In February 2008, the CICA approved Handbook Section 3064 *Goodwill and Intangible Assets*, replacing previous guidance. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to its initial recognition. Standards concerning goodwill are unchanged. This new standard is applicable to fiscal years beginning on or after October 1, 2008. The Company has evaluated the new section and determined that adoption of these new requirements will have no impact on the Company's consolidated financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS such as IAS 2 "Inventories" and IAS 38 "Intangible assets", thus mitigating the impact of adopting IFRS at the changeover date.

We commenced our IFRS conversion project in 2007. Our project consists of four phases: diagnostic, design and planning, solution development and implementation. We have engaged external advisors to assist with the diagnostic phase, which involves a high level review of the major differences between current Canadian GAAP and IFRS. It is expected that this work will be completed during the third quarter of 2008. Subsequently, we will initiate the design and planning phase that will involve establishing issue-specific work teams to focus on generating options and making recommendations in the identified risk areas. During the design and planning phase, we will establish a staff communications plan, begin to develop our staff training programs, and evaluate the impacts of the IFRS transition on other business activities.

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 & Chief Executive Officer and the Chief Financial Officer, together with other members of management, have designed the Company's disclosure controls and procedures 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 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting in accordance with GAAP. There has been no change in the design of the Company's internal controls over financial reporting during the quarter ended June 30, 2008, 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. It is possible that these measures will not be comparable to similar measures prescribed by other companies. They should not be considered as an alternative to net income or any other measure of performance under Canadian GAAP.

Operating Income and Operating Margin

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

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

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

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

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

Working Capital and Non-Cash Working Capital

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

ADVISORY

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

TOROMONT INDUSTRIES LTD.

CONSOLIDATED BALANCE SHEETS
(Unaudited)

$ thousands	**June 30 2008**	December 31 2007	June 30 2007
Assets			
Current assets			
Cash and cash equivalents	**$ 126,448**	$ 103,514	$ 33,408
Accounts receivable	**314,080**	339,381	312,974
Inventories (note 5)	**507,816**	444,858	498,897
Income taxes receivable	**10,172**	-	6,377
Future income taxes	**25,176**	24,362	23,651
Derivative financial instruments	**2,189**	-	-
Other current assets (note 6)	**18,498**	27,607	23,066
Total current assets	**1,004,379**	939,722	898,373
Property, plant and equipment	**182,056**	181,531	183,412
Rental equipment	**164,355**	159,628	155,902
Goodwill	**34,800**	34,800	34,800
Future income taxes	**-**	-	2,839
Derivative financial instruments	**277**	-	-
Other assets (note 6)	**17,235**	41,180	31,761
Total assets	**$ 1,403,102**	$ 1,356,861	$ 1,307,087
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (note 7)	**$ 328,433**	$ 275,791	$ 276,591
Deferred revenues	**165,188**	160,678	138,159
Current portion of long-term debt (note 8)	**21,086**	26,874	25,622
Income taxes payable	**-**	5,945	-
Future income taxes	**412**	-	-
Derivative financial instruments	**-**	3,575	9,857
Total current liabilities	**515,119**	472,863	450,229
Deferred revenues	**18,120**	22,062	40,157
Derivative financial instruments	**-**	-	551
Long-term debt (note 8)	**165,750**	203,425	213,290
Accrued pension liability	**3,005**	3,583	4,552
Future income taxes	**2,070**	198	-
Shareholders' equity			
Share capital (note 9)	**126,862**	124,124	120,816
Contributed surplus (note 10)	**8,141**	7,707	7,031
Retained earnings	**575,121**	539,039	484,638
Accumulated other comprehensive income (note 11)	**(11,086)**	(16,140)	(14,177)
Total shareholders' equity	**699,038**	654,730	598,308
Total liabilities and shareholders' equity	**$ 1,403,102**	$ 1,356,861	$ 1,307,087

See accompanying notes

TOROMONT INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

$ thousands, except share amounts	Three months ended June 30 2008	2007 (restated - note 3)	Six months ended June 30 2008	2007 (restated - note 3)
Revenues	**$ 536,477**	$ 465,548	**$ 933,536**	$ 851,265
Cost of goods sold	**420,459**	364,371	**736,460**	668,209
Gross profit	**116,018**	101,177	**197,076**	183,056
Selling and administrative expenses	**62,963**	57,939	**120,596**	114,879
Operating income	**53,055**	43,238	**76,480**	68,177
Interest expense	**3,073**	3,363	**6,211**	7,190
Interest and investment income	**(7,434)**	(495)	**(11,669)**	(1,700)
Gain on sale of property	**-**	15,990	**-**	15,990
Income before income taxes	**57,416**	56,360	**81,938**	78,677
Income taxes	**19,194**	18,266	**27,299**	26,390
Earnings from continuing operations	**38,222**	38,094	**54,639**	52,287
Loss on disposal of discontinued operations (note 3)	**(432)**	-	**(432)**	-
Earnings (loss) from discontinued operations (note 3)	**26**	(24)	**103**	34
Net earnings	**$ 37,816**	$ 38,070	**$ 54,310**	$ 52,321
Basic earnings (loss) per share (note 13)				
Continuing operations	**$ 0.59**	$ 0.59	**$ 0.84**	$ 0.81
Discontinued operations	**(0.01)**	-	**(0.01)**	-
	$ 0.58	$ 0.59	**$ 0.83**	$ 0.81
Diluted earnings (loss) per share (note 13)				
Continuing operations	**$ 0.59**	$ 0.58	**$ 0.84**	$ 0.80
Discontinued operations	**(0.01)**	-	**(0.01)**	-
	$ 0.58	$ 0.58	**$ 0.83**	$ 0.80
Weighted average number of shares outstanding - Basic	**65,097,927**	64,595,005	**65,043,878**	64,534,086
weighted average number of shares outstanding - Diluted	**65,705,457**	65,374,807	**65,531,692**	65,187,681

See accompanying notes

TOROMONT INDUSTRIES LTD.
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(Unaudited)

$ thousands	Three months ended June 30 2008	2007	Six months ended June 30 2008	2007
Retained earnings, beginning of period	**$ 546,420**	$ 454,328	**$ 539,039**	$ 447,820
Net earnings	**37,816**	38,070	**54,310**	52,321
Dividends	**(9,115)**	(7,760)	**(18,228)**	(15,503)
Retained earnings, end of period	**$ 575,121**	$ 484,638	**$ 575,121**	$ 484,638

See accompanying notes

TOROMONT INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	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

	Three months ended June 30, 2007			Six months ended June 30, 2007		
$ thousands	**Before Income Taxes**	**Income Taxes**	**Net of Income Taxes**	**Before Income Taxes**	**Income Taxes**	**Net of Income Taxes**
Net earnings			$ 38,070			$ 52,321
Other comprehensive (loss) income:						
Change in fair value of derivatives designated as cash flow hedges	$ (6,487)	$ 2,267	$ (4,220)	$ (7,469)	$ 2,615	$ (4,854)
Gains on derivatives designated as cash flow hedges transferred to net income in the current period	1,215	(425)	790	(44)	16	(28)
Unrealized gain (loss) on translation of financial statements of self-sustaining foreign operations	(4,031)	-	(4,031)	(4,654)	-	(4,654)
Other comprehensive (loss) income	$ (9,303)	$ 1,842	$ (7,461)	$ (12,167)	$ 2,631	$ (9,536)
Comprehensive income			$ 30,609			$ 42,785

TOROMONT INDUSTRIES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

$ thousands	Three months ended June 30 **2008**	2007	Six months ended June 30 **2008**	2007
Operating activities				
Net earnings	**$ 37,816**	$ 38,070	**$ 54,310**	$ 52,321
Items not requiring cash and cash equivalents				
Depreciation	**14,079**	13,428	**24,897**	23,846
Stock-based compensation	**578**	491	**1,157**	982
Accrued pension liability	**(310)**	(454)	**(578)**	(931)
Future income taxes	**(187)**	26	**(212)**	(594)
Gain on sale of:				
Rental equipment, property, plant, and equipment	**(928)**	(17,614)	**(2,691)**	(19,603)
Investments	**(5,872)**	-	**(8,234)**	-
Loss on disposal of discontinued operations	**432**	-	**432**	-
	45,608	33,947	**69,081**	56,021
Net change in non-cash working capital and other	**33,548**	32,361	**5,718**	(22,248)
Cash provided by operating activities	**79,156**	66,308	**74,799**	33,773
Investing activities				
Additions to:				
Rental equipment	**(14,530)**	(24,883)	**(28,109)**	(38,815)
Property, plant and equipment	**(8,822)**	(7,945)	**(11,788)**	(14,308)
Investments	**-**	-	**(13,811)**	-
Proceeds on disposal of:				
Rental equipment	**6,505**	8,247	**12,973**	15,136
Property, plant and equipment	**155**	17,847	**277**	18,050
Investments	**33,169**	-	**43,948**	-
Disposal of discontinued operations (note 3)	**4,038**	-	**4,038**	-
Decrease (increase) in other assets	**218**	(16)	**(411)**	130
Business acquisitions (note 4)	**(629)**	-	**(629)**	(3,124)
Cash provided by (used in) investing activities	**20,104**	(6,750)	**6,488**	(22,931)
Financing activities				
Decrease in term credit facility debt	**(30,000)**	(20,071)	**(30,000)**	(13,686)
Issue of other long-term debt	**-**	1,587	**-**	1,587
Repayment of other long-term debt	**(1,156)**	(1,597)	**(13,463)**	(12,651)
Dividends	**(9,113)**	(7,742)	**(16,905)**	(14,173)
Cash received on exercise of options	**233**	1,673	**2,015**	3,475
Cash used in financing activities	**(40,036)**	(26,150)	**(58,353)**	(35,448)
Increase (decrease) in cash and cash equivalents	**59,224**	33,408	**22,934**	(24,606)
Cash and cash equivalents at beginning of period	**67,224**	-	**103,514**	58,014
Cash and cash equivalents at end of period	**$ 126,448**	$ 33,408	**$ 126,448**	$ 33,408

Supplemental cash flow information (note 17)

See accompanying notes

TOROMONT INDUSTRIES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2008
(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 2007 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, 2007.

(2) Changes in accounting policies

Inventories

Effective January 1, 2008, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3031 *Inventories.* The standard provides guidance on the types of costs that can be capitalized and requires reversal of previous inventory write-downs if economic circumstances have changed to support the higher inventory values. There was no impact on the valuation of inventory as at January 1, 2008 or on net income for current or prior periods. The reader is referred to Note 5.

Capital disclosures

Effective January 1, 2008, the Company adopted the CICA Handbook Section 1535 *Capital Disclosures*. The standard requires disclosure about the Company's capital and how it is managed, as discussed further in Note 16. This standard has no impact on the classification or measurement of the Company's consolidated financial statements.

Financial instruments disclosures and presentations

Effective January 1, 2008, the Company adopted CICA Handbook Sections 3862 *Financial Instruments - Disclosures*; and 3863 *Financial Instruments – Presentation*. These new standards require disclosure on financial instruments and related risks, as discussed further in Note 12. These standards had no impact on the classification or measurement of the Company's consolidated financial statements.

Future accounting standards

In February 2008, the CICA approved Handbook Section 3064 *Goodwill and Intangible Assets*, replacing previous guidance. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to initial recognition. Standards concerning goodwill are unchanged. This new standard is applicable to fiscal years beginning on or after October 1, 2008. The Company has evaluated the new section and

determined that adoption of these new requirements will have 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 local management. Aero Tech is a U.S. based provider of precision sheet metal fabrication and had been previously included in the Compression Group. It was determined that this business was not core to the growth of the Company. The Company recorded an after tax loss of $0.4 million on the transaction, being total consideration of $4.0 million less net assets disposed of $3.6 million (comprised of $3.2 non-cash working capital and $0.4 fixed assets) less a cumulative foreign exchange loss of $0.8 million.

The results of discontinued operations included the following:

	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Revenues	**$ 4,067**	$ 3,840	**$ 7,621**	$ 8,278
Income (loss) before income taxes	**41**	(38)	**163**	55

(4) Business acquisitions

Effective June 25, 2008, certain assets of a privately owned rental operation in Sault Ste Marie, Ontario, were purchased. In 2007, certain assets of a privately owned rental operation in Timmins, Ontario were also acquired.

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

	2008	2007
Non-cash working capital	**$ 126**	$ 1,048
Property, plant and equipment	**165**	188
Rental Assets	**338**	1,888
Purchase price	**$ 629**	$ 3,124

(5) Inventories

Inventories are valued at the lower of cost and net realizable value.

Cost of equipment, repair and distribution parts and direct materials include purchase cost and costs incurred in bringing each product to its present location and condition. Serialized inventory is determined on a specific item basis. Non-serialized inventory is determined based on a weighted average actual cost.

Cost of work-in-process includes cost of direct materials, labour and an allocation of manufacturing overheads, excluding borrowing costs, based on normal operating capacity.

Cost of inventories include the transfer from accumulated other comprehensive income (loss) of gains and losses on qualifying cash flow hedges in respect of the purchase of inventory.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

	June 30 2008	December 31 2007	June 30 2007
Equipment	**$ 294,598**	$ 249,399	$ 303,375
Repair and distribution parts	**78,633**	79,630	74,564
Direct materials	**68,169**	60,673	56,053
Work-in-process	**66,416**	55,156	64,905
	$ 507,816	$ 444,858	$ 498,897

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 2008 were $238.9 million and $409.3 million respectively (2007: $222.0 million and $412.0 million respectively). The amount charged to the income statement and included in cost of goods sold for the write-down of inventory for valuation issues during the quarter and first half of 2008 were $0.3 million and $2.4 million respectively (2007: $1.7 million, $2.6 million).

(6) Other assets

	June 30 2008	**December 31 2007**	**June 30 2007**
Equipment sold with guaranteed residual values	**$ 17,280**	$ 19,663	$ 23,624
Equipment deposits	**11,643**	20,734	24,118
Investment in marketable securities	**-**	21,972	-
Other	**6,810**	6,418	7,085
Total other assets	**35,733**	68,787	54,827
Less current portion	**18,498**	27,607	23,066
	$ 17,235	$ 41,180	$ 31,761

(7) Accounts payable and accrued liabilities

	June 30 2008	December 31 2007	June 30 2007
Accounts payable and accrued liabilities	**$ 319,318**	$ 267,999	$ 268,830
Dividends payable	**9,115**	7,792	7,761
Total accounts payable and accrued liabilities	**$ 328,433**	$ 275,791	$ 276,591

(8) Long-term debt

	June 30 2008	December 31 2007	June 30 2007
Drawn on bank term facility	$ -	$ 30,000	$ 30,000
Senior debentures	175,368	183,766	191,864
Notes payable	11,468	16,533	17,048
Total long-term debt	186,836	230,299	238,912
Less current portion	21,086	26,874	25,622
	$ 165,750	$ 203,425	$ 213,290

The committed bank term facilities are unsecured. These facilities permit drawings of up to $245 million, with $20 million maturing in 2010 and the balance of $225 million maturing in 2011.

(9) Share capital

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

	Three months ended June 30, 2008		Six months ended June 30, 2008	
	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital
Balance, beginning of period	65,093,257	$ 126,566	64,943,497	$ 124,124
Exercise of stock options	12,540	296	162,300	2,738
Balance, end of period	65,105,797	$ 126,862	65,105,797	$ 126,862

(10) Contributed surplus

The changes in contributed surplus were as follows:

	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
Contributed surplus, beginning of period	$ 7,626	$ 6,890	$ 7,707	$ 6,543
Stock-based compensation	578	491	1,157	982
Value of compensation cost associated with exercised options	(63)	(350)	(723)	(494)
Contributed surplus, end of period	$ 8,141	$ 7,031	$ 8,141	$ 7,031

(11) Accumulated other comprehensive income

The changes in accumulated other comprehensive income were as follows:

	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
Balance, beginning of period	$ (6,177)	$ (6,716)	$ (16,140)	$ (4,641)
Other comprehensive (loss) income	(4,909)	(7,461)	5,054	(9,536)
Balance, end of period	$ (11,086)	$ (14,177)	$ (11,086)	$ (14,177)

Accumulated other comprehensive income was comprised of the following amounts.

	Before income taxes	Income taxes	Net of income taxes
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)
as at December 31, 2007			
Gains (losses) on foreign exchange derivatives designated as cash flow hedges	$ (1,795)	$ 627	$ (1,168)
Loss on interest rate derivative designated as a cash flow hedge	(320)	111	(209)
Unrealized gain on financial assets designated as available-for-sale	68	(24)	44
Unrealized losses on translation of financial statements of self-sustaining foreign operations	(14,807)	-	(14,807)
	$ (16,854)	$ 714	$ (16,140)
as at June 30, 2007			
Gains (losses) on foreign exchange derivatives designated as cash flow hedges	$ (5,546)	$ 1,941	$ (3,605)
Loss on interest rate derivative designated as a cash flow hedge	(402)	140	(262)
Unrealized losses on translation of financial statements of self-sustaining foreign operations	(10,310)	-	(10,310)
	$ (16,258)	$ 2,081	$ (14,177)

(12) 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 2008		December 31 2007		June 30 2007
Held for trading (1)	**$**	**126,448**	$	103,514	$	33,408
Loans and receivables (2)	**$**	**324,252**	$	339,381	$	319,351
Available for sale assets (3)	**$**	**-**	$	21,972	$	-
Other financial liabilities (4)	**$**	**515,269**	$	512,035	$	515,503
Derivatives designated as effective hedges (5) - gain (loss)	**$**	**1,457**	$	(2,115)	$	(5,948)
Derivatives designated as held for trading (6) - gain (loss)	**$**	**1,009**	$	(1,460)	$	(4,460)

(1) Includes only cash and cash equivalents. All held for trading assets were designated as such upon initial recognition.
(2) Includes accounts receivable and income taxes receivable.
(3) Includes only investment in marketable securities, reported in other assets.
(4) Includes accounts payable and accrued liabilities, income taxes payable and long-term debt.
(5) Includes the Company's foreign exchange forward contracts designated as hedges and the interest rate swap, all of which are effective hedges.
(6) Includes 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 in marketable securities 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, 2008 were $170,198 and $175,368, respectively (December 31, 2007 - $179,726 and $183,766, 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, 2008.

		Notional Amount		**Average Exchange Rate**	**Maturity**
Purchase contracts	USD	185,553	$	1.0085	July 2008 to June 2009
	EUR	11,075	$	1.5183	August 2008 to December 2009
	GBP	10	$	1.9499	August 2008
Sales contracts	USD	37,096	$	1.0068	July 2008 to May 2009

Management estimates that a gain of $2,466 would be realized if the contracts were terminated on June 30, 2008. Certain of these forward contracts are designated as cash flow hedges, and accordingly, a gain of $1,457 has been included in other comprehensive income. These gains are not expected to affect net income as the gains will be reclassified to net income within the next twelve months and will offset losses recorded on the underlying hedged items, namely foreign denominated accounts payable and accounts receivable. A gain of $1,009 on forward contracts not designated as hedges is included in net income which offsets losses recorded on the foreign-denominated items, namely accounts payable and accounts receivable.

During the quarter, the Company terminated an interest rate swap agreement before maturity, incurring a cost of $207. The swap was due to mature on September 1, 2008, and converted $30 million floating rate debt into fixed rate debt at 5.88%.

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 quarter ended June 30, 2008 of approximately +/- $1.0 million.

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. None of the cash equivalents were in asset-backed commercial paper products. The Company has deposited the cash equivalents with reputable financial institutions, from which management believes the risk of loss to be remote.

The Company has accounts receivable from 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, 2008, $18.1 million, or 5.6% of 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:

Period ended June 30, 2008	Three months	Six months
Balance, beginning of period	$ 7,974	$ 6,501
Provisions and revisions	570	2,043
Balance at June 30, 2008	$ 8,544	$ 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, $11 million or 6% of the Company's total debt portfolio is subject to movements in floating interest rates. A +/- 1.5% 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, 2008, the Company was holding cash and cash equivalents of $126,448 and had unutilized lines of credit of $210 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, 2007.

The Company expects that continued cash flows from operations in 2008, 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.

(13) Earnings per share

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

	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Net earnings available to common shareholders	**$ 37,816**	$ 38,070	**$ 54,310**	$ 52,321
Weighted average common shares outstanding	**65,097,927**	64,595,005	**65,043,878**	64,534,086
Dilutive effect of stock option conversion	**607,530**	779,802	**487,814**	653,595
Diluted weighted average common shares outstanding	**65,705,457**	65,374,807	**65,531,692**	65,187,681
Basic earnings per share				
Continuing operations	**$ 0.59**	$ 0.59	**$ 0.84**	$ 0.81
Discontinued operations	**(0.01)**	-	**(0.01)**	-
	$ 0.58	$ 0.59	**$ 0.83**	$ 0.81
Diluted earnings per share				
Continuing operations	**$ 0.59**	$ 0.58	**$ 0.84**	$ 0.80
Discontinued operations	**(0.01)**	-	**(0.01)**	-
	$ 0.58	$ 0.58	**$ 0.83**	$ 0.80

(14) 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			
	2008		2007	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	**1,843,359**	**$ 18.78**	2,091,379	$ 14.67
Granted	**379,400**	**28.84**	288,900	25.68
Exercised	**(162,300)**	**12.02**	(351,630)	9.59
Forfeited	**(37,380)**	**24.28**	-	-
Options outstanding, end of period	**2,023,079**	**$ 21.11**	2,028,649	$ 17.12
Options exercisable, end of period	**994,463**	**$ 16.33**	1,067,455	$ 13.07

The following table summarizes stock options outstanding and exercisable as at June 30, 2008:

	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	415,940	1.3	$ 10.67	415,940	$ 10.67
$16.59 - $22.78	610,899	3.1	19.10	423,111	18.71
$24.58 - $28.84	996,240	5.8	26.70	155,412	25.00
Total	2,023,079	4.1	$ 21.11	994,463	$ 16.33

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

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

	Six Months ended June 30	
	2008	2007
Weighted average fair value price per option	**$ 6.90**	$ 6.57
Expected life of options (years)	**5.84**	5.82
Expected stock price volatility	**25.0%**	25.0%
Expected dividend yield	**1.9%**	1.9%
Risk-free interest rate	**3.3%**	4.0%

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. A DSU is a notional unit that reflects the market value of a single common share of Toromont and generally vests immediately. The DSUs will be redeemed on termination of employment or leaving the board, as the case may be. The redemption amount will be based upon the average of the high and low trading prices of the common shares on the TSX for the five trading days preceding the redemption date. The program commenced in 2006 and as at June 30, 2008, 76,128 units were outstanding at a value of $2,216 (December 31, 2007 – 21,405 units at a value of

$600; June 30, 2007 – 6,053 units at a value of $172). The Company records the cost of the DSU Plan as compensation expense. No units were redeemed or cancelled in either fiscal year.

(15) 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	
	2008	2007	**2008**	2007
Defined benefit plans	**$ 264**	$ 249	**$ 524**	$ 467
Defined contribution plans	**2,215**	1,945	**4,439**	4,012
401(k) matched savings plans	**234**	208	**535**	470
Net pension expense	**$ 2,713**	$ 2,402	**$ 5,498**	$ 4,949

(16) 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 above capital management criteria can be illustrated as follows:

	June 30 2008	December 31 2007	June 30 2007
Shareholder's equity excluding accumulated OCI	**$ 710,124**	$ 670,870	$ 612,485
Long-term debt	**186,836**	230,299	238,912
Cash and cash equivalents	**(126,448)**	(103,514)	(33,408)
Capital under management	**$ 770,512**	$ 797,655	$ 817,989
Net debt as a % of capital under management	**8%**	16%	25%
Net debt to equity ratio	**0.1:1**	0.2:1	0.3:1

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.

(17) Supplemental cash flow information

	Three months ended June 30		Six months ended June 30	
	2008	2007	**2008**	2007
Net change in non-cash working capital and other				
Accounts receivable	**$ (14,102)**	$ 3,434	**$ 23,059**	$ 29,374
Inventories	**(47,355)**	3,987	**(64,785)**	(37,055)
Accounts payable and accrued liabilities	**87,867**	51,635	**54,900**	19,721
Other	**7,138**	(26,695)	**(7,456)**	(34,288)
	$ 33,548	$ 32,361	**$ 5,718**	$ (22,248)
Cash paid during the period for:				
Interest	**$ 3,953**	$ 4,045	**$ 6,749**	$ 7,580
Income taxes	**$ 20,220**	$ 19,196	**$ 42,606**	$ 33,853

(18) 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 2008	Equipment Group 2007	Compression Group 2008	Compression Group 2007	Consolidated 2008	Consolidated 2007
Equipment /package sales	$ 176,182	$ 159,690	$ 192,865	$ 142,188	$ 369,047	$ 301,878
Rentals	33,635	34,527	5,416	4,887	39,051	39,414
Product support	73,776	71,729	52,351	50,041	126,127	121,770
Power Generation	2,252	2,486	-	-	2,252	2,486
Revenues	$ 285,845	$ 268,432	$ 250,632	$ 197,116	$ 536,477	$ 465,548
Operating Income	$ 27,261	$ 26,162	$ 25,794	$ 17,076	$ 53,055	$ 43,238
Operating income as a % of revenues	9.5%	9.7%	10.3%	8.7%	9.9%	9.3%

Six months ended June 30	Equipment Group 2008	Equipment Group 2007	Compression Group 2008	Compression Group 2007	Consolidated 2008	Consolidated 2007
Equipment /package sales	$ 279,880	$ 288,503	$ 339,808	$ 253,849	$ 619,688	$ 542,352
Rentals	60,989	60,465	10,751	9,586	71,740	70,051
Product support	142,459	140,948	95,109	91,092	237,568	232,040
Power Generation	4,540	6,822	-	-	4,540	6,822
Revenues	$ 487,868	$ 496,738	$ 445,668	$ 354,527	$ 933,536	$ 851,265
Operating Income	$ 37,826	$ 40,731	$ 38,654	$ 27,446	$ 76,480	$ 68,177
Operating income as a % of revenues	7.8%	8.2%	8.7%	7.7%	8.2%	8.0%

Selected balance sheet information:

	Equipment Group			Compression Group			Consolidated		
	June 30 2008	December 31 2007	June 30 2007	June 30 2008	December 31 2007	June 30 2007	June 30 2008	December 31 2007	June 30 2007
Goodwill	$ 13,000	$ 13,000	$ 13,000	$ 21,800	$ 21,800	$ 21,800	$ 34,800	$ 34,800	$ 34,800
Identifiable assets	$ 737,935	$ 700,050	$ 730,598	$ 509,772	$ 513,701	$ 516,957	$ 1,247,707	$ 1,213,751	$ 1,247,555
Corporate assets							155,395	143,110	59,532
Total assets							$ 1,403,102	$ 1,356,861	$ 1,307,087

Operating income from rental operations for the quarter ended June 30, 2008 was $6.6 million (2007 - $6.3 million). For the six months ended June 30, 2008, operating income from rental operations was $11.1 million (2007 - $10.0 million).

(19) 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.