



Second Quarter 2015

July 28, 2015

**TOROMONT ANNOUNCES RESULTS FOR THE SECOND QUARTER OF 2015
AND REGULAR QUARTERLY DIVIDEND**

Toromont Industries Ltd. (TSX: TIH) reported its financial results for the second quarter ended June 30, 2015.

<i>millions, except per share amounts</i>	Three months ended June 30			Six months ended June 30		
	2015	2014	% change	2015	2014	% change
Revenues	\$ 484.5	\$ 415.6	17%	\$ 824.7	\$ 727.3	13%
Operating income	\$ 51.7	\$ 39.9	30%	\$ 80.5	\$ 66.5	21%
Net earnings	\$ 36.4	\$ 28.9	26%	\$ 56.5	\$ 47.5	19%
Earnings per share - basic	\$ 0.47	\$ 0.37	27%	\$ 0.73	\$ 0.62	18%

In a relatively competitive market environment, the Company delivered strong results in the second quarter. The Equipment Group experienced an active construction market combined with very strong product support growth. At CIMCO, customer construction schedules ramped up and led to good project activity while product support sales continued its upward trend.

Highlights:

- Equipment Group revenues increased 16% to \$427.6 million in the second quarter on strong equipment sales, product support and rentals. Operating income increased 27% compared to last year, reflecting the higher revenues and relative contribution from product support.
- Equipment Group revenues were up 15% to \$724.2 million year-to-date mainly on higher equipment sales and product support revenues. Equipment sales were up \$45.0 million or 14% largely due to good construction, power systems and agriculture deliveries, offset by reduced mining sales. Product support revenues increased to a new high for the first six months of the year on strong parts and services growth.
- Equipment Group backlogs were \$180.0 million at June 30, 2015 compared to \$102.0 million at December 31, 2014 and \$185.0 million (including one \$43.0 million order delivered in Q3 2014) at this time last year. Substantially all of the backlog is expected to be delivered this year. Bookings increased 8% in the quarter to \$274.0 million and 9% year-to-date to \$438.0 million against strong levels in the prior year.
- CIMCO revenues increased 21% to \$57.0 million on good package sales and continued product support growth. Operating income increased 104% reflecting the higher revenues and improved project execution and was 5.4% as a percentage of revenues.
- CIMCO revenues were up 6% to \$100.5 million year-to-date, after a slower than usual start to the year. Product support revenues increased 9% to \$49.3 million and surpassed

the previous record set last year. Operating income margin was 10 basis points higher than last year.

- CIMCO bookings in the quarter were up 17% with increases across both market segments in Canada and the US. Year-to-date bookings increased 9% mainly on good recreational activity in Canada and the US. Backlogs of \$79.0 million at June 30, 2015 were up from \$67.0 million at December 31, 2014 and \$72.0 million at June 30, 2014. Substantially all of the backlog is expected to revenue over the remainder of the year.
- Net earnings increased 26% in the quarter to \$36.4 million and 19% to \$56.5 million year-to-date largely due to the higher revenues, improved gross profit margins and relatively lower expense ratio.
- Earnings per share (basic) increased 27% or \$0.10 in the quarter to \$0.47 and 18% or \$0.11 to \$0.73 year-to-date, both records for the respective periods.
- Toromont's financial position remains strong. Net debt to total capitalization was just 17%, well within stated capital targets.
- The Board of Directors announced the regular quarterly dividend of 17 cents per common share, payable October 1, 2015 to shareholders of record on September 11, 2015. The regular quarterly dividend was previously increased 13% to 17 cents per share effective with the dividend paid April 1, 2015.

In the Equipment Group, construction activity has been healthy and the roster of projects is expected to continue. However, heightened competitive conditions, a tight pricing environment, challenges within the mining industry, stagnant economic growth and a weaker Canadian dollar are all expected to impact customers. CIMCO's results were encouraging for the quarter after a slower than normal start to the year. Product support revenues were strong in both the US and Canada and remains a strategic focus.

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, 2015, 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 and six months ended June 30, 2015, the annual MD&A contained in the 2014 Annual Report and the audited annual consolidated financial statements for the year ended December 31, 2014.

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 July 28, 2015.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's 2014 Annual Report and 2015 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 June 30				Six months ended June 30			
	2015	2014	Change		2015	2014	Change	
			\$	%			\$	%
REVENUES	\$ 484,533	\$ 415,559	\$ 68,974	17%	\$ 824,729	\$ 727,307	\$ 97,422	13%
Cost of goods sold	370,518	320,225	50,293	16%	624,610	554,264	70,346	13%
Gross profit	114,015	95,334	18,681	20%	200,119	173,043	27,076	16%
Selling and administrative expenses	62,316	55,415	6,901	12%	119,626	106,564	13,062	12%
OPERATING INCOME	\$ 51,699	\$ 39,919	\$ 11,780	30%	\$ 80,493	\$ 66,479	\$ 14,014	21%
Interest expense	1,970	2,072	(102)	(5%)	4,085	4,157	(72)	(2%)
Interest and investment income	(689)	(896)	207	(23%)	(1,625)	(1,962)	337	(17%)
Income before income taxes	50,418	38,743	11,675	30%	78,033	64,284	13,749	21%
Income taxes	14,023	9,884	4,139	42%	21,501	16,796	4,705	28%
NET EARNINGS	\$ 36,395	\$ 28,859	\$ 7,536	26%	\$ 56,532	\$ 47,488	\$ 9,044	19%
EARNINGS PER SHARE (BASIC)	\$ 0.47	\$ 0.37	\$ 0.10	27%	\$ 0.73	\$ 0.62	\$ 0.11	18%
KEY RATIOS:								
Gross profit margin	23.5%	22.9%			24.3%	23.8%		
Selling and administrative expenses as a % of revenues	12.9%	13.3%			14.5%	14.7%		
Operating income margin	10.7%	9.6%			9.8%	9.1%		
Income taxes as a % of income before income taxes	27.8%	25.5%			27.6%	26.1%		

Revenues were strong in the quarter and year-to-date, with growth in both the Equipment Group and CIMCO.

Gross profit margin increased 60 basis points in the quarter and 50 basis points year-to-date mainly due to improved product support margins and a favorable sales mix of product support revenues to total.

Selling and administrative expenses increased \$6.9 million or 12% in the quarter. The increase was related to higher compensation costs (up \$4.7 million), profit sharing accruals on the higher income (up \$1.7 million) and increased costs associated with the recently acquired agriculture business (up \$1.2 million) partially offset by lower bad debt expenses (down \$0.8 million) and mark-to-market adjustments on Deferred Share Units ("DSUs") (down \$0.6 million).

Selling and administrative expenses increased \$13.1 million or 12% year-to-date. The largest drivers of the increase were higher compensation costs (up \$6.4 million), profit sharing accruals (up \$1.5 million), mark-to-market on DSUs (up \$1.1 million), expanded agriculture dealership costs (up \$1.8 million) and bad debt expenses (up \$0.7 million).

Operating income margin increased to 10.7% in the quarter and 9.8% year-to-date reflecting sales mix, with a higher proportion of product support sales, coupled with good expense control.

Interest expense decreased in the quarter and year-to-date on lower average debt balances. Interest income decreased in the quarter and year-to-date mainly on lower conversions of equipment on rent with a purchase option (“RPO”).

The effective income tax rate was higher in the quarter and year-to-date compared to similar periods in 2014. The lower rate in 2014 reflects certain final adjustments following reviews by tax authorities.

Earnings per share increased \$0.10 or 27% in the quarter to \$0.47. For the first half of the year, earnings per share were \$0.73, up \$0.11 or 18%.

Comprehensive income in the quarter was \$33.6 million and \$57.6 million year-to-date, 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.

The Equipment Group

(\$ thousands)	Three months ended June 30				Six months ended June 30			
	2015	2014	Change		2015	2014	Change	
			\$	%			\$	%
Equipment sales and rentals								
New	\$ 174,901	\$ 155,175	\$ 19,726	13%	\$ 264,103	\$ 236,055	\$ 28,048	12%
Used	57,913	47,002	10,911	23%	95,090	78,145	16,945	22%
Rental	50,835	48,288	2,547	5%	92,556	91,037	1,519	2%
Total equipment sales and rentals	283,649	250,465	33,184	13%	451,749	405,237	46,512	11%
Power generation	2,814	2,768	46	2%	5,549	5,896	(347)	(6%)
Product support	141,102	115,417	25,685	22%	266,937	221,351	45,586	21%
Total revenues	\$ 427,565	\$ 368,650	\$ 58,915	16%	\$ 724,235	\$ 632,484	\$ 91,751	15%
Operating income	\$ 48,595	\$ 38,396	\$ 10,199	27%	\$ 77,227	\$ 63,539	\$ 13,688	22%
KEY RATIOS:								
Product support revenues as a % of total revenues	33.0%	31.3%			36.9%	35.0%		
Operating income margin	11.4%	10.4%			10.7%	10.0%		
Group total revenues as a % of consolidated revenues	88.2%	88.7%			87.8%	87.0%		

New equipment sales were up 13% in the quarter and 12% year-to-date. Construction activity was strong, with sales into that market up 20% in the quarter and 25% year-to-date. Central and Northern Ontario reported excellent growth in road and other infrastructure construction markets. Power Systems revenues were up 24% in the quarter and 12% year-to-date largely due to penetration into the industrial OEM market segment. Agriculture revenues increased \$10.2 million (248%) in the quarter and \$11.4 million (189%) year-to-date, benefitting from the acquisition of AgWest and Canpro Gator Center, but limited by the very weak conditions seen currently in the Ag market. Mining sales were lower (down 47% in the quarter and 53% year-to-date) due in part to the lower activity levels in the resource space together with the comparative impact of a large delivery in the prior year.

Used equipment sales also increased in the quarter (up 23%) and year-to-date (up 22%) buoyed by strong construction and agriculture deliveries. Used equipment sales vary on factors

such as product availability (both new and used), customer demands and the general pricing environment. Demand in the used market has increased as customers look for alternate cost options due to the impact of currency exchange on new. In part, this has been addressed by increased rental fleet dispositions.

Rental revenues increased in the quarter and year-to-date. Light equipment rentals increased 5% in the quarter and 1% year-to-date on a slower start to the year. Over the past year, new rental branches were opened in Goose Bay, NL and North Bay, ON, contributing to higher revenues. Heavy equipment rentals increased 9% in the quarter and 6% year-to-date on higher utilization. Equipment on RPO increased 5% in the quarter and was flat year-to-date. The RPO fleet increased to \$49.8 million at June 30, 2015 from \$41.1 million at June 30, 2014. Power rentals were up 3% in the quarter but down 2% year-to-date on specific customer demands.

Product support revenues were strong in the quarter (up 22%) and year-to-date (up 21%), increasing to new highs for the respective periods. Parts sales were up 22% in the quarter and 20% year-to-date with increases across most industries but most significantly in construction, mining and agriculture. Service revenues were also good, increasing 22% in the quarter and 21% year-to-date, also with good increases from construction, mining and agriculture. Product support was also buoyed by increased rebuild activity in mining and construction. Product support revenues benefit from the larger installed base of equipment in our territory and good activity levels of equipment in the field.

The weakened Canadian dollar partially contributed to increased new equipment and parts revenues, given that end prices generally follow U.S. dollar costing. The impact of the weaker Canadian dollar on the cost side has been mitigated in the short term by foreign exchange hedging practices and inventory-on-hand. Average spot rates weakened 12.6% year-to-date versus a year ago.

Gross profit margins improved in the quarter (up 60 basis points) and year-to-date (up 30 basis points) mainly due to higher product support margins and a favorable sales mix, with a higher proportion of product support revenues to total. New equipment margins remained under pressure with lower margins reported in both the quarter and year-to-date.

Selling and administrative expenses increased \$5.5 million (12%) in the quarter and \$10.2 million (11%) year-to-date compared to similar periods in 2014, largely reflecting the increase in revenues. Compensation costs were higher year-over-year on annual increases, additional headcount to support growth and higher profit sharing accrual on the higher earnings, accounting for approximately 55% of the increase in total expenses. The recent agricultural business acquisitions increased expenses by approximately \$1.0 million in the quarter and \$2.0 million year-to-date. Other expense categories increased relative to the higher sales activity. Bad debt expenses were lower in both the quarter (down \$1.6 million) and year-to-date (\$0.5 million). As a percentage of sales, expenses were lower by 50 basis points in the quarter (12.2% vs. 12.7% in 2014) and 40 basis points year-to-date (13.8% vs. 14.2% in 2014) reflecting the impact of the lower bad debt expense.

Operating income margin increased to 11.4% in the quarter and 10.7% year-to-date on the higher gross margins and lower relative expense levels.

(\$ millions)	2015	2014	\$ change	% change
Bookings - three-months ended June 30	\$ 274	\$ 253	\$ 21	8%
Bookings - six-months ended June 30	\$ 438	\$ 402	\$ 36	9%
Backlogs - as at June 30	\$ 180	\$ 185	\$ (5)	(3%)

Equipment bookings were strong in both the quarter and year-to-date, against tough prior year comparators. For the quarter, a decrease in construction (down 4%) and power systems (down 18%) were more than offset by strong mining (up 150%) and agriculture (up 32%) orders. On a year-to-date basis, bookings increased to \$438.0 million (9%) with increases across all industries except power systems.

Backlogs were a healthy \$180.0 million, down 3% from this time last year on shortened delivery windows due to process improvements together with available equipment for construction orders. 2014 backlogs also represent a tough comparator, including one \$43.0 million order delivered in Q3 2014. The majority of the backlog related to construction (39%), mining (29%) and power systems (24%), substantially all of which is expected to be delivered over the remainder of the year.

CIMCO

(\$ thousands)	Three months ended June 30				Six months ended June 30			
	2015	2014	Change		2015	2014	Change	
			\$	%			\$	%
Package sales	\$ 30,731	\$ 22,514	\$ 8,217	36%	\$ 51,165	\$ 49,762	\$ 1,403	3%
Product support	26,237	24,395	1,842	8%	49,329	45,061	4,268	9%
Total revenues	\$ 56,968	\$ 46,909	\$ 10,059	21%	\$ 100,494	\$ 94,823	\$ 5,671	6%
Operating income	\$ 3,104	\$ 1,523	\$ 1,581	104%	\$ 3,266	\$ 2,940	\$ 326	11%
KEY RATIOS:								
Product support revenues as a % of total revenues	46.1%	52.0%			49.1%	47.5%		
Operating income margin	5.4%	3.2%			3.2%	3.1%		
Group total revenues as a % of consolidated revenues	11.8%	11.3%			12.2%	13.0%		

After a slow start to the year, CIMCO's results improved in the second quarter on strong package sales, mainly to Canadian markets, and continued product support growth.

Package revenues increased 36% in the quarter and 3% year-to-date compared to similar periods of 2014. Package revenues reflect seasonality in addition to customer construction schedules. The second quarter was active in Canada in both industrial (up 39%) and recreational (up 56%) after a slow start to the year in part due to weather. For the first half, industrial was 13% higher while recreational was 20% lower than last year. In the US, industrial revenues were up in the quarter (27% on a Cdn\$ basis, 2% in US\$) and year-to-date (85% Cdn\$, 54% US\$) while recreational revenues were lower both in the quarter (down 3% Cdn\$, 14% US\$) and year-to-date (down 50% Cdn\$, 55% US\$).

Product support revenues increased 8% in the quarter and 9% year-to-date with good growth in the US and Canada. Canadian product support revenues increased 4% for the quarter and first half compared to last year. Recreational and industrial markets both increased year-over-year. Quebec and Atlantic Canada have seen strong activity levels while Ontario was steady year-over-year. Western Canada has declined in response to weaker economic conditions in that market. Activity within the US was up in both the quarter (20% Cdn\$, 7% US\$) and first half of the year (30% Cdn\$, 15% US\$) on continued activities aimed at expanding US service

operations. The weaker Canadian dollar accounted for approximately half of the growth.

Gross profit margins increased 140 basis points for the quarter with improvements in package margins (up 160 basis points) and product support margins (up 70 basis points). The increased proportion of package sales diluted overall gross margins by 90 basis points. Margins improved generally on reduced warranty costs and execution experience although market conditions remained competitive. Year-to-date, gross margins were up 190 basis points mainly on improved package margins from improved execution.

Selling and administrative expenses increased 16% in the quarter and 17% year-to-date due to the translation of US operations at a weaker Canadian dollar, insurance proceeds received in 2014, normal compensation increases and higher profit sharing accrual on the higher earnings. Bad debt expenses were higher in the quarter (up \$0.8 million) and year-to-date (up \$1.2 million).

Operating income margin increased in the quarter and year-to-date reflecting the improved gross margins.

<i>(\$ millions)</i>	2015	2014	\$ change	% change
Bookings - three-months ended June 30	\$ 27	\$ 23	\$ 4	17%
Bookings - six-months ended June 30	\$ 61	\$ 56	\$ 5	9%
Backlogs - as at June 30	\$ 79	\$ 72	\$ 7	10%

Bookings for the quarter were up 17% with increases across both market segments in Canada and the US. Recreational activity was up 14% while industrial activity was up 23%. For the first six months of the year, bookings increased 9% mainly due to strong increases in recreational activity in both Canada (up 38%) and the US (up 76% Cdn\$, 56% US\$), partially offset by lower industrial activity in both Canada (down 24%) and the US (down 8% Cdn\$, 36% US\$).

Backlogs were up 10% to \$79.0 million largely due to increases in both market segments in the US (up 51% Cdn\$, 34% US\$). Canadian backlogs were relatively flat as increases in recreational activity were largely offset with lower industrial activity. Backlogs are considered to be at a healthy level for this time of the year with substantially all expected to revenue over the remainder of the year.

CONSOLIDATED FINANCIAL CONDITION

The Company maintained a strong financial position. At June 30, 2015, the ratio of net debt to total capitalization was 17%, compared to 15% at June 30, 2014 and 6% at December 31, 2014.

Non-Cash Working Capital

The Company's investment in non-cash working capital was \$403.2 million at June 30, 2015. The major components, along with the changes from June 30 and December 31, 2014, are identified in the following table.

\$ thousands	June 30	June 30	Change		December 31	Change	
	2015	2014	\$	%	2014	\$	%
Accounts receivable	\$ 265,667	\$ 226,859	\$ 38,808	17%	\$ 239,772	\$ 25,895	11%
Inventories	482,933	380,673	102,260	27%	367,193	115,740	32%
Other current assets	3,941	4,373	(432)	(10%)	4,228	(287)	(7%)
Accounts payable, accrued liabilities and provisions	(284,819)	(237,752)	(47,067)	20%	(227,187)	(57,632)	25%
Income taxes (payable) receivable	(1,609)	5,899	(7,508)	(127%)	(3,886)	2,277	(59%)
Derivative financial instruments	2,929	(4,032)	6,961	(173%)	1,683	1,246	74%
Dividends payable	(13,206)	(11,559)	(1,647)	14%	(11,584)	(1,622)	14%
Deferred revenues	(52,660)	(46,056)	(6,604)	14%	(34,852)	(17,808)	51%
Total non-cash working capital	\$ 403,176	\$ 318,405	\$ 84,771	27%	\$ 335,367	\$ 67,809	20%

Accounts receivable increased 17% compared to June 30, 2014, mainly due to the 17% increase in revenues in the quarter. Days sales outstanding (“DSO”) were unchanged from this time last year at 44 days. The Equipment Group DSO was unchanged, however, CIMCO DSO increased by 3 days.

In comparison to December 31, 2014, accounts receivable increased 11% on higher trailing revenues (4% higher) and higher DSO. DSO was 42 at December 31, 2014.

Inventories at June 30, 2015 were 27% higher compared to June 30, 2014 with increases in both Groups.

- Equipment Group inventories were 28% or \$100.2 million higher than last year, with increases in equipment, parts and service work-in-process. The increase in equipment reflects the expanded agriculture business (approximately \$24.0 million), 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. The weaker Canadian dollar (down 12.6%) also contributed to increased inventory values of US sourced equipment and parts.
- CIMCO inventories were 14% or \$2.1 million higher than last year mainly on higher work-in-process on the timing or advancement of projects.

Inventories at June 30, 2015 were 32% higher compared to December 31, 2014 with increases in both Groups.

- In addition to the factors identified for the quarter, Equipment Group inventory levels are typically lowest at the end of the fiscal year due to seasonality, with inventories building during the year in advance of the busy selling period.
- CIMCO inventory was 43% higher mainly on higher work-in-process for both Canadian and US projects.

Accounts payable and accrued liabilities at June 30, 2015 were higher than at June 30, 2014 largely on timing of inventory purchases and related payments for other supplies. Compared to December 31, 2014, accounts payable and accrued liabilities also increased largely on timing of inventory purchases and related payments for other supplies, partially offset by the payout of annual performance incentive bonuses. The weaker Canadian dollar also contributed to increased accounts payable related to US based vendors.

Income taxes payable represents amounts owing for current corporate income taxes less installments made to date. Income taxes payable reflects 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 \$2.9 million as at June 30, 2015. This is not expected to affect net income, as the unrealized gains will offset future losses on the related hedged items.

Dividends payable increased compared to June 30 and December 31, 2014 reflecting the higher dividend rate. The dividend rate was increased from \$0.15 per share to \$0.17 per share effective with the April 1, 2015 dividend payment, an increase of 13%.

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 long-term 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.

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 77,681,281 common shares and 2,290,590 share options outstanding.

Dividends

The Company declared and paid the following dividends to common shareholders during 2014 and 2015.

Record Date	Payment Date	Dividend Amount per Share	Dividends Paid in Total (\$ millions)
December 11, 2013	January 2, 2014	\$0.13	\$10.0
March 13, 2014	April 1, 2014	\$0.15	\$11.5
June 13, 2014	July 2, 2014	\$0.15	\$11.6
September 11, 2014	October 1, 2014	\$0.15	\$11.6
December 11, 2014	January 2, 2015	\$0.15	\$11.6
March 13, 2015	April 1, 2015	\$0.17	\$13.2
June 11, 2015	July 2, 2015	\$0.17	\$13.2

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 June 30, 2015, \$50.0 million was drawn on the facility (December 31 and June 30, 2014 - \$nil). Letters of credit utilized \$22.2 million of the facility (December 31, 2014 - \$22.6 million, June 30, 2014 - \$24.6 million).

Senior debentures of \$125 million are due on October 13, 2015, as scheduled. It is the Company's intention to refinance all of this maturity amount prior to the due date.

The Company expects that continued cash flows from operations in 2015 together with 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:

<i>\$ thousands</i>	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Cash, beginning of period	\$ 42,277	\$ 33,248	\$ 85,962	\$ 70,769
Operations	46,237	41,467	78,324	69,711
Change in non-cash working capital and other	(44,013)	(8,842)	(71,830)	(34,525)
Cash provided by operating activities	2,224	32,625	6,494	35,186
Cash (used in) investing activities	(49,295)	(30,086)	(90,441)	(61,357)
Cash provided by (used in) financing activities	38,517	(9,967)	31,549	(18,853)
Effect of foreign exchange on cash balances	(34)	(66)	125	9
(Decrease) in cash in the period	(8,588)	(7,494)	(52,273)	(45,015)
Cash, end of period	\$ 33,689	\$ 25,754	\$ 33,689	\$ 25,754

Cash Flows from Operating Activities

Operating activities provided \$2.2 million in the second quarter of 2015 compared to \$32.6 million in the comparable period of 2014. Net earnings adjusted for items not requiring cash were 12% higher than last year on higher net earnings, and other non-cash items such as depreciation and amortization partially offset by higher deferred income taxes and gains on sale of rental equipment and property, plant and equipment. Non-cash working capital and other

used \$44.0 million compared to \$8.9 million in 2014 mainly due to higher inventory and accounts receivable and lower accounts payable and accrued liabilities.

Operating activities provided \$6.5 million year-to-date compared to \$35.2 million in the comparable period of 2014. Net earnings adjusted for items not requiring cash were 12% higher than last year on higher net earnings, and other non-cash items such as depreciation and amortization and accrued pension liability partially offset by higher deferred income taxes and gains on sale of rental equipment and property, plant and equipment. Non-cash working capital and other used \$71.8 million compared to \$34.5 million in 2014 mainly due to higher inventory and accounts receivable partially offset by higher accounts payable and accrued liabilities.

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 \$39.4 million in the quarter (2014 - \$23.5 million) and \$76.8 million in the first six months of the year (2014 - \$49.6 million). Continued investment in the rental fleet reflects increased demand on improved market conditions, the existing fleet age profile and continued expansion of heavy rental operations. Additionally, rental fleet investments generally occur during the first half of the year in advance of the busy rental period.

Investments in property, plant and equipment in the quarter totalled \$10.0 million (2014 - \$6.5 million) and \$15.4 million in the first six months of the year (2014 - \$12.7 million).

Additions in the current quarter included:

- \$5.9 million for service vehicles (2014 - \$3.1 million);
- \$2.0 million in land and buildings for new and expanded branches (2014 - \$2.1 million);
- \$1.1 million for upgrades to information technology infrastructure (2014 - \$0.3 million); and
- \$0.9 million for machinery and equipment (2014 - \$1.0 million).

Additions in the first six months of the year included:

- \$7.8 million for service vehicles (2014 - \$5.2 million);
- \$3.7 million in land and buildings for new and expanded branches (2014 - \$4.3 million);
- \$1.9 million for machinery and equipment (2014 - \$1.6 million); and
- \$1.7 million for upgrades to information technology infrastructure (2014 - \$1.4 million).

Cash Flows from Financing Activities

Financing activities provided \$38.5 million in the second quarter of 2015 (2014 - used \$10.0 million) and \$31.5 million in the first six months of the year (2014 - used \$18.9 million).

Significant sources and uses of cash in the current quarter included:

- Increase in the term credit facility of \$50.0 million (2014 - \$nil);
- Dividends paid to common shareholders of \$13.2 million or \$0.17 per share (2014 - \$11.5 million or \$0.15 per share); and
- Cash received on exercise of share options of \$1.7 million (2014 - \$1.6 million).

Significant sources and uses of cash in the first six months of the year included:

- Increase in the term credit facility of \$50.0 million (2014 - \$nil);
- Dividends paid to common shareholders of \$24.8 million or \$0.32 per share (2014 - \$21.5 million or \$0.28 per share);
- Cash received on exercise of share options of \$7.1 million (2014 - \$3.4 million); and
- Repayment of long-term debt \$0.8 million (2014 - \$0.7 million).

OUTLOOK

In the Equipment Group, the parts and service business has experienced significant growth, driven by the larger installed base of equipment in the field, and provides a measure of stability. Service shops remain busy and the Company continues to hire new technicians to address the increased demand. Broader product lines, investment in the rental business and product support technology will also contribute to future growth.

Construction activity has been healthy and the roster of projects is expected to continue, however, heightened competitive conditions, a tight pricing environment, stagnant economic growth and the weaker Canadian dollar are all expected to weigh on prospects.

While market conditions in mining remain tight and challenging, mine production continues and opportunities for sales in support of new mine development, mine expansion and equipment replacement exist. The Company remains engaged on a variety of mining projects at various stages of development within its territory. With the substantially increased base of installed equipment, product support activity should continue to grow so long as mines remain active.

The addition of two new rental branches over the past year, together with an increased fleet, demonstrates the Company's commitment to investing in its network to expand and improve our presence in key markets.

The newly formed AgWest business unit will expand the Company's reach into the important agricultural equipment market. Although end markets are currently weak, the Company is focussed on business integration to generate favorable returns over the longer term.

Activity at CIMCO reflects general economic activity, governmental investment levels and focus, as well as specific customer decisions and construction schedules. Booking activity and current backlog bodes well for the remainder of the year. The product support business remains a focus for development and continued growth in this area is encouraging. CIMCO has a wide product offering using natural refrigerants including innovative CO₂ solutions, which are expected to contribute to growth in the future replacement of CFC, HCFC and HFC refrigerants in both recreational and industrial applications.

The diversity of the business, expanding product offering and capabilities, financial strength and disciplined operating culture positions the Company for continued growth in the long-term.

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 2014 annual audited consolidated financial statements.

(\$ thousands, except per share amounts)	Q3 2014	Q4 2014	Q1 2015	Q2 2015
REVENUES				
The Equipment Group	\$ 411,077	\$ 405,194	\$ 296,670	\$ 427,565
CIMCO	56,355	60,457	43,526	56,968
Total revenues	\$ 467,432	\$ 465,651	\$ 340,196	\$ 484,533
NET EARNINGS				
	\$ 40,038	\$ 45,670	\$ 20,137	\$ 36,395
PER SHARE INFORMATION:				
Earnings per share - basic	\$ 0.52	\$ 0.59	\$ 0.26	\$ 0.47
Earnings per share - diluted	\$ 0.51	\$ 0.59	\$ 0.26	\$ 0.46
Dividends paid per share	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.17
Weighted average common shares outstanding - Basic (in thousands)	77,117	77,195	77,422	77,625

(\$ thousands, except per share amounts)	Q3 2013	Q4 2013	Q1 2014	Q2 2014
REVENUES				
The Equipment Group	\$ 427,111	\$ 351,713	\$ 263,834	\$ 368,650
CIMCO	71,186	55,551	47,914	46,909
Total revenues	\$ 498,297	\$ 407,264	\$ 311,748	\$ 415,559
NET EARNINGS				
	\$ 43,485	\$ 34,414	\$ 18,629	\$ 28,859
PER SHARE INFORMATION:				
Earnings per share - basic	\$ 0.57	\$ 0.45	\$ 0.24	\$ 0.37
Earnings per share - diluted	\$ 0.56	\$ 0.44	\$ 0.24	\$ 0.37
Dividends paid per share	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.15
Weighted average common shares outstanding - Basic (in thousands)	76,625	76,737	76,895	77,032

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 2014 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 2014 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 2014 audited annual consolidated financial statements, contained in the Company's 2014 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 (“COSO”).

There have been no significant changes in the design of the Company’s internal controls over financial reporting during the three and six month period ended June 30, 2015 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.

DESCRIPTION OF NON-GAAP AND ADDITIONAL GAAP MEASURES

Additional GAAP Measures

IFRS mandates certain minimum line items for financial statements and also requires presentation of additional line items, headings and subtotals when such presentation is relevant to an understanding of the Company’s financial position or performance. IFRS also requires the notes to the financial statements to provide information that is not presented elsewhere in the financial statements, but is relevant to understanding them. Such measures outside of the minimum mandated line items are considered additional GAAP measures. The Company’s consolidated financial statements and notes thereto include certain additional GAAP measures where management considers such information to be useful to the understanding of the Company’s results.

Gross Profit

Gross Profit is defined as total revenues less cost of goods sold.

Operating Income

Operating income is defined as net earnings before interest expense, interest and investment income and income taxes and is used by management to assess and evaluate the financial performance of its operating segments. 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.

(\$ thousands)	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Net earnings	\$ 36,395	\$ 28,859	\$ 56,532	\$ 47,488
<i>plus:</i> Interest expense	1,970	2,072	4,085	4,157
<i>less:</i> Interest and investment income	(689)	(896)	(1,625)	(1,962)
<i>plus:</i> Income taxes	14,023	9,884	21,501	16,796
Operating Income	\$ 51,699	\$ 39,919	\$ 80,493	\$ 66,479

Net Debt to Total Capitalization

Net debt to total capitalization is calculated as net debt divided by total capitalization, both defined below, and is used by management as a measure of the Company's financial leverage.

Net debt is calculated as long-term debt plus current portion of long-term debt less cash. Total capitalization is calculated as shareholders' equity plus net debt.

The calculation is as follows:

<i>(\$ thousands)</i>	June 30 2015	December 31 2014	June 30 2014
Long-term debt	\$ 54,397	\$ 4,942	\$ 130,459
Current portion of long-term debt	126,632	126,576	1,523
less: Cash	33,689	85,962	25,754
Net debt	\$ 147,340	\$ 45,556	\$ 106,228
Shareholders' equity	\$ 707,640	\$ 668,075	\$ 601,223
Total capitalization	\$ 854,980	\$ 713,631	\$ 707,451
Net debt to total capitalization	17%	6%	15%

Non-GAAP Measures

Management believes that providing certain non-GAAP measures provides users of the Company's consolidated financial statements with important information regarding the operational performance and related trends of the Company's business. By considering these measures in combination with the comparable IFRS measures set out below, management believes that users are provided a better overall understanding of the Company's business and its financial performance during the relevant period than if they simply considered the IFRS measures alone.

The non-GAAP measures used by management do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Accordingly, these measures should not be considered as a substitute or alternative for net income or cash flow, in each case as determined in accordance with IFRS.

Working Capital

Working capital is defined as total current assets less total current liabilities. Management views working capital as a measure for assessing overall liquidity.

<i>(\$ thousands)</i>	June 30 2015	December 31 2014	June 30 2014
Total current assets	\$ 789,159	\$ 698,838	\$ 643,558
less: Total current liabilities	478,926	404,085	300,922
Working capital	\$ 310,233	\$ 294,753	\$ 342,636

Non-Cash Working Capital

Non-cash working capital is defined as total current assets (excluding cash) less total current liabilities (excluding current portion of long-term debt).

<i>(\$ thousands)</i>	June 30 2015	December 31 2014	June 30 2014
Total current assets	\$ 789,159	\$ 698,838	\$ 643,558
<i>less: Cash</i>	33,689	85,962	25,754
	\$ 755,470	\$ 612,876	\$ 617,804
Total current liabilities	\$ 478,926	\$ 404,085	\$ 300,922
<i>less: Current portion of long-term debt</i>	126,632	126,576	1,523
	\$ 352,294	\$ 277,509	\$ 299,399
Non-cash working capital	\$ 403,176	\$ 335,367	\$ 318,405

Key Performance Indicators

Management uses key performance indicators to consistently measure performance against the Company's priorities across the organization. The Company's KPIs include gross profit margin, operating margin and order bookings and backlogs. Although some of these KPIs are expressed as ratios, they are non-GAAP financial measures that do not have a standardized meaning under IFRS and may not be comparable to similar measures used by other issuers.

Gross Profit Margin

This measure is defined as gross profit (defined above) divided by total revenues.

Operating income margin

This measure is defined as operating income (defined above) divided by total revenues.

Order Bookings and Backlogs

The Company's order bookings represent new equipment units orders that management believes are firm. Backlogs are defined as the retail value of new equipment units ordered by customers for future deliveries. Management uses order backlog as a measure of projecting future new equipment deliveries. There are no directly comparable IFRS measures for order bookings or backlog.

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

(\$ thousands)	Note	June 30 2015	December 31 2014	June 30 2014
Assets				
Current assets				
Cash		\$ 33,689	\$ 85,962	\$ 25,754
Accounts receivable		265,667	239,772	226,859
Inventories		482,933	367,193	380,673
Income taxes receivable		-	-	5,899
Derivative financial instruments	7	2,929	1,683	-
Other current assets		3,941	4,228	4,373
Total current assets		789,159	698,838	643,558
Property, plant and equipment	2	180,066	176,398	169,109
Rental equipment	2	257,140	195,263	210,103
Other assets	3	4,509	3,546	3,928
Deferred tax assets		12,685	5,784	6,028
Goodwill and intangible assets		27,958	27,973	27,575
Total assets		\$ 1,271,517	\$ 1,107,802	\$ 1,060,301
Liabilities				
Current liabilities				
Accounts payable, accrued liabilities and provisions	4	\$ 298,025	\$ 238,771	\$ 249,311
Deferred revenues		52,660	34,852	46,056
Derivative financial instruments	7	-	-	4,032
Income taxes payable		1,609	3,886	-
Current portion of long-term debt	5	126,632	126,576	1,523
Total current liabilities		478,926	404,085	300,922
Deferred revenues		7,556	9,910	11,694
Long-term debt	5	54,397	4,942	130,459
Accrued pension liability		22,998	20,790	16,003
Shareholders' equity				
Share capital	6	295,621	287,002	283,321
Contributed surplus		6,989	7,212	6,727
Retained earnings		401,919	371,781	311,973
Accumulated other comprehensive income		3,111	2,080	(798)
Shareholders' equity		707,640	668,075	601,223
Total liabilities and shareholders' equity		\$ 1,271,517	\$ 1,107,802	\$ 1,060,301

See accompanying notes

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

(\$ thousands, except share amounts)	Note	Three months ended June 30		Six months ended June 30	
		2015	2014	2015	2014
Revenues	13	\$ 484,533	\$ 415,559	\$ 824,729	\$ 727,307
Cost of goods sold		370,518	320,225	624,610	554,264
Gross profit		114,015	95,334	200,119	173,043
Selling and administrative expenses		62,316	55,415	119,626	106,564
Operating income		51,699	39,919	80,493	66,479
Interest expense	8	1,970	2,072	4,085	4,157
Interest and investment income	8	(689)	(896)	(1,625)	(1,962)
Income before income taxes		50,418	38,743	78,033	64,284
Income taxes		14,023	9,884	21,501	16,796
Net earnings		\$ 36,395	\$ 28,859	\$ 56,532	\$ 47,488
Earnings per share					
Basic	9	\$ 0.47	\$ 0.37	\$ 0.73	\$ 0.62
Diluted	9	\$ 0.46	\$ 0.37	\$ 0.72	\$ 0.61
Weighted average number of shares outstanding					
Basic	9	77,624,586	77,031,951	77,520,792	76,963,879
Diluted	9	78,394,101	77,716,339	78,256,921	77,625,112

See accompanying notes

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

(\$ thousands)	Three months ended June 30, 2015			Six months ended June 30, 2015		
	Before Income Taxes	Income Taxes	Net of Income Taxes	Before Income Taxes	Income Taxes	Net of Income Taxes
	Net earnings			\$ 36,395		
Other comprehensive income (loss):						
<i>Items that may be reclassified subsequently to net earnings:</i>						
Unrealized (loss) gain on translation of financial statements of foreign operations	\$ (128)	\$ -	\$ (128)	\$ 538	\$ -	\$ 538
Change in fair value of derivatives designated as cash flow hedges	(2,046)	533	(1,513)	5,758	(1,499)	4,259
Gains on derivatives designated as cash flow hedges transferred to net earnings	(1,577)	412	(1,165)	(5,092)	1,326	(3,766)
Other comprehensive (loss) gain	\$ (3,751)	\$ 945	\$ (2,806)	\$ 1,204	\$ (173)	\$ 1,031
Comprehensive income			\$ 33,589			\$ 57,563

(\$ thousands)	Three months ended June 30, 2014			Six months ended June 30, 2014		
	Before Income Taxes	Income Taxes	Net of Income Taxes	Before Income Taxes	Income Taxes	Net of Income Taxes
	Net earnings			\$ 28,859		
Other comprehensive income (loss):						
<i>Items that may be reclassified subsequently to net earnings:</i>						
Unrealized (loss) gain on translation of financial statements of foreign operations	\$ (228)	\$ -	\$ (228)	\$ 35	\$ -	\$ 35
Change in fair value of derivatives designated as cash flow hedges	(3,089)	803	(2,286)	(1,638)	425	(1,213)
Losses (gains) on derivatives designated as cash flow hedges transferred to net earnings	784	(204)	580	(973)	253	(720)
<i>Items that will not be reclassified subsequently to net earnings:</i>						
Actuarial losses on pension plans	(3,256)	863	(2,393)	(3,256)	863	(2,393)
Other comprehensive loss	\$ (5,789)	\$ 1,462	\$ (4,327)	\$ (5,832)	\$ 1,541	\$ (4,291)
Comprehensive income			\$ 24,532			\$ 43,197

See accompanying notes

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

(\$ thousands)	Note	Three months ended		Six months ended	
		June 30		June 30	
		2015	2014	2015	2014
Operating activities					
Net earnings		\$ 36,395	\$ 28,859	\$ 56,532	\$ 47,488
Items not requiring cash:					
Depreciation and amortization		17,961	16,811	34,477	31,239
Stock-based compensation		652	586	1,302	1,171
Accrued pension liability		39	(96)	2,208	(388)
Deferred income taxes		(4,062)	(939)	(7,073)	(2,049)
Gain on sale of rental equipment, property, plant and equipment	2	(4,748)	(3,754)	(9,122)	(7,750)
		46,237	41,467	78,324	69,711
Net change in non-cash working capital and other	12	(44,013)	(8,842)	(71,830)	(34,525)
Cash provided by operating activities		2,224	32,625	6,494	35,186
Investing activities					
Additions to:					
Rental equipment	2	(49,669)	(32,215)	(95,010)	(64,699)
Property, plant and equipment	2	(10,034)	(6,547)	(15,362)	(12,719)
Proceeds on disposal of:					
Rental equipment	2	10,277	8,685	18,248	15,117
Property, plant and equipment	2	186	48	1,796	1,064
Increase in other assets		(55)	(57)	(113)	(120)
Cash used in investing activities		(49,295)	(30,086)	(90,441)	(61,357)
Financing activities					
Increase in term credit facility debt		50,000	-	50,000	-
Repayment of long-term debt		-	-	(774)	(723)
Dividends	6	(13,187)	(11,542)	(24,771)	(21,529)
Cash received on exercise of stock options		1,704	1,575	7,094	3,399
Cash provided by (used in) financing activities		38,517	(9,967)	31,549	(18,853)
Effect of exchange rate changes on cash denominated in foreign currency		(34)	(66)	125	9
Decrease in cash		(8,588)	(7,494)	(52,273)	(45,015)
Cash at beginning of period		42,277	33,248	85,962	70,769
Cash at end of period		\$ 33,689	\$ 25,754	\$ 33,689	\$ 25,754

Supplemental cash flow information (note 12)

See accompanying notes

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

(\$ thousands)	<u>Accumulated other comprehensive income</u>						Total
	Share Capital	Contributed Surplus	Retained Earnings	Foreign Currency Translation Adjustments	Cash Flow Hedges	Total	
At January 1, 2015	\$ 287,002	\$ 7,212	\$ 371,781	\$ 1,433	\$ 647	\$ 2,080	\$ 668,075
Net earnings	-	-	56,532	-	-	-	56,532
Other comprehensive income	-	-	-	538	493	1,031	1,031
Effect of stock compensation plans	8,619	(223)	-	-	-	-	8,396
Dividends declared	-	-	(26,394)	-	-	-	(26,394)
At June 30, 2015	\$ 295,621	\$ 6,989	\$ 401,919	\$ 1,971	\$ 1,140	\$ 3,111	\$ 707,640

(\$ thousands)	<u>Accumulated other comprehensive income</u>						Total
	Share Capital	Contributed Surplus	Retained Earnings	Foreign Currency Translation Adjustments	Cash Flow Hedges	Total	
At January 1, 2014	\$ 279,149	\$ 6,329	\$ 289,979	\$ 831	\$ 269	\$ 1,100	\$ 576,557
Net earnings	-	-	47,488	-	-	-	47,488
Other comprehensive income (loss)	-	-	(2,393)	35	(1,933)	(1,898)	(4,291)
Effect of stock compensation plans	4,172	398	-	-	-	-	4,570
Dividends declared	-	-	(23,101)	-	-	-	(23,101)
At June 30, 2014	\$ 283,321	\$ 6,727	\$ 311,973	\$ 866	\$ (1,664)	\$ (798)	\$ 601,223

See accompanying notes

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at and for the six months ended June 30, 2015
(Unaudited)

(\$ thousands except where otherwise indicated)

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 reportable segments: The Equipment Group and CIMCO. The Equipment Group includes one of the larger Caterpillar dealerships by revenue and geographic territory, industry-leading rental operations and a growing agricultural dealership in Manitoba. 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 3,500 people in more than 100 locations.

Basis of Preparation

These interim condensed consolidated financial statements were prepared in accordance with 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, 2014.

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, 2014.

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 July 28, 2015.

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, 2014.

2. PROPERTY, PLANT AND EQUIPMENT AND RENTAL EQUIPMENT

Activity within property, plant and equipment and rental equipment included:

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Additions				
Rental Equipment	\$ 49,669	\$ 32,215	\$ 95,010	\$ 64,699
Property, Plant and Equipment	10,034	6,547	15,362	12,719
	\$ 59,703	\$ 38,762	\$ 110,372	\$ 77,418
Disposals - NBV				
Rental Equipment	\$ 5,690	\$ 4,942	\$ 9,934	\$ 8,270
Property, Plant and Equipment	25	37	988	161
	\$ 5,715	\$ 4,979	\$ 10,922	\$ 8,431
Net gain on disposal	\$ 4,748	\$ 3,754	\$ 9,122	\$ 7,750
Depreciation				
Cost of Goods Sold	\$ 16,285	\$ 15,442	\$ 31,272	\$ 28,452
Selling and Administrative Expenses	1,527	1,219	2,905	2,487
	\$ 17,812	\$ 16,661	\$ 34,177	\$ 30,939

3. OTHER ASSETS

	June 30 2015	December 31 2014	June 30 2014
Equipment sold with guaranteed residual values	\$ 2,738	\$ 1,888	\$ 2,385
Other	1,771	1,658	1,543
	\$ 4,509	\$ 3,546	\$ 3,928

4. PAYABLES, ACCRUALS AND PROVISIONS

	June 30 2015	December 31 2014	June 30 2014
Accounts payable and accrued liabilities	\$ 270,945	\$ 213,328	\$ 224,582
Dividends payable	13,206	11,584	11,559
Provisions	13,874	13,859	13,170
	\$ 298,025	\$ 238,771	\$ 249,311

5. LONG-TERM DEBT

	June 30 2015	December 31 2014	June 30 2014
Bank credit facility	\$ 50,000	\$ -	\$ -
Senior debentures	132,266	133,040	133,789
Debt issuance costs, net of amortization	(1,237)	(1,522)	(1,807)
Total long-term debt	181,029	131,518	131,982
Less current portion	126,632	126,576	1,523
	\$ 54,397	\$ 4,942	\$ 130,459

All debt is unsecured.

The Company maintains a \$200 million committed credit facility. This facility matures in September 2017. Debt under the facility is unsecured and ranks pari passu with debt outstanding under Toromont's existing debentures. At June 30, 2015, standby letters of credit issued utilized an additional \$22.2 million of the credit lines (December 31, 2014 – \$22.6 million; June 30, 2014 – \$24.6 million).

Terms of the senior debentures are:

- \$125,000, 4.92% senior debentures due October 13, 2015, interest payable semi-annually, principal due on maturity; and
- \$7,266, 7.06% senior debentures due March 29, 2019, interest payable semi-annually through September 29, 2009; thereafter, blended principal and interest payments through to maturity.

It is the Company's intention to refinance the October 2015 maturity prior to the due date.

6. SHARE CAPITAL

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

	Six months ended June 30, 2015		Six months ended June 30, 2014	
	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital
Balance, beginning of period	77,259,396	\$ 287,002	76,844,897	\$ 279,149
Exercise of stock options	421,885	8,619	225,450	4,172
Balance, end of period	77,681,281	\$ 295,621	77,070,347	\$ 283,321

Dividends

The Company paid dividends of \$13.2 million (\$0.17 per share) and \$24.8 million (\$0.32 per share) for the three and six months ended June 30, 2015, respectively (\$11.5 million or \$0.15 per share and \$21.5 million or \$0.28 per share for the three and six months ended June 30, 2014, respectively).

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 June 30, 2015	Other financial liabilities		Total
	Derivatives		
Current portion of long-term debt	-	(126,632)	(126,632)
Derivative financial instruments	2,929	-	2,929
Long term debt	-	(54,397)	(54,397)
Total	\$ 2,929	\$ (181,029)	\$ (178,100)

Fair Value of Financial Instruments

The fair value of derivative financial instruments is measured using the discounted value of the difference between the contract's value at maturity based on the contracted foreign exchange rate and the contract's value at maturity based on the comparable foreign exchange rate at period end under the same conditions. The financial institution's credit risk is also taken into consideration in determining fair value. The valuation is determined using Level 2 inputs which are observable inputs or inputs which can be corroborated by observable market data for substantially the full term of the asset or liability, most significantly foreign exchange spot and forward rates.

The fair value of senior debentures as at June 30, 2015 was \$134,321 with a carrying value of \$132,266 (December 31, 2014 - \$137,040 with a carrying value of \$133,040; June 30, 2014 - \$139,680 with a carrying value of \$133,789). The fair value was determined using the discounted cash flow method, a generally accepted valuation technique. The discounted factor is based on market rates for debt with similar terms and remaining maturities and based on Toromont's credit risk. 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 three and six months period ended June 30, 2015, 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 June 30, 2015, the Company was committed to USD purchase contracts with a notional amount of \$156.9 million at an average exchange rate of \$1.2295, maturing between July 2015 and January 2016.

Management estimates that a gain of \$2,929 (December 31, 2014 - \$1,683 gain; June 30, 2014 - \$4,032 loss) would be realized if the contracts were terminated on June 30, 2015. Certain of these forward contracts are designated as cash flow hedges, and accordingly, an unrealized gain of \$1,541 (December 31, 2014 - \$873 gain; June 30, 2014 - \$2,252 loss) has been

included in other comprehensive income. This gain is not expected to affect net income as the gain 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 \$1,388 (December 31, 2014 - \$810 gain; June 30, 2014 – \$1,780 loss) 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 June 30		Six months ended June 30	
	2015	2014	2015	2014
Term loan facility	\$ 329	\$ 405	\$ 799	\$ 813
Senior debentures	1,641	1,667	3,286	3,344
	\$ 1,970	\$ 2,072	\$ 4,085	\$ 4,157

The components of interest and investment income were as follows:

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Interest income - rental conversions	\$ 490	\$ 694	\$ 1,158	\$ 1,375
Other	199	202	467	587
	\$ 689	\$ 896	\$ 1,625	\$ 1,962

9. EARNINGS PER SHARE

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Net earnings available to common shareholders	\$ 36,395	\$ 28,859	\$ 56,532	\$ 47,488
Weighted average common shares outstanding	77,624,586	77,031,951	77,520,792	76,963,879
Dilutive effect of stock option conversion	769,515	684,388	736,129	661,233
Diluted weighted average common shares outstanding	78,394,101	77,716,339	78,256,921	77,625,112
Earnings per share:				
Basic	\$ 0.47	\$ 0.37	\$ 0.73	\$ 0.62
Diluted	\$ 0.46	\$ 0.37	\$ 0.72	\$ 0.61

There were no anti-dilutive options for the three months and six months ended June 30, 2015 or 2014.

10. STOCK BASED COMPENSATION

A reconciliation of the outstanding options was as follows:

	Six months ended June 30, 2015		Six months ended June 30, 2014	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	2,715,875	\$ 20.50	2,610,274	\$ 18.49
Exercised ⁽¹⁾	(421,885)	16.82	(225,450)	15.08
Forfeited	(3,400)	20.77	(1,900)	16.76
Options outstanding, end of period	2,290,590	\$ 21.18	2,382,924	\$ 18.81
Options exercisable, end of period	831,725	\$ 18.02	964,874	\$ 16.28

⁽¹⁾ The weighted average share price at date of exercise for six-month period ended June 30, 2015 was \$29.79 (2014 - \$25.09).

The following table summarizes stock options outstanding and exercisable as at June 30, 2015.

Range of Exercise Prices	Number Outstanding	Options Outstanding		Number Outstanding	Options Exercisable	
		Weighted Average Remaining Life (years)	Weighted Average Exercise Price		Weighted Average Exercise Price	
\$12.42 - \$14.75	103,200	0.6	\$ 12.45	103,200	\$ 12.45	
\$14.76 - \$17.10	648,705	2.6	\$ 16.99	433,745	\$ 16.94	
\$17.11 - \$23.40	1,016,685	5.9	\$ 21.99	294,780	\$ 21.58	
\$23.41 - \$26.79	522,000	9.1	\$ 26.52	-	\$ -	
Total	2,290,590	5.5	\$ 21.18	831,725	\$ 18.02	

Deferred Share Unit Plan

A reconciliation of the DSU plan was as follows:

	Six months ended June 30, 2015		Six months ended June 30, 2014	
	Number of DSUs	Value	Number of DSUs	Value
Outstanding, beginning of period	334,709	\$ 9,527	288,921	\$ 7,696
Units taken in lieu of performance incentive awards, director fees and dividends	26,747	805	33,147	860
Redemptions	(3,160)	(106)	(7,786)	(197)
Fair market value adjustment	-	957	-	(167)
Outstanding, end of period	358,296	\$ 11,183	314,282	\$ 8,192

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 June 30		Six months ended June 30	
	2015	2014	2015	2014
Defined benefit plans	\$ 608	\$ 406	\$ 1,025	\$ 928
Defined contribution plans	2,620	2,443	5,126	4,697
401(k) matched savings plans	48	39	91	78
Net pension expense	\$ 3,276	\$ 2,888	\$ 6,242	\$ 5,703

12. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Net change in non-cash working capital and other				
Accounts receivables	\$ (30,898)	\$ (22,676)	\$ (25,895)	\$ 13,399
Inventories	(38,172)	(17,004)	(115,740)	(52,062)
Accounts payable, accrued liabilities and provisions	8,109	20,744	57,632	(720)
Deferred revenues	10,297	6,996	15,454	(2,234)
Income taxes (receivable) payable	5,574	14	(2,277)	236
Other	1,077	3,084	(1,004)	6,856
	\$ (44,013)	\$ (8,842)	\$ (71,830)	\$ (34,525)
Cash paid during the period for:				
Interest	\$ 3,290	\$ 3,237	\$ 4,007	\$ 3,726
Income taxes	12,532	10,878	30,827	21,774
Cash received during the period for:				
Interest	\$ 590	\$ 669	\$ 1,439	\$ 1,612
Income taxes	\$ -	\$ 62	\$ -	\$ 3,519

13. SEGMENTED INFORMATION

The Company has two reportable segments, each supported by the corporate office. These 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 segments. Corporate overheads are allocated to the segments based on revenue.

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

Three months ended June 30	Equipment Group		CIMCO		Consolidated	
	2015	2014	2015	2014	2015	2014
Equipment/package sales	\$ 232,814	\$ 202,177	\$ 30,731	\$ 22,514	\$ 263,545	\$ 224,691
Rentals	50,835	48,288	-	-	50,835	48,288
Product support	141,102	115,417	26,237	24,395	167,339	139,812
Power generation	2,814	2,768	-	-	2,814	2,768
Total revenues	\$ 427,565	\$ 368,650	\$ 56,968	\$ 46,909	\$ 484,533	\$ 415,559
Operating Income	\$ 48,595	\$ 38,396	\$ 3,104	\$ 1,523	\$ 51,699	\$ 39,919
Interest expense					1,970	2,072
Interest and investment income					(689)	(896)
Income taxes					14,023	9,884
Net earnings					\$ 36,395	\$ 28,859

Six months ended June 30	Equipment Group		CIMCO		Consolidated	
	2015	2014	2015	2014	2015	2014
Equipment/package sales	\$ 359,193	\$ 314,200	\$ 51,165	\$ 49,762	\$ 410,358	\$ 363,962
Rentals	92,556	91,037	-	-	92,556	91,037
Product support	266,937	221,351	49,329	45,061	316,266	266,412
Power generation	5,549	5,896	-	-	5,549	5,896
Total revenues	\$ 724,235	\$ 632,484	\$ 100,494	\$ 94,823	\$ 824,729	\$ 727,307
Operating Income	\$ 77,227	\$ 63,539	\$ 3,266	\$ 2,940	\$ 80,493	\$ 66,479
Interest expense					4,085	4,157
Interest and investment income					(1,625)	(1,962)
Income taxes					21,501	16,796
Net earnings					\$ 56,532	\$ 47,488

Operating income from rental operations for the quarter ended June 30, 2015 was \$6.8 million (2014 - \$5.3 million). For the six months ended June 30, 2015, operating income from rental operations was \$6.5 million (2014 - \$7.8 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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