Third Quarter 2012 **October 25, 2012**

TOROMONT ANNOUNCES RESULTS FOR THE THIRD QUARTER OF 2012

Toromont Industries Ltd. reported financial results for the third quarter ending September 30, 2012. Net earnings were up 6% on record third quarter revenues.

millions, except per share amounts	Three months ended September 30			Nine months ended September 30		
	2012	2011	**% change**	**2012**	2011	**% change**
Continuing operations basis:						
Revenues	**$ 415.0**	$ 367.3	**13%**	**$ 1,076.1**	$ 973.5	**11%**
Operating income	**$ 47.0**	$ 44.3	**6%**	**$ 108.5**	$ 100.0	**9%**
Net earnings	**$ 32.7**	$ 30.9	**6%**	**$ 75.6**	$ 68.4	**11%**
Earnings per share - basic	**$ 0.43**	$ 0.40	**7%**	**$ 0.99**	$ 0.89	**11%**
Discontinued operations:						
Net earnings	**$ -**	$ -	**n/m**	**$ -**	$ 143.8	**n/m**
Earnings per share - basic	**$ -**	$ -	**n/m**	**$ -**	$ 1.87	**n/m**
Total:						
Net earnings	**$ 32.7**	$ 30.9	**6%**	**$ 75.6**	$ 212.2	**(64%)**
Earnings per share - basic	**$ 0.43**	$ 0.40	**7%**	**$ 0.99**	$ 2.76	**(64%)**

Toromont continued to perform well in the quarter with record revenues and good profitability. In addition to strong machine sales, growth in product support and rental is healthy and CIMCO's industrial business has picked up nicely.

Highlights:

- Equipment Group revenues and operating income set new records for the quarter and year-to-date. Revenues were $362 million in the quarter and $942 million year-to-date, up 15% and 14% respectively compared to last year. Revenue growth in both periods was driven by higher new equipment sales, rentals and product support. Operating income was $41.9 million for the quarter and $98.6 million year-to-date, up 6% and 12% respectively. Higher operating income reflects the higher revenues, partially offset by lower gross margins.

- Equipment Group bookings of $108 million in the third quarter were 42% lower than the third quarter of 2011. Bookings in the year-to-date were 4% lower than the prior year. Equipment Group backlogs were $166 million at September 30, 2012 compared to $224 million at December 31, 2011 and $300 million at this time last year. The reduction in backlogs reflects current deliveries on significant mining orders which had long lead times and the recent softening in some construction segments.

- CIMCO's results for the quarter improved from a year ago with revenues of $53 million and operating income of $5.1 million, up 1% and 8% respectively from the third quarter of 2011. Revenues benefited from increased industrial activity in Canada. Favourable project execution served to increase operating income. Improvement in the US market also contributed with gains in product support and project revenues.

- On a year-to-date basis, CIMCO revenues were $134 million and operating income was $9.9 million, down 10% and 20% respectively from the comparable periods last year. The decline in revenues and operating income year-to-date was expected given the end of the Recreational Infrastructure Canada stimulus program which contributed to 2011 results.

- CIMCO's bookings in the quarter were $22 million, up 34% from the same period last year. Bookings in the first nine months of 2012 were a record $139 million on a large order from Maple Leaf Foods for their facilities expansion program, representing 36% of the total. Backlogs were $118 million at September 30, 2012.

- Toromont completed the acquisition of the coterminous Bucyrus distribution network from Caterpillar for $13.7 million. The addition of the former Bucyrus products, now rebranded CAT, strengthens Toromont's mining offering with a much broader product line addressing surface and underground mining requirements.

- Net earnings from continuing operations were $32.7 million in the quarter, $0.43 per share basic, up 6% and 7% respectively from last year on higher revenues, offset by lower gross margins and higher net interest expense.

- Total debt net of cash to total capitalization was 33%, within stated capital targets, versus 13% at year-end and 25% a year ago. Increased debt levels were substantially due to increased investment in working capital and rental fleet.

- During the quarter, the company purchased and cancelled 137,601 shares under its normal course issuer bid. Total cost for the shares purchased was $2.9 million (average cost of $21.25 per share).

- The regular quarterly dividend of $0.12 per common share was paid on October 2, 2012. The Company has paid dividends every year since going public in 1968.

The engagement level on major infrastructure and mining projects continues. However, there have been recent signs of softening equipment demand. Toromont has a strong product offering, leading market positions and momentum in rentals and product support. These factors, along with a disciplined approach, position the Company well for long-term growth.

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 nine months ended September 30, 2012, 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 nine months ended September 30, 2012, the annual MD&A contained in the 2011 Annual Report and the audited annual consolidated financial statements for the year ended December 31, 2011.

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 October 25, 2012.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's 2011 Annual Report and 2012 Annual Information Form. These filings 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 September 30				Nine months ended September 30			
($ thousands, except per share amounts)	**2012**	2011	$ change	% change	**2012**	2011	$ change	% change
Revenues	**$ 415,039**	$ 367,289	$ 47,750	13%	**$ 1,076,105**	$ 973,542	$ 102,563	11%
Cost of goods sold	**314,504**	270,577	43,927	16%	**810,656**	727,934	82,722	11%
Gross profit	**100,535**	96,712	3,823	4%	**265,449**	245,608	19,841	8%
Selling and administrative expenses	**53,552**	52,450	1,102	2%	**156,981**	145,641	11,340	8%
Operating income	**46,983**	44,262	2,721	6%	**108,468**	99,967	8,501	9%
Interest expense	**2,597**	2,039	558	27%	**6,967**	6,888	79	1%
Interest and investment income	**(450)**	(794)	344	(43%)	**(2,087)**	(1,850)	(237)	13%
Income before income taxes	**44,836**	43,017	1,819	4%	**103,588**	94,929	8,659	9%
Income taxes	**12,103**	12,087	16	0%	**27,962**	26,474	1,488	6%
Earnings from continuing operations	**32,733**	30,930	1,803	6%	**75,626**	68,455	7,171	10%
Earnings from discontinued operations	**-**	-	-	-	**-**	143,781	(143,781)	n/m
Net earnings	**$ 32,733**	$ 30,930	$ 1,803	6%	**$ 75,626**	$ 212,236	$ (136,610)	(64%)
Earnings per share (basic)								
Continuing operations	**$ 0.43**	$ 0.40	$ 0.03	7%	**$ 0.99**	$ 0.89	$ 0.10	11%
Discontinued operations	**-**	-	-	-	**-**	1.87	(1.87)	n/m
	$ 0.43	$ 0.40	$ 0.03	7%	**$ 0.99**	$ 2.76	$ (1.77)	(64%)
Key ratios:								
Gross profit as a % of revenues	**24.2%**	26.3%			**24.7%**	25.2%		
Selling and administrative expenses as a % of revenues	**12.9%**	14.3%			**14.6%**	15.0%		
Operating income as a % of revenues	**11.3%**	12.1%			**10.1%**	10.3%		
Income taxes as a % of income before income taxes	**27.0%**	28.1%			**27.0%**	27.9%		

Revenues were higher in the third quarter and year-to-date versus the comparable periods of last year. Higher revenues from new equipment, rental and product support contributed to Equipment group increases in both periods. Strengthening industrial sales led to increased CIMCO revenues for the third quarter of 2012, whereas in the year-to-date these increases were more than offset by the decline in recreation sales. This decline was anticipated due to the end of a Federal stimulus program in 2011.

Gross profit margin was 210 basis points lower in the third quarter of 2012 and 50 basis lower year-to-date compared with the same periods last year on lower gross margins in the Equipment Group. CIMCO gross profit margins were up slightly from the prior year in both periods.

Selling and administrative expenses increased $1.1 million, or 2%, in the third quarter of 2012, however dropped to 12.8% of revenues versus 14.3% in the third quarter of 2011. Compensation was $1.8 million (5%) higher in the third quarter of 2012 compared to last year on increased headcount and annual salary increases. Lower bad debt expense, down $2.1 million, reflects improved collections and aging profile of accounts receivable. Other costs including freight and warranty were higher reflecting the increased activity levels. Management is focused on opportunities to improve the operating leverage through containing expense growth.

Selling and administrative expenses increased $11.3 million, or 8%, through September 30, 2012 compared to 2011. Selling and administrative expenses as a percentage of revenues dropped slightly to 14.6% in 2012 from 15.0% in the first nine months of 2011. Compensation was $4.1 million (8%) higher through the first nine months of 2012 compared to last year on increased headcount and annual salary increases. Other costs including freight, warranty, marketing and occupancy increased year-over-year on the higher activity levels. Lower bad debt expense, down $1.7 million, reflects improved collections and aging profile of accounts receivable.

Operating income increased 6% in the quarter and 9% in the first nine months of 2012 compared to the similar periods of 2011 on the higher revenues, partially offset by lower gross profit margins. Operating income as a percentage of revenues was 11.3% for the quarter compared to 12.1% in 2011, and 10.1% for the year-to-date versus 10.3% last year.

Interest expense was higher in the quarter and the year-to-date compared to the prior year reflecting higher average debt balances in the current year. Increased investments in inventory and rental fleet, as well as changes in supplier payment terms, have increased the Company's short-term borrowing levels.

The timing of rental conversions impacts interest income in any given period. While interest income was down in the third quarter of 2012, it was up in the year-to-date versus the comparable periods of 2011. Although less of a significant factor, lower average cash balances also reduced interest income.

The effective income tax rate for the nine-months ended September 30, 2012 was lower than the comparable period of 2011 reflecting lower statutory rates.

Net earnings in the third quarter were $32.7 million, 6% higher than last year. Basic earnings per share ("EPS") were $0.43, 7% higher, reflecting the higher earnings.

Year-to-date, continuing operations generated net earnings of $75.6 million and EPS of $0.99, up 11% from the same period of 2011. Total net earnings and EPS for the year-to-date were down versus a year ago due principally to a net gain of $133.2 million, $1.73 per share basic, that was recorded on the spinoff of Enerflex in 2011.

Other comprehensive losses in the quarter and year-to-date largely resulted from foreign exchange derivative contracts designated as cash flow hedges which decline in value on the strengthening of the Canadian dollar.

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 primarily based on revenue growth and operating income relative to revenues. Corporate expenses are allocated based on each segment's revenue. Interest expense and interest and investment income are not allocated.

Equipment Group

	Three months ended September 30				Nine months ended September 30			
($ thousands)	**2012**	2011	$ change	% change	**2012**	2011	$ change	% change
Equipment sales and rentals								
New	**$ 166,960**	$ 120,813	$ 46,147	38%	**$ 412,039**	$ 327,370	$ 84,669	26%
Used	**35,384**	47,133	(11,749)	(25%)	**103,788**	106,563	(2,775)	(3%)
Rental	**55,096**	51,439	3,657	7%	**126,543**	119,693	6,850	6%
Total equipment sales and rentals	**257,440**	219,385	38,055	17%	**642,370**	553,626	88,744	16%
Power generation	**2,734**	3,058	(324)	(11%)	**8,619**	9,365	(746)	(8%)
Product support	**102,219**	92,677	9,542	10%	**291,503**	262,350	29,153	11%
Total revenues	**$ 362,393**	$ 315,120	$ 47,273	15%	**$ 942,492**	$ 825,341	$ 117,151	14%
Operating income	**$ 41,852**	$ 39,498	$ 2,354	6%	**$ 98,571**	$ 87,624	$ 10,947	12%
		$ 5						
Bookings ($ millions)	**$ 108**	$ 187	$ (79)	(42%)	**$ 458**	$ 477	$ (19)	(4%)
Key ratios:								
Product support revenues as a % of total revenues	**28.2%**	29.4%			**30.9%**	31.8%		
Group total revenues as a % of consolidated revenues	**87.3%**	85.8%			**87.6%**	84.8%		
Operating income as a % of revenues	**11.5%**	12.5%			**10.5%**	10.6%		

New equipment sales were higher in the quarter and year-to-date compared to 2011. Sales increases resulted from higher unit sales and increased sales of larger, higher value units. The pricing environment has been increasingly competitive. Mining revenues increased in both periods on significant deliveries against previous orders. Power systems sales were higher in the quarter on increased EPG projects. Other markets including construction and agriculture were lower.

Used equipment sales vary depending on factors such as availability of both new and used equipment, customer demands and pricing. Over the past five years, these factors have led to used equipment sales to fluctuate in the range of $25 to $50 million per quarter. Management believes that the approximate $35 million averaged for the first three quarters of this year represents a healthy level of business.

Revenues from power generation at company owned or managed plants were lower in both the quarter and year-to-date versus 2011 on lower electricity revenues on landfill gas constraints at the Waterloo, Ontario landfill gas plant.

Rental revenues were 7% higher in the quarter and 6% higher year-to-date compared to last year. Rental revenues from light equipment rental fleet increased on higher utilization while heavy equipment rental fleet revenues increased on a larger fleet. These increases were partially offset by a highly competitive rate environment and declines in power rentals which experienced decreased utilization.

Product support revenues increased in the third quarter and nine-months ended September 30 compared to last year, reaching new records for both periods. Product support revenues continued to benefit from a growing installed base of equipment in our territory coupled with higher utilization of equipment in the field by our customers. The Equipment Group has added a net 99 technicians to its workforce so far in 2012 to expand capacity and meet demand for services and continues its recruiting efforts. Shops are very active and technician utilization is high.

Gross profit margin in the third quarter decreased 270 basis points compared to the similar quarter of 2011 due to lower margins on new equipment and lower heavy rental margins, partially offset by improved margins in our product support business. Lower margins on new equipment reflect a very competitive pricing market. Power systems encountered slippage in project execution in the first half of the year, adversely impacting margins. As expected, this continued to affect the third quarter although processes and disciplines had been reinforced to stem the impact by late in the quarter. Heavy rental margin declines reflect the ramping up of the expanded rental fleet, where targeted financial utilization rates take some time to be met. Utilization rates have increased through the year and were slightly below levels reported at this time last year. The market transition from tier 3 to tier 4 has also impacted margin in some product families. Gross profit margin for the first nine months of 2012 decreased 80 basis points compared to last year due to the same factors noted above.

Selling and administrative expenses increased 1% in the third quarter of 2012 and 9% in the year-to-date versus a year ago. As a percentage of revenues, these expenses decreased to 12.5 % in the third quarter (2011 – 14.2%) and 14.1% in the year-to-date (2011 – 14.8%). Higher costs were reported across a number of areas including compensation and warranty. The Company has increased its capabilities in several growth areas, including mining and power systems, with additional dedicated personnel. The new Power System facility in Brampton and expansion in Cambridge also contributed to increased expenses. A renewed focus was placed on cost control during the quarter, which resulted in a more modest growth in expenses year-over-year.

Operating income was 6% higher in the quarter and 12% higher in the first nine months of 2012 compared to 2011, in part reflecting the higher revenues. Operating income as a percentage of revenues was 10.5% in 2012 year-to-date compared to 10.6% in the similar period of 2011.

Equipment bookings of $458 million in the nine-months ended September 30, 2012 were 4% lower than the similar period last year. Bookings in the quarter were 42% lower than last year. Market activity has been dampened by continued economic uncertainly and project timing. We have seen a softening of activity in paver systems and certain construction markets. Engagement continues to be high on a number of mining opportunities, mainly precious metal related, although timing may be affected by project financing. Backlogs were $166 million, down from $300 million at September 30, 2011, significantly due to deliveries of certain large mining orders. Mining represented 31% of backlogs at September 30, 2012 versus 65% a year ago.

CIMCO

($ thousands)	Three months ended September 30 2012	2011	$ change	% change	Nine months ended September 30 2012	2011	$ change	% change
Package sales	$ **29,991**	$ 28,468	$ 1,523	5%	$ **71,799**	$ 85,664	$ (13,865)	(16%)
Product support	**22,655**	23,701	(1,046)	(4%)	**61,814**	62,537	- 723	(1%)
Total revenues	$ **52,646**	$ 52,169	$ 477	1%	$ **133,613**	$ 148,201	$ (14,588)	(10%)
Operating income	$ **5,131**	$ 4,764	$ 367	8%	$ **9,897**	$ 12,343	$ (2,446)	(20%)
Bookings ($ millions)	$ **22**	$ 16	$ 6	34%	$ **139**	$ 64	$ 75	118%
Key ratios:								
Product support revenues as a % of total revenues	**43.0%**	45.4%			**46.3%**	42.2%		
Group total revenues as a % of consolidated revenues	**12.7%**	14.2%			**12.4%**	15.2%		
Operating income as a % of revenues	**9.7%**	9.1%			**7.4%**	8.3%		

Industrial revenues have picked up after an extended period of weaker demand, while recreational revenues have declined due to the end of the Canadian stimulus program. The stronger industrial market is reflected in current backlog and has led to a 5% increase in the third quarter of 2012 versus a year ago as increases in industrial sales together with increases in US recreational sales outpaced the drop in Canadian recreational. For the year-to-date, the growth in industrial did not compensate for the drop in recreational due to the high levels of recreational activity in 2011.

Product support revenues decreased in the quarter and year-to-date compared to the prior year, with increased activity in the United States more than offset by decreased activity in Canada. CIMCO has been focusing on expanding its service network in the U.S. market. Canadian service activity was marginally lower than this time last year on reductions in industrial markets.

CIMCO’s operating income was 8% higher in the third quarter of 2012 compared to 2011 reflecting higher revenues and improved gross margins, partially offset by higher expenses. Gross margin improvements reflect favourable project execution results. Selling and administrative expenses increased 7% in the quarter largely on increased compensation.

Operating income was 20% lower in the first nine months of 2012 compared to 2011 reflecting lower revenues, partially offset by improved gross margins. Gross margin improvements reflect favourable project execution results. Selling and administrative expenses were level with the prior year. Operating income as a percentage of revenues was 7.4% in 2012 year-to-date compared to 8.3% in the similar period of 2011.

Bookings were up 34% in the quarter compared to 2011 on strong activity in Canadian industrial markets. Bookings through September 30, 2012 were a record $139 million, more than double those reported in the same period of 2011. Backlogs were $118 million at September 30, 2012.

CONSOLIDATED FINANCIAL CONDITION

The Company maintained a strong financial position. At September 30, 2012, the ratio of total debt net of cash to total capitalization was 33%. Total assets were $997 million at September 30, 2012, compared with $913 million at December 31, 2011.

Working Capital

The major components of non-cash working capital, along with the changes from September 30 and December 31, 2011, are identified in the following table.

$ thousands	September 30 2012	December 31 2011	Change $	Change %	September 30 2011	Change $	Change %
Accounts receivable	$ 232,224	$ 209,243	$ 22,981	11%	$ 217,853	$ 14,371	7%
Inventories	382,132	301,937	80,195	27%	293,090	89,042	30%
Other current assets	5,575	4,718	857	18%	5,779	(204)	(4%)
Accounts payable, accrued liabilities and provisions	(215,207)	(272,302)	57,095	(21%)	(211,856)	(3,351)	2%
Income taxes payable	(3,682)	(8,352)	4,670	n/m	(5,865)	2,183	n/m
Derivative financial instruments	(3,421)	(628)	(2,793)	n/m	8,775	(12,196)	n/m
Dividends payable	(9,154)	(8,433)	(721)	9%	(8,466)	(688)	8%
Deferred revenue	(70,372)	(49,100)	(21,272)	43%	(55,641)	(14,731)	26%
Current portion of long-term debt	(1,325)	(1,280)	(45)	4%	(1,280)	(45)	4%
Total non-cash working capital	$ 316,770	$ 175,803	$ 140,967	80%	$ 242,389	$ 74,381	31%

Accounts receivable were $232 million as at September 30, 2012, 11% higher than at December 31, 2011. Equipment Group accounts receivable were 3% higher on higher days sales outstanding (DSO), up from 38 to 46 days. DSO is typically lowest at December 31. CIMCO accounts receivable were 71% higher on higher revenues and increased DSO.

Accounts receivable were 7% higher than September 30, 2011. Equipment revenues for the third quarter of 2012 were 15% higher than in the third quarter of 2011 and DSO was lower, down from 48 days this time last year. CIMCO accounts receivable were 31% higher on increased DSO.

Inventory levels at September 30, 2012 were significantly higher than September 30 and December 31, 2011. A significant portion of this increase (more than 80% versus each comparator) was attributable to the Equipment Group. Versus December 31, 2011, seasonal variability is a significant factor. Relative to a year ago, contributing factors included:

1. Inventory on rent with a purchase option (RPO) increased $19 versus a year ago in response to customer demand.
2. Parts inventories increased $11 million, significantly due to inventories at remote mine sites.
3. Increases to support higher sales levels, new product lines such as vocational truck and increased inflow stemming from improved availability from Caterpillar.

Additionally, work in process inventories increased $16 million at CIMCO as certain larger projects had not yet reached triggers for revenue recognition.

Management has significantly reduced the ordering activity to reduce inventory levels and is focused on converting RPO inventories.

Accounts payable and accrued liabilities at September 30, 2012 were lower than at December 31, 2011 on payout of annual performance incentive bonuses for 2011 as well as on timing of payments of inventory and other expenses. Payment terms from a key supplier were tightened in 2012. Accounts payable and accrued liabilities increased compared to September 30, 2011 on higher activity levels and timing of inventory purchases year-over-year.

Income taxes payable reflect amounts owing for current corporate income taxes less instalments made to date as well as refunds to be received for prior taxation years' corporate income tax.

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 loss of $3.4 million as at September 30, 2012. This is not expected to affect net income, as the unrealized loss will offset future gains on the related hedged items.

Dividends payable increased 9% compared to December 31, 2011 and 8% versus September 30, 2012 reflecting the higher dividend rates. The regular quarterly dividend rate was $0.12 per share in 2012 compared to $0.11 per share at the end of 2011.

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

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

Legal and Other Contingencies

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

Outstanding Share Data

As at the date of this MD&A, the Company had 76,335,458 common shares and 2,639,855 share options outstanding.

Dividends

The Company paid dividends of $9.2 million ($0.12 per share) and $26.8 million ($0.35 per share) for the three and nine months ended September 30, 2012 respectively. Dividends paid in the three and nine months ended September 30, 2011 amounted to $7.7 million or $0.10 per share and $32.4 million or $0.42 per share respectively.

The dividend was adjusted to $0.10 per share for the post-spinoff dividend paid on July 1, 2011 which, together with the $0.06 dividend subsequently paid by Enerflex, kept shareholders whole with the pre-spinoff dividend amount. The Board of Directors increased the quarterly dividend to $0.11 per share in August 2011, and then to $0.12 per share in February 2012.

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.

As at September 30, 2012, $83.9 million was drawn on the $200 million Canadian facility. Letters of credit utilized an additional $24.4 million of the facility.

The Company expects that continued cash flows from operations in 2012 and currently available credit facilities will be more than sufficient to fund dividends and 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 Consolidated Statements of Cash Flows, are summarized in the following table:

	Three months ended September 30		Nine months ended September 30	
$ thousands	**2012**	2011	**2012**	2011
Cash, beginning of period	$ 1,492	$ 19,608	$ 75,319	$ 174,089
Cash, provided by (used in):				
Operating activities				
Operations - continuing operations	41,765	36,986	101,241	91,874
Change in non-cash working capital and other	(9,993)	(32,273)	(140,566)	(92,669)
Discontinued operations	-	-	-	57,432
	31,772	4,713	(39,325)	56,637
Investing activities				
Continuing operations	(24,230)	(5,638)	(82,695)	(41,578)
Discontinued operations	-	-	-	140,115
	(24,230)	(5,638)	(82,695)	98,537
Financing activities	(9,008)	(16,343)	46,724	(326,257)
Effect of foreign exchange on cash balances	(4)	689	(1)	23
Decrease in cash in the period	(1,470)	(16,579)	(75,297)	(171,060)
Cash, end of period	$ 22	$ 3,029	$ 22	$ 3,029

Cash Flows from Operating Activities

Operating activities from continuing operations provided $32 million in the third quarter compared to $5 million in the same period last year. Net earnings adjusted for items not requiring cash were 13% higher than last year largely on higher revenues. Non-cash working capital and other used $10 million in the quarter on lower accounts payable resulting from tighter supplier payments terms. Cash flow used by non-cash working capital and other was lower in the third quarter of 2012 versus the similar period of 2011 largely on improved collections of accounts receivable.

Operating activities from continuing operations used $39 million through September 2012 compared to $1 million in the same period last year. Net earnings adjusted for items not requiring cash was 10% higher than last year largely on higher revenues. Non-cash working capital and other used $141 million year-to-date 2012 on higher accounts receivable resulting from higher trailing revenues and higher DSO, higher inventory levels and lower accounts payable on change in payment timing.

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

Discontinued operations provided $57 million in cash flow in the nine months ended September 30, 2011.

Cash Flows from Investing Activities

Net rental fleet additions (purchases less proceeds of disposition) totalled $7 million in the quarter and $52 million in the first nine months of 2012. This represents an 81% increase in investment year-to-date compared to 2011. Increased investments in the rental fleet were made in the current year in light of stronger demand, the existing fleet age profile and the expansion of our heavy rental operations.

Investments in property, plant and equipment were $4 million in the quarter and $17 million through September 2012, comparable to spending levels in 2011. Additions in the current quarter included $2 million for service vehicles, $0.6 million for machinery and equipment and $0.6 million for facilities.

Toromont completed the acquisition from Caterpillar of the former Bucyrus distribution network in overlapping territory for $13.7 million.

Investing activities in 2011 included the spinoff of Enerflex, which provided $140 million in the nine month period ended September 30, 2012.

Cash Flows from Financing Activities

Financing activities used $9 million in the third quarter of 2012. Significant uses of cash in the quarter included:
- Dividends paid to common shareholders of $9 million or $0.12 cents per share;
- Normal course purchase and cancellation of common shares of $2.9 million, 137,601 shares at an average cost of $21.25; and
- Increase in the credit facility drawings of $3 million.

Financing activities provided $47 million in the nine months ended September 30, 2012. Significant uses of cash in the period included:
- Dividends paid to common shareholders of $27 million or $0.35 cents per share;
- Normal course purchase and cancellation of common shares of $14.1 million, 666,039 shares at an average cost of $21.23;
- Proceeds received on the exercise of stock options, $5 million; and
- Increase in the credit facility drawings of $84 million.

OUTLOOK

We have recently seen signs of softening in general construction markets, tied to the current tone of economic uncertainty. Future prospects are linked to general economic conditions and governmental investment levels. Management continues to track a number of large construction projects which are expected to contribute to future results.

Activity levels remains high related to precious metals mining. There has been some indication of softening in the base metals segment.

The parts and service business has seen continued growth and provides a measure of stability, driven by the larger installed base of equipment in the field. The number of technicians has increased, service shops are very active and work-in-process levels remain strong. In addition, we have invested significant amounts in the rental business in response to ongoing growth potential.

Toromont benefits from Caterpillar's expanding product line-up including the former Bucyrus and MWM products, which the Company now represents.

At CIMCO, stronger industrial bookings in Canada are an encouraging sign with respect to future prospects. Canadian recreational bookings continue, albeit at lower levels due to recent significant spending. This is expected to ramp back up over time. The product support business remains a focus for growth with encouraging results in the United States.

The Company has historically demonstrated its success in delivering good profitability through changing market conditions. We expect to continue to do so.

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 2011 annual audited consolidated financial statements.

$ thousands, except per share amounts	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Revenues				
Equipment Group	$ 371,046	$ 245,799	$ 334,300	$ 362,393
CIMCO	37,386	35,660	45,307	52,646
Total revenues	$ 408,432	$ 281,459	$ 379,607	$ 415,039
Net earnings	$ 34,223	$ 17,240	$ 25,653	$ 32,733
Per share information:				
Earnings per share - basic	$ 0.44	$ 0.22	$ 0.34	$ 0.43
Earnings per share - diluted	$ 0.44	$ 0.22	$ 0.33	$ 0.43
Dividends paid per share	$ 0.11	$ 0.11	$ 0.12	$ 0.12
Weighted average common shares outstanding - Basic (in thousands)	76,604	76,786	76,761	76,289

$ thousands, except per share amounts	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Revenues				
Equipment Group	$ 297,938	$ 221,030	$ 289,191	$ 315,120
CIMCO	44,934	40,579	55,453	52,169
Total revenues	$ 342,872	$ 261,609	$ 344,644	$ 367,289
Net earnings				
Continuing operations	$ 27,954	$ 13,803	$ 23,722	$ 30,930
Discontinued operations	12,358	7,821	135,960	-
	$ 40,312	$ 21,624	$ 159,682	$ 30,930
Per share information:				
Earnings per share - basic				
Continuing operations	$ 0.36	$ 0.18	$ 0.31	$ 0.40
Discontinued operations	0.16	0.10	1.77	-
	$ 0.52	$ 0.28	$ 2.08	$ 0.40
Earnings per share - diluted				
Continuing operations	$ 0.36	$ 0.18	$ 0.30	$ 0.40
Discontinued operations	0.16	0.10	1.76	-
	$ 0.52	$ 0.28	$ 2.06	$ 0.40
Dividends paid per share	$ 0.16	$ 0.16	$ 0.10	$ 0.10
Weighted average common shares outstanding - Basic (in thousands)	76,962	77,163	77,204	77,095

Interim period revenues and earnings historically reflect significant variability from quarter to quarter.

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 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. In the future, fluctuations in mining-related business may distort this trend somewhat due to the timing of significant deliveries in any given quarter.

CIMCO also has historically had a distinct seasonal trend in results due to timing of construction activity. Prior to the increase in activities associated with the recent Federal stimulus program, CIMCO had traditionally posted a loss in the first quarter. Profitability increased in subsequent quarters as activity levels and resultant revenues increased.

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 2011 Annual Report.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies used in the preparation of the accompanying unaudited condensed interim consolidated financial statements are consistent with those used in the company's 2011 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 the Company's 2011 Annual Report.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

Management is responsible for the information disclosed in this MD&A and the accompanying unaudited condensed 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 condensed interim consolidated financial statements. The Audit Committee is also responsible for determining that management fulfills its responsibilities in the financial control of operations, including disclosure controls and procedures and internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Organizations of the Treadway Commission.

There have been no significant changes in the design of the Company's internal controls over financial reporting during the three-month period ended September 30, 2012 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.

NON-IFRS FINANCIAL MEASURES

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

Operating Income and Operating Margin

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

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

Working Capital and Non-Cash Working Capital

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

Net Debt to Total Capitalization

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

Advisory

Information in this press release 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 press release 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 press release. 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 or interim 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 press release, which are made as of the date of this press release, 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.

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

($ thousands)	Note		**September 30 2012**		December 31 2011		September 30 2011
Assets							
Current assets							
Cash		**$**	**22**	$	75,319	$	3,029
Accounts receivable	2		**232,224**		209,243		217,853
Inventories	3		**382,132**		301,937		293,090
Derivative financial instruments			**-**		12		8,775
Other current assets			**5,575**		4,718		5,779
Total current assets			**619,953**		591,229		528,526
Property, plant and equipment	4		**156,467**		151,928		146,776
Rental equipment	4		**167,775**		135,362		131,759
Derivative financial instruments			**-**		418		897
Other assets	5		**7,851**		8,195		7,884
Deferred tax assets			**18,303**		12,749		11,487
Goodwill and intangible assets	6		**27,119**		13,450		13,450
Total assets		**$**	**997,468**	$	913,331	$	840,779
Liabilities							
Current liabilities							
Accounts payable, accrued liabilities and provisions	7	**$**	**224,361**	$	280,735	$	220,322
Deferred revenues			**70,372**		49,100		55,641
Current portion of long-term debt	8		**1,325**		1,280		1,280
Derivative financial instruments			**3,421**		640		-
Income taxes payable			**3,682**		8,352		5,865
Total current liabilities			**303,161**		340,107		283,108
Deferred revenues			**12,304**		10,387		14,726
Long-term debt	8		**216,328**		132,815		132,596
Accrued pension liability			**23,566**		26,161		17,505
Derivative financial instruments			**354**		-		-
Deferred tax liabilities			**-**		-		512
Shareholders' equity							
Share capital	9		**269,134**		265,436		264,198
Contributed surplus	10		**5,771**		5,890		6,906
Retained earnings			**167,899**		131,643		116,440
Accumulated other comprehensive (loss) income			**(1,049)**		892		4,788
Shareholders' equity			**441,755**		403,861		392,332
Total liabilities and shareholders' equity		**$**	**997,468**	$	913,331	$	840,779

See accompanying notes

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

($ thousands, except share amounts)	Note	Three months ended September 30 2012	2011	Nine months ended September 30 2012	2011
Revenues		**$ 415,039**	$ 367,289	**$ 1,076,105**	$ 973,542
Cost of goods sold		**314,504**	270,577	**810,656**	727,934
Gross profit		**100,535**	96,712	**265,449**	245,608
Selling and administrative expenses		**53,552**	52,450	**156,981**	145,641
Operating income		**46,983**	44,262	**108,468**	99,967
Interest expense	13	**2,597**	2,039	**6,967**	6,888
Interest and investment income	13	**(450)**	(794)	**(2,087)**	(1,850)
Income before income taxes		**44,836**	43,017	**103,588**	94,929
Income taxes	14	**12,103**	12,087	**27,962**	26,474
Net earnings from continuing operations		**32,733**	30,930	**75,626**	68,455
Net gain on spinoff of Enerflex	22	**-**	-	**-**	133,164
Earnings from discontinued operations	22	**-**	-	**-**	10,617
Net Earnings		**$ 32,733**	$ 30,930	**$ 75,626**	$ 212,236
Earnings (losses) attributable to :					
Common shareholders		**$ 32,733**	$ 30,930	**$ 75,626**	$ 212,859
Non-controlling interests		**$ -**	$ -	**$ -**	$ (623)
Basic earnings per share					
Continuing operations	15	**$ 0.43**	$ 0.40	**$ 0.99**	$ 0.89
Discontinued operations	15	**-**	-	**-**	1.87
		$ 0.43	$ 0.40	**$ 0.99**	$ 2.76
Diluted earnings per share					
Continuing operations	15	**$ 0.43**	$ 0.40	**$ 0.98**	$ 0.88
Discontinued operations	15	**-**	-	**-**	1.86
		$ 0.43	$ 0.40	**$ 0.98**	$ 2.74
Weighted average number of shares outstanding					
Basic		**76,289,126**	77,094,820	**76,616,258**	77,153,368
Diluted		**76,803,571**	77,180,425	**77,225,086**	77,529,358

See accompanying notes

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

	Three months ended September 30, 2012			Nine months ended September 30, 2012		
$ thousands	**Before Income Taxes**	**Income Taxes**	**Net of Income Taxes**	**Before Income Taxes**	**Income Taxes**	**Net of Income Taxes**
Net earnings			$ 32,733			$ 75,626
Other comprehensive income (loss):						
Change in fair value of derivatives designated as cash flow hedges	$ (4,019)	$ 1,045	$ (2,974)	$ (3,284)	$ 857	$ (2,427)
Losses on derivatives designated as cash flow hedges transferred to net income in the current period	1,277	(331)	946	884	(213)	671
Unrealized loss on translation of financial statements of foreign operations	(195)	-	(195)	(185)	-	(185)
Other comprehensive income	$ (2,937)	$ 714	$ (2,223)	$ (2,585)	$ 644	$ (1,941)
Comprehensive income			$ 30,510			$ 73,685
Comprehensive income attributable to:						
Common shareholders			$ 30,510			$ 73,685
Non-controlling interests			$ -			$ -

	Three months ended September 30, 2011			Nine months ended September 30, 2011		
$ thousands	**Before Income Taxes**	**Income Taxes**	**Net of Income Taxes**	**Before Income Taxes**	**Income Taxes**	**Net of Income Taxes**
Net earnings			$ 30,930			$ 212,236
Other comprehensive income (loss):						
Change in fair value of derivatives designated as cash flow hedges	$ 8,798	$ (2,763)	$ 6,035	$ 10,555	$ (3,291)	$ 7,264
Gains on derivatives designated as cash flow hedges transferred to net income in the current period	(2,441)	732	(1,709)	(728)	141	(587)
Unrealized gain (loss) on translation of financial statements of self-sustaining foreign operations	394	-	394	(6,141)	-	(6,141)
Loss on translation of financial statements of foreign operations transferred to net income on spinoff of Enerflex	-	-	-	18,015	-	18,015
Other comprehensive income	$ 6,751	$ (2,031)	$ 4,720	$ 21,701	$ (3,150)	$ 18,551
Comprehensive income			$ 35,650			$ 230,787
Comprehensive income (loss) attributable to:						
Common shareholders			$ 35,650			$ 231,410
Non-controlling interests			$ -			$ (623)

See accompanying notes

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

($ thousands)	Note	Three months ended September 30 **2012**	2011	Nine months ended September 30 **2012**	2011
Operating activities					
Net earnings from continuing operations		**$ 32,733**	$ 30,930	**$ 75,626**	$ 68,455
Items not requiring cash and cash equivalents					
Depreciation and amortization		**14,166**	11,998	**38,759**	33,233
Stock-based compensation	10	**456**	140	**1,131**	1,540
Accrued pension liability		**(670)**	(619)	**(2,595)**	(2,346)
Future income taxes		**(3,318)**	(2,917)	**(4,910)**	(2,660)
Gain on sale of rental equipment, property, plant and equipment		**(1,602)**	(2,546)	**(6,770)**	(6,348)
Cash flow from discontinued operations		**-**	-	**-**	26,868
		41,765	36,986	**101,241**	118,742
Net change in non-cash working capital and other:					
From discontinued operations	22	**-**	-	**-**	30,564
From continuing operations	19	**(9,993)**	(32,273)	**(140,566)**	(92,669)
Cash provided by (used in) operating activities		**31,772**	4,713	**(39,325)**	56,637
Investing activities					
Additions to:					
Rental equipment		**(10,810)**	(10,477)	**(68,552)**	(46,436)
Property, plant and equipment		**(3,809)**	(5,271)	**(17,288)**	(16,752)
Proceeds on disposal of:					
Rental equipment		**3,944**	6,579	**16,508**	17,664
Property, plant and equipment		**182**	3,622	**451**	3,993
Decrease (increase) in other assets		**(68)**	(91)	**(145)**	(47)
Increase in intangible assets	6	**(13,669)**	-	**(13,669)**	-
Discontinued operations	22	**-**	-	**-**	140,115
Cash (used in) provided by investing activities		**(24,230)**	(5,638)	**(82,695)**	98,537
Financing activities					
Increase (decrease) in term credit facility debt		**2,806**	-	**83,915**	(280,000)
Repayment of long-term debt		**-**	(607)	**(629)**	(6,888)
Financing costs		**(360)**	-	**(360)**	(575)
Dividends	9	**(9,185)**	(7,721)	**(26,842)**	(32,411)
Shares purchased for cancellation		**(2,925)**	(8,032)	**(14,137)**	(8,032)
Cash received on exercise of stock options		**656**	17	**4,777**	1,649
Cash (used in) provided by financing activities		**(9,008)**	(16,343)	**46,724**	(326,257)
Effect of exchange rate changes on cash denominated in foreign currency		**(4)**	689	**(1)**	23
Decrease in cash and cash equivalents		**(1,470)**	(16,579)	**(75,297)**	(171,060)
Cash and cash equivalents at beginning of period		**1,492**	19,608	**75,319**	174,089
Cash and cash equivalents at end of period		**$ 22**	$ 3,029	**$ 22**	$ 3,029

Supplemental cash flow information (note 19)

See accompanying notes

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

($ thousands)	Note	Share Capital	Contributed Surplus	Retained Earnings	Foreign Currency Translation Adjustments	Cash Flow Hedges	Total accumulated other comprehensive income	Non-Controlling Interest	Total
At December 31, 2011		**$ 265,436**	**$ 5,890**	**$ 131,643**	**$ 545**	**$ 347**	**$ 892**	**$ -**	**$ 403,861**
Net earnings		-	-	75,626	-	-		-	75,626
Other comprehensive income		-	-	-	(184)	(1,757)	(1,941)	-	(1,941)
Shares purchased for cancellation	9	(2,330)		(11,806)					(14,136)
Effect of stock compensation plans	10, 16	6,028	(119)	-	-	-	-	-	5,909
Dividends	9	-	-	(27,564)	-	-	-	-	(27,564)
At September 30, 2012		**$ 269,134**	**$ 5,771**	**$ 167,899**	**$ 361**	**$ (1,410)**	**$ (1,049)**	**$ -**	**$ 441,755**

($ thousands)	Note	Share Capital	Contributed Surplus	Retained Earnings	Foreign Currency Translation Adjustments	Cash Flow Hedges	Total accumulated other comprehensive income	Non-Controlling Interest	Total
At December 31, 2010		**$ 469,080**	**$ 10,882**	**$ 729,694**	**$ (11,219)**	**$ (2,544)**	**$ (13,763)**	**$ 945**	**$ 1,196,838**
Net earnings		-	-	212,236	-	-	-	(623)	211,613
Enerflex spinoff		(205,318)	(5,081)	(790,557)	-	(4,949)	(4,949)	(322)	(1,006,227)
Other comprehensive income		-	-	-	(6,141)	11,626	5,485	-	5,485
Translation losses recognized on Enerflex spinoff		-	-	-	18,015	-	18,015	-	18,015
Shares purchased for cancellation	9	(1,634)		(6,398)					(8,032)
Effect of stock compensation plans	10, 16	2,070	1,105	-	-	-	-	-	3,175
Dividends	9	-	-	(28,535)	-	-	-	-	(28,535)
At September 30, 2011		**$ 264,198**	**$ 6,906**	**$ 116,440**	**$ 655**	**$ 4,133**	**$ 4,788**	**$ -**	**$ 392,332**

See accompanying notes

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

September 30, 2012
($ thousands except where otherwise indicated)

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

Toromont Industries Ltd. 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 Industries Ltd. operates through two business segments: The Equipment Group and CIMCO. The Equipment Group includes one of the larger Caterpillar dealerships by revenue and geographic territory in addition to industry leading rental operations. CIMCO is a market leader in the design, engineering, fabrication and installation of industrial and recreational refrigeration systems. Both segments offer comprehensive product support capabilities. Toromont employs over 3,000 people in almost 100 locations.

Basis of Preparation

The significant accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of Company's annual financial statements for the year ended December 31, 2011. These condensed interim consolidated financial statements were prepared in accordance with IAS 34 - *Interim Financial Reporting*. Accordingly, these condensed interim consolidated financial statements do not include all of the disclosures required for full annual consolidated financial statements. 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 have been set out in note 2 of the Company's consolidated financial statements for the year ended December 31, 2011. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2011.

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

These condensed interim consolidated financial statements were authorized for issue by the Audit Committee of the Board of the Directors on October 25, 2012.

2. ACCOUNTS RECEIVABLE

		September 30 2012		December 31 2011		September 30 2011
Trade receivables	**$**	**221,908**	$	200,009	$	211,873
Less: allowance for doubtful accounts		**(4,891)**		(5,574)		(6,477)
Trade receivables - net		**217,017**		194,435		205,396
Other receivables		**15,207**		14,808		12,457
Trade and other receivables	**$**	**232,224**	$	209,243	$	217,853

The aging of gross trade receivables at each reporting date was as follows:

		September 30 2012		December 31 2011		September 30 2011
Current to 90 days	**$**	**212,347**	$	189,069	$	198,963
over 90 days		**9,561**		10,940		12,910
	$	**221,908**	$	200,009	$	211,873

The movement in the Company's allowance for doubtful accounts is identified below:

	Three months ended September 30				**Nine months ended September 30**			
		2012		2011		**2012**		2011
Balance, beginning of period	**$**	**5,660**	$	4,591	**$**	**5,574**	$	5,096
Provisions and revisions, net		**(769)**		1,886		**(683)**		1,381
Balance, end of period	**$**	**4,891**	$	6,477	**$**	**4,891**	$	6,477

3. INVENTORIES

		September 30 2012		December 31 2011		September 30 2011
Equipment	**$**	**263,054**	$	204,936	$	203,759
Repair and distribution parts		**76,408**		73,725		64,281
Direct materials		**3,002**		2,606		2,791
Work-in-process		**39,668**		20,670		22,259
	$	**382,132**	$	301,937	$	293,090

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 three and nine month periods ended September 30, 2012 were $256 million and $650 million respectively (2011 - $212 million and $570 million respectively).

The cost of goods sold includes inventory write-down pertaining to obsolescence and aging together with recoveries of past write-down upon disposition. The amounts charged to the income statement and included in cost of goods sold on a net basis for inventory valuation issues during the three and nine month periods ended September 30, 2012 were $1.9 million and $2.4 million respectively (2011 – $2.4 million and $4.5 million, respectively).

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Power Generation	Total	Rental Equipment
Cost						
December 31, 2011	$ 45,635	$ 110,297	$ 107,380	$ 37,992	$ 301,304	$ 262,468
Additions	306	2,604	14,078	300	17,288	68,551
Disposals	-	(768)	(6,320)	-	(7,088)	(27,683)
Currency translation effects	(4)	(18)	(15)	-	(37)	-
September 30, 2012	$ 45,937	$ 112,115	$ 115,123	$ 38,292	$ 311,467	$ 303,336
Accumulated depreciation						
December 31, 2011	$ -	$ 49,576	$ 79,554	$ 20,246	$ 149,376	$ 127,106
Depreciation charge	-	3,530	7,615	1,136	12,281	25,846
Depreciation of disposals	-	(391)	(6,249)	-	(6,640)	(17,391)
Currency translation effects	-	(4)	(13)	-	(17)	-
September 30, 2012	$ -	$ 52,711	$ 80,907	$ 21,382	$ 155,000	$ 135,561
Net book value - September 30, 2012	$ 45,937	$ 59,404	$ 34,216	$ 16,910	$ 156,467	$ 167,775

	Land	Buildings	Equipment	Power Generation	Total	Rental Equipment
Cost						
December 31, 2010	$ 46,268	$ 102,152	$ 99,595	$ 37,736	$ 285,751	$ 235,183
Additions	2,469	4,942	9,064	278	16,753	46,435
Disposals	(2,496)	(380)	(4,152)	(22)	(7,050)	(26,853)
Currency translation effects	6	23	20	-	49	-
September 30, 2011	$ 46,247	$ 106,737	$ 104,527	$ 37,992	$ 295,503	$ 254,765
Accumulated depreciation						
December 31, 2010	$ -	$ 45,779	$ 78,681	$ 18,783	$ 143,243	$ 115,238
Depreciation charge	-	3,031	5,790	1,113	9,934	21,889
Depreciation of disposals	-	(380)	(4,070)	(22)	(4,472)	(14,121)
Currency translation effects	-	4	18	-	22	-
September 30, 2011	$ -	$ 48,434	$ 80,419	$ 19,874	$ 148,727	$ 123,006
Net book value - September 30, 2011	$ 46,247	$ 58,303	$ 24,108	$ 18,118	$ 146,776	$ 131,759

During the three and nine month periods ended September 30, 2012 depreciation expenses of $13,295 and $34,554 respectively have been charged in cost of goods sold (2011 - $10,652 and $28,459 respectively) and $677 and $3,573 have been charged to selling and administrative expenses (2011 - $1,150 and $3,364 respectively).

5. OTHER ASSETS

	September 30 2012	December 31 2011	September 30 2011
Equipment sold with guaranteed residual values	**$ 6,774**	$ 7,263	$ 7,089
Other	**1,077**	932	795
	$ 7,851	$ 8,195	$ 7,884

6. GOODWILL AND INTANGIBLE ASSETS

	September 30 2012	December 31 2011	September 30 2011
Goodwill	**$ 13,450**	$ 13,450	$ 13,450
Intangible assets	**13,669**	-	-
	$ 27,119	$ 13,450	$ 13,450

Toromont acquired from Caterpillar the assets associated with the former coterminous Bucyrus distribution network. Under this agreement, Toromont paid US $13.5 million ($13.7 million). This acquisition was accounted for as a purchase of an identifiable intangible asset. Accordingly, the purchase price was allocated to the intangible asset – distribution network.

The intangible asset - distribution network is considered to have an indefinite useful life as the agreement does not have a termination date. Intangible assets with an indefinite useful life are not amortized but will be tested for impairment annually, or when conditions suggest that there may be an impairment.

7. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND PROVISIONS

	September 30 2012	December 31 2011	September 30 2011
Accounts payable and accrued liabilities	**$ 204,479**	$ 263,544	$ 204,852
Dividends payable	**9,154**	8,433	8,466
Provisions	**10,728**	8,758	7,004
	$ 224,361	$ 280,735	$ 220,322

Activities related to provisions were as follows:

	Warranty	**Other**	**Total**
Balance as at December 31, 2011	$ 5,132	$ 3,626	$ 8,758
New provisions	4,432	1,172	5,604
Charges/credits against provisions	(3,207)	(427)	(3,634)
Balance as at September 30, 2012	$ 6,357	$ 4,371	$ 10,728

	Warranty	**Other**	**Total**
Balance as at December 31, 2010	$ 4,812	$ 2,012	$ 6,824
New provisions	3,425	229	3,654
Charges/credits against provisions	(3,023)	(451)	(3,474)
Balance as at September 30, 2011	$ 5,214	$ 1,790	$ 7,004

8. LONG-TERM DEBT

	September 30 2012	December 31 2011	September 30 2011
Bank credit facility	**$ 83,915**	$ -	$ -
Senior debentures	**136,534**	137,163	137,163
Debt issuance costs, net of amortization	**(2,796)**	(3,068)	(3,287)
Total long-term debt	**217,653**	134,095	133,876
Less current portion	**1,325**	1,280	1,280
	$ 216,328	$ 132,815	$ 132,596

All debt is unsecured.

Effective September 6, 2012, the Company amended its Canadian committed credit facility to extend the term at improved rates. The amended credit facility, with a maturity date of September 6, 2017, provides $200 million in available financing. Debt incurred under the facility is unsecured and ranks pari passu with debt outstanding under Toromont's existing debentures. The facility includes covenants, restrictions and events of default typical for credit facilities of this nature. Debt issuance costs of $360 were adjusted against the carrying value of the long-term debt.

At September 30, 2012, standby letters of credit issued utilized $24.4 million of the credit lines (December 31, 2011 – $24.8 million; September 30, 2011 – $25.6 million).

9. SHARE CAPITAL

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

	Nine months ended September 30, 2012		Nine months ended September 30, 2011	
	Number of Common Shares	**Common Share Capital**	Number of Common Shares	Common Share Capital
Balance, beginning of period	**76,629,777**	**$ 265,436**	77,149,626	$ 469,080
Exercise of stock options	**347,720**	**6,028**	74,870	2,070
Purchase of shares for cancellation	**(666,039)**	**(2,330)**	(477,235)	(1,634)
Enerflex spinoff	**-**	**-**	-	(205,318)
Balance, end of period	**76,311,458**	**$ 269,134**	76,747,261	$ 264,198

Normal Course Issuer Bid ("NCIB")

The current issuer bid allows the Company to purchase up to approximately 6.4 million of its common shares in the 12 month period ending August 30, 2013, representing 10% of common shares in the public float, as estimated at the time of renewal. The actual number of shares purchased and the timing of any such purchases will be determined by Toromont. All shares purchased under the bid will be cancelled.

For the three months ended September 30, 2012, the Company purchased and cancelled 137,601 shares for $2,925 (average cost of $21.25 per share) under its NCIB program. In the three-month period ended September 30, 2011, the Company purchased and cancelled 477,235 shares for $8,032 (average cost of $16.83 per share) under its NCIB program.

For the nine months ended September 30, 2012, the Company purchased and cancelled 666,039 shares for $14,137 (average cost of $21.23 per share) under its NCIB program. In the nine-month period ended September 30, 2011, the Company purchased and cancelled 477,235 shares for $8,032 (average cost of $16.83 per share) under its NCIB program.

Dividends

The Company paid dividends of $9.2 million ($0.12 per share) and $26.8 million ($0.35 per share) for the three and nine months ended September 30, 2012 respectively ($7.7 million or $0.10 per share and $32.4 million or $0.42 per share for the three and nine months ended September 30, 2011 respectively).

The dividend was adjusted to $0.10 per share for the post-spinoff dividend paid on July 1, 2011 which, together with the $0.06 dividend subsequently declared by the Enerflex Board, kept shareholders whole with the pre-spinoff dividend amount. On August 12, 2011, the Board of Directors increased the quarterly dividend to $0.11 per share and on February 24, 2012 the quarterly dividend was raised to $0.12 per share.

10. CONTRIBUTED SURPLUS

Changes in contributed surplus were as follows:

	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Contributed surplus, beginning of period	**$ 5,473**	$ 6,769	**$ 5,890**	$ 10,882
Enerflex spinoff	**-**	-	**-**	(5,081)
Stock-based compensation	**456**	140	**1,131**	1,540
Value of compensation cost associated with exercised options	**(158)**	(3)	**(1,250)**	(435)
Contributed surplus, end of period	**$ 5,771**	$ 6,906	**$ 5,771**	$ 6,906

11. 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 September 30, 2012	**Cash, loans and receivables**	**Derivatives used for hedging**	**Other financial liabilities**	**Total**
Cash	$ 22	$ -	$ -	$ 22
Accounts receivable	232,224	-	-	232,224
Accounts payable and accrued liabilities	-	-	(224,361)	(224,361)
Current portion of long-term debt	-	-	(1,325)	(1,325)
Derivative financial instruments	-	(3,775)	-	(3,775)
Long term debt	-	-	(216,328)	(216,328)
Total	$ 232,246	$ (3,775)	$ (442,014)	$ (213,543)

as at December 31, 2011	**Cash, loans and receivables**	**Derivatives used for hedging**	**Other financial liabilities**	**Total**
Cash	$ 75,319	$ -	$ -	$ 75,319
Accounts receivable	209,243	-	-	209,243
Accounts payable and accrued liabilities	-	-	(280,735)	(280,735)
Current portion of long-term debt	-	-	(1,280)	(1,280)
Derivative financial instruments	-	(210)	-	(210)
Long term debt	-	-	(132,815)	(132,815)
Total	$ 284,562	$ (210)	$ (414,830)	$ (130,478)

as at September 30, 2011	**Cash, loans and receivables**	**Derivatives used for hedging**	**Other financial liabilities**	**Total**
Cash	$ 3,029	$ -	$ -	$ 3,029
Accounts receivable	217,853	-	-	217,853
Accounts payable and accrued liabilities	-	-	(220,322)	(220,322)
Current portion of long-term debt	-	-	(1,280)	(1,280)
Derivative financial instruments	-	9,672	-	9,672
Long term debt	-	-	(132,596)	(132,596)
Total	$ 220,882	$ 9,672	$ (354,198)	$ (123,644)

Fair Value of Financial Instruments

The estimated fair values of cash, accounts receivable, accounts payable and accrued liabilities and borrowings under the bank term facility approximate their respective carrying values given their short term maturities.

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 asset or liability.

The fair value of senior debentures as at September 30, 2012 was $144,806 (carrying value of $135,883). The fair value was determined using the discounted cash flow method, a generally accepted valuation technique. The discounted factor is based on market rates for debt with similar terms and remaining maturities and that has been adjusted for our credit quality. The Company has no plans to prepay these instruments prior to maturity. The valuation is determined using Level 2 inputs which are observable inputs or inputs which can be corroborated by observable market data for substantially the full term of asset or liability.

During the period ended September 30, 2012, 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. The following table summarizes the Company's commitments to buy and sell foreign currencies as at September 30, 2012.

		Notional Amount		Average Exchange Rate *	Maturity
Purchase contracts	USD	173,776	$	1.0081	October 2012 to January 2014
Sales contracts	GBP	1,010	$	1.5878	October 2012 to March 2014

* CDN $ required to purchase one denominated unit

Management estimates that a loss of $3,775 would be realized if the contracts were terminated on September 30, 2012. Certain of these forward contracts are designated as cash flow hedges, and accordingly, an unrealized loss of $1,906 has been included in other comprehensive income. These losses are not expected to affect net income as the losses will be reclassified to net income within the next twelve months and will offset gains recorded on the underlying hedged items, namely foreign denominated accounts payable. A loss of $1,869 on forward contracts not designated as hedges is included in net income which offsets gains recorded on the foreign-denominated items, namely accounts payable.

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.

12. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

In the normal course of business, Toromont is exposed to financial risks that may potentially impact its operating results in one or all of its operating segments. The Company employs 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. The

Company does not enter into derivative financial agreements for speculative purposes.

Currency Risk

The Canadian operations of the Company source 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 maintains a conservative hedging policy whereby all significant transactional currency risks are identified and hedged.

Sensitivity analysis

The following sensitivity analysis is intended to illustrate the sensitivity to changes in foreign exchange rates on the Company's financial instruments and show the impact on net earnings and comprehensive income. Financial instruments affected by currency risk include cash, accounts receivable, accounts payable and derivative financial instruments. This sensitivity analysis relates to the position as at September 30, 2012 and for the period then ended. The following table shows Toromont's sensitivity to a 5% weakening of the Canadian dollar against the US dollar. A 5% strengthening of the Canadian dollar would have an equal and opposite effect. This sensitivity analysis is provided as reasonably possible change in currency in a volatile environment.

Cdn dollar weakens by 5%		USD
Financial instruments held in foreign operations:		
Other comprehensive Income	$	298
Financial instruments held in Canadian operations:		
Net earnings	$	715
Other comprehensive Income	$	3,391

The movement in other comprehensive income in foreign operations reflects the change in the fair value of financial instruments. Gains or losses on translation of foreign subsidiaries are deferred in other comprehensive income. Accumulated currency translation adjustments are recognized in income when there is a reduction in the net investment in the foreign operation.

The movement in net earnings in Canadian operations is a result of a change in the fair values of financial instruments. The majority of these financial instruments are hedged.

The movement in other comprehensive income in Canadian operations reflects the change in the fair value of derivative financial instruments that are designated as cash flow hedges. The gains or losses on these instruments are not expected to affect net income as the gains or losses will offset losses or gains on the underlying hedged items.

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of accounts receivable and derivative financial instruments. The carrying amount of assets included on the statement of financial position represents the maximum credit exposure.

The Company has accounts receivable from customers engaged in various industries including mining, construction, food and beverage, and governmental agencies. These specific industries may be affected by economic factors that may impact accounts receivable. Management does not believe that any single industry represents material credit risk. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base.

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 September 30, 2012, $83.9 million or 38% of the Company's total debt portfolio was subject to movements in floating interest rates. A 1.0% increase in interest rates, all things being equal, would reduce income before taxes by $0.8 million on an annualized basis.

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. There were no interest rate swap agreements outstanding as at September 30, 2012, December 31, 2011 or September 30, 2011.

Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities. As at September 30, 2012, the Company had unutilized lines of credit of $92 million.

Accounts payable are primarily due within 90 days and will be satisfied from current working capital.

The Company expects that continued cash flows from operations in 2012, together with cash 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 through the next twelve months, and that the Company's credit ratings provide reasonable access to capital markets to facilitate future debt issuance.

13. INTEREST INCOME AND EXPENSE

The components of interest expense were as follows:

	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Term loan facility	**$ 866**	$ 285	**$ 1,794**	$ 1,563
Senior debentures	**1,731**	1,754	**5,173**	5,325
	$ 2,597	$ 2,039	**$ 6,967**	$ 6,888

The components of interest and investment income were as follows:

	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Interest income - rental conversions	**$ 419**	$ 736	**$ 1,889**	$ 1,626
Other	**31**	58	**198**	224
	$ 450	$ 794	**$ 2,087**	$ 1,850

14. INCOME TAXES

A reconciliation of income taxes at Canadian statutory rates with the reported income taxes was as follows:

	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Statutory Canadian federal and provincial income tax rates	**26.50%**	28.25%	**26.50%**	28.25%
Expected taxes on income from continuing operations	**$ 11,882**	$ 12,152	**$ 27,451**	$ 26,817
Increase (decrease) in income taxes resulting from:				
Higher (lower) effective tax rates in other jurisdictions	**118**	(84)	**220**	(202)
Manufacturing and processing rate reduction	**(61)**	(92)	**(151)**	(210)
Expenses (income) not deductible (taxable) for tax purposes	**143**	86	**338**	188
Non-taxable gains	**-**	(155)	**-**	(155)
Other	**21**	180	**104**	36
Provision for income taxes	**$ 12,103**	$ 12,087	**$ 27,962**	$ 26,474
Effective income tax rate	**27.0%**	28.1%	**27.0%**	27.9%

15. EARNINGS PER SHARE

	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Net earnings available to common shareholders	**$ 32,733**	$ 30,930	**$ 75,626**	$ 212,236
Net earnings from discontinued operations	-	-	-	143,781
Net earnings from continuing operations	**$ 32,733**	$ 30,930	**$ 75,626**	$ 68,455
Weighted average common shares outstanding	**76,289,126**	77,094,820	**76,616,258**	77,153,368
Dilutive effect of stock option conversion	**514,445**	85,605	**608,828**	375,990
Diluted weighted average common shares outstanding	**76,803,571**	77,180,425	**77,225,086**	77,529,358
Basic earnings per share				
Continuing operations	**$ 0.43**	$ 0.40	**$ 0.99**	$ 0.89
Discontinued operations	**-**	-	**-**	1.87
	$ 0.43	$ 0.40	**$ 0.99**	$ 2.76
Diluted earnings per share				
Continuing operations	**$ 0.43**	$ 0.40	**$ 0.98**	$ 0.88
Discontinued operations	**-**	-	**-**	1.86
	$ 0.43	$ 0.40	**$ 0.98**	$ 2.74

There were no anti-dilutive options for the three months and nine months ended September 30, 2012 or 2011.

16. 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. It is the Company policy that no more than 1% of outstanding shares or 764,048 share options may be granted in any one year. 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.

With the completion of the Enerflex spinoff, previously issued stock options were split. For each Toromont stock option previously held, option holders received one option in each of Toromont and Enerflex, with the exercise price determined by applying the “butterfly proportion” to the previous exercise price. All other conditions related to these options, including term and vesting periods, remained the same and there was no acceleration of options vesting. The butterfly proportion was determined to be 56.4% to 43.6% for Toromont and Enerflex respectively.

A reconciliation of the outstanding options is as follows:

	Nine Months ended September 30, 2012		
	Number of Options		Weighted Average Exercise Price
Options outstanding, beginning of period	**2,419,060**	**$**	**15.41**
Granted	**610,100**	**$**	**20.76**
Exercised (1)	**(347,720)**		**13.74**
Forfeited	**(17,585)**		**17.04**
Options outstanding, end of period	**2,663,855**	**$**	**16.84**
Options exercisable, end of period	**1,069,190**	**$**	**15.20**

(1) The weighted average share price at date of exercise was $22.33.

	Nine months ended September 30, 2011		
	Number of Options		Weighted Average Exercise Price
Options outstanding, beginning of period	**2,144,860**	**$**	**26.04**
Exercised prior to spinoff (1)	**(62,770)**		**22.99**
Forfeited prior to spinoff	**(52,060)**		**27.11**
Options outstanding at spinoff	**2,030,030**	**$**	**26.10**
Options outstanding post spinoff	**2,030,030**	**$**	**14.72**
Granted subsequent to spinoff	**601,975**		**17.10**
Exercised subsequent to spinoff (2)	**(12,100)**		**14.13**
Forfeited subsequent to spinoff	**(14,460)**		**14.23**
Options outstanding, end of period	**2,605,445**	**$**	**15.27**
Options exercisable, end of period	**1,097,890**	**$**	**14.23**

(1) The weighted average share price at date of exercise was $31.45.

(2) The weighted average share price at date of exercise was $19.28.

The following table summarizes stock options outstanding and exercisable as at September 30, 2012.

	Options Outstanding				Options Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Life (years)		Weighted Average Exercise Price	Number Outstanding		Weighted Average Exercise Price
$12.42 - $14.19	461,730	2.5	$	12.85	309,010	$	13.05
$14.20 - $16.93	1,010,300	3.2	$	16.17	635,160	$	15.87
$16.94 - $20.76	1,191,825	6.4	$	18.96	125,020	$	17.10
Total	**2,663,855**	**4.5**	**$**	**16.84**	**1,069,190**	**$**	**15.20**

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 performance incentive bonus or fees, respectively, in deferred share units. In addition, the Board may grant discretionary DSUs.

DSUs outstanding as at June 1, 2011 were adjusted to reflect the difference in the fair market value as a result of the spinoff of Enerflex. The adjustment was determined based on the volume-weighted average trading prices for the five trading days prior to and subsequent to the effective date of the spinoff.

The following table summarizes information related to DSU activity:

	Nine months ended September 30, 2012			Nine months ended September 30, 2011		
	Number of DSUs		**Value**	Number of DSUs		Value
Outstanding, beginning of period	**193,728**	**$**	**4,093**	87,969	$	2,747
Units taken in lieu of bonuses and dividends	**30,560**		**712**	22,753		628
Redemptions	**(7,780)**		**(161)**	-		-
Adjustment to reflect spinoff	**-**		**-**	58,888		-
DSUs granted				20,971		362
Market value adjustment	**-**		**(212)**	-		(530)
Outstanding, end of period	**216,508**	**$**	**4,432**	190,581	$	3,207

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

17. 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 140 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 September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Defined benefit plans	**$ 241**	$ 241	**$ 724**	$ 725
Defined contribution plans	**2,027**	1,852	**6,124**	5,793
401(k) matched savings plans	**30**	34	**88**	77
Net pension expense	**$ 2,298**	$ 2,127	**$ 6,936**	$ 6,595

18. CAPITAL MANAGEMENT

The Company defines capital as the aggregate of shareholders' equity 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 total capitalization ratio of 33%, 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 Company's capital management criteria can be illustrated as follows:

	September 30 2012	December 31 2011	September 30 2011
Shareholders' equity	**$ 441,755**	$ 403,861	$ 392,332
Long-term debt	**217,653**	134,095	133,876
Less cash and cash equivalents	**(22)**	(75,319)	(3,029)
Total capitalization	**$ 659,386**	$ 462,637	$ 523,179
Net debt as a % of total capitalization	**33%**	13%	25%
Net debt to equity ratio	**0.49:1**	0.15:1	0.33:1

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 year.

There were no changes in the Company's approach to capital management during the period.

19. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30		Nine months ended September 30	
	2012	2011	**2012**	2011
Net change in non-cash working capital and other				
Accounts receivable	**$ 9,616**	$ (12,136)	**$ (22,429)**	$ (9,233)
Inventories	**(7,734)**	(19,282)	**(80,195)**	(68,674)
Accounts payable, accrued liabilities and provisions	**(27,604)**	(19,861)	**(56,374)**	(24,923)
Deferred revenues	**8,659**	15,092	**23,189**	10,572
Other	**7,070**	3,914	**(4,757)**	(411)
	$ (9,993)	$ (32,273)	**$ (140,566)**	$ (92,669)
Cash paid during the period for:				
Interest	**$ 682**	$ 961	**$ 4,891**	$ 5,405
Income taxes	**$ 9,958**	$ 8,079	**$ 37,619**	$ 23,581
Cash received during the period for:				
Interest	**$ 453**	$ 794	**$ 2,090**	$ 1,850
Income taxes	**$ 306**	$ 614	**$ 306**	$ 614

20. SEGMENTED INFORMATION

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

The Equipment Group includes one of the world's larger Caterpillar dealerships by revenue and geographic territory in addition to industry leading rental operations. CIMCO is an industry leader specializing in the design, engineering, fabrication, and installation of industrial and recreational refrigeration systems. Both groups offer comprehensive product support services.

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

Three months ended September 30	Equipment Group 2012	Equipment Group 2011	CIMCO 2012	CIMCO 2011	Consolidated 2012	Consolidated 2011
Equipment /package sales	**$ 202,344**	$ 167,946	**$ 29,991**	$ 28,468	**$ 232,335**	$ 196,414
Rentals	**55,096**	51,440	**-**	-	**55,096**	51,440
Product support	**102,219**	92,677	**22,655**	23,701	**124,874**	116,378
Power Generation	**2,734**	3,057	**-**	-	**2,734**	3,057
Revenues	**$ 362,393**	$ 315,120	**$ 52,646**	$ 52,169	**$ 415,039**	$ 367,289
Operating Income	**$ 41,852**	$ 39,498	**$ 5,131**	$ 4,764	**$ 46,983**	$ 44,262
Operating income as a % of revenues	**11.5%**	12.5%	**9.7%**	9.1%	**11.3%**	12.1%

Nine months ended September 30	Equipment Group 2012	Equipment Group 2011	CIMCO 2012	CIMCO 2011	Consolidated 2012	Consolidated 2011
Equipment /package sales	**$ 515,827**	$ 433,933	**$ 71,799**	$ 85,664	**$ 587,626**	$ 519,597
Rentals	**126,543**	119,694	**-**	-	**126,543**	119,694
Product support	**291,503**	262,350	**61,814**	62,537	**353,317**	324,887
Power generation	**8,619**	9,364	**-**	-	**8,619**	9,364
Revenues	**$ 942,492**	$ 825,341	**$ 133,613**	$ 148,201	**$ 1,076,105**	$ 973,542
Operating Income	**$ 98,571**	$ 87,624	**$ 9,897**	$ 12,343	**$ 108,468**	$ 99,967
Operating income as a % of revenues	**10.5%**	10.6%	**7.4%**	8.3%	**10.1%**	10.3%

Selected balance sheet information:

As at September 30, 2012	**Equipment Group**	**CIMCO**	**Consolidated**
Goodwill and intangible assets	$ 26,669	$ 450	$ 27,119
Identifiable assets	$ 898,778	$ 73,312	$ 972,090
Corporate assets			25,378
Total assets			$ 997,468

As at December 31, 2011	Equipment Group	CIMCO	Consolidated
Goodwill	$ 13,000	$ 450	$ 13,450
Identifiable assets	$ 780,926	$ 43,651	$ 824,577
Corporate assets			88,754
Total assets			$ 913,331

As at September 30, 2011	Equipment Group	CIMCO	Consolidated
Goodwill	$ 13,000	$ 450	$ 13,450
Identifiable assets	$ 778,008	$ 50,087	$ 828,095
Corporate assets			12,684
Total assets			$ 840,779

Operating income from rental operations for the quarter ended September 30, 2012 was $9.5 million (2011 - $9.9 million). For the nine months ended September 30, 2012, operating income from rental operations was $14.6 million (2011 - $15.8 million).

21. 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.

22. DISCONTINUED OPERATIONS

On June 1, 2011, Toromont completed the spinoff of its natural gas compression business, Enerflex Ltd. ("Enerflex") implemented by way of a plan of arrangement. Toromont shareholders received one share of Enerflex for each common share of Toromont.

The book value of Toromont's outstanding common shares immediately prior to the arrangement was attributed to continuing Toromont common shares and the new Enerflex Ltd. common shares in proportion to the relative fair value at the time the arrangement (the "butterfly proportion"), which was determined to be 56.4% Toromont and 43.6% Enerflex.

The Toromont consolidated balance sheet reflects the transfer of various assets, liabilities and equity accounts to Enerflex Ltd. as part of the arrangement. The underlying net assets representing the distribution of shares were as follows:

Assets		
Cash	$	44,452
Accounts receivable		222,737
Inventories		201,019
Property, plant and equipment		164,818
Rental equipment		114,180
Deferred tax assets		46,753
Intangible assets		29,208
Goodwill		482,656
Other current and non-current assets		31,329
Total assets	$	1,337,152
Liabilities		
Accounts payable, accrued liabilities and provisions	$	130,254
Deferred revenues		174,027
Other current and non-current liabilities		4,523
Notes payable to Toromont		173,300
		482,104
Net assets transferred	$	855,048

Results from discontinued operations for 2011 were as follows:

	Three months ended June 30 2011	Six months ended June 30 2011
Revenues	$ 163,878	$ 492,937
Net earnings before tax	$ 4,892	$ 20,783
Income taxes	$ 2,096	$ 10,166
Net earnings after tax	$ 2,796	$ 10,617
Earnings (losses) attributable to :		
Common shareholders	$ 3,202	$ 11,240
Non-controlling interests	$ (406)	$ (623)

The Company followed IFRIC 17 – *Distributions of Non-cash Assets to Owners* in accounting for this transaction. In accordance with this guidance, a dividend of $1,006.2 million was recorded at the time of spinoff, based on the fair value of the distribution. The difference between the fair value of the dividend and the carrying value of the assets and liabilities of Enerflex Ltd. ($151,179) was recognized as a gain in the consolidated statement of income for the three months ended June 30, 2011 less $18,015, related to historical currency translations of Enerflex's foreign operations.

How to get in touch with us

Tel: 416 667 5511
Fax: 416 667 5555
E-mail: investorrelations@toromont.com
www.toromont.com

How to reach our transfer agent and registrar

Investors are encouraged to contact CIBC Mellon Trust Company for information regarding their security holdings.

CIBC Mellon Trust Company
P.O. Box 7010
Adelaide Street Postal Station
Toronto ON M5C 2W9
Answer Line: 416 643 5500 or
Toll-Free North America: 1 800 387 0825
E-mail: inquiries@cibcmellon.com
www.cibcmellon.com

Common Shares
Listed on the Toronto Stock Exchange
Stock Symbol – TIH

Toromont Industries Ltd.
Corporate Office
3131 Highway 7 West
P.O. Box 5511
Concord ON L4K 1B7