TOROMONT

Third Quarter 2013 **November 4, 2013**

RESULTS FOR THE THIRD QUARTER OF 2013
AND REGULAR QUARTERLY DIVIDEND

Toromont Industries Ltd. (TSX: TIH) reported financial results for the third quarter ended September 30, 2013. For the quarter, revenues increased 20% and net earnings were 34% higher compared to the same period last year.

	Three months ended September 30			Nine months ended September 30		
millions, except per share amounts	**2013**	2012	**% change**	**2013**	2012	**% change**
Revenues	**$ 498.3**	$ 415.0	**20%**	**$ 1,186.2**	$ 1,076.1	**10%**
Operating income	**$ 62.1**	$ 46.6	**33%**	**$ 126.2**	$ 107.4	**17%**
Net earnings	**$ 43.5**	$ 32.5	**34%**	**$ 88.6**	$ 74.8	**18%**
Earnings per share - basic	**$ 0.57**	$ 0.43	**33%**	**$ 1.16**	$ 0.98	**19%**

Toromont booked and delivered a significant package of equipment to support the Baffinland Iron Ore mining project in Nunavut, a testament to the Company's strong product offering, service capability and diversity. While the equipment and power industries are down in the Company's territory, Toromont has improved its market share. The continued strength in product support and rentals supports Toromont's market position and profitability. CIMCO also achieved record revenues for this time of year. Continued attention to project execution and expanding product support are key focus areas for growth and profitability.

Highlights:

- Equipment Group revenues for the third quarter of 2013 were $427 million, up 18% from 2012 setting third quarter records for new, used rentals and product support. Equipment revenues increased 29% compared to last year with mining, construction and agriculture markets reporting solid year-over-year increases. Product support and rentals grew 6% and 2% respectively. Operating income increased 33% compared to last year on higher revenues, improved gross profit margins and lower relative expense growth.

- On a year-to-date basis, Equipment Group revenues were $1 billion, up 7% from 2012. New and used equipment revenues were 7% higher than 2012. While mining revenues were 18% lower, construction related markets including road building and infrastructure reported increases. Product support and rentals grew 6% and 10% respectively. Operating income increased 16% compared to last year on higher revenues and lower relative expense levels. Operating income as a percentage of revenues for the nine months ended September 30, 2013 was 11.2% compared with 10.3% for the similar period last year.

- Equipment Group backlogs were $116 million at September 30, 2013, down from $128 million at December 31, 2012 and $166 million at this time last year. Backlogs have declined from this time last year due to significant mining deliveries and improved equipment availability. Bookings were $203 million in the third quarter of 2013 compared to $108 million for the same period last year.

- CIMCO set a new record for revenue for this time of year, at $71 million for the quarter and $175 million for the nine-month period ending September 30, 2013. Revenues increased 35% in the quarter and 31% year-to-date compared to last year on revenues related to a significant industrial project. Compared to last year, operating income increased 30% in the first nine months on higher revenues. On a year-to-date basis, operating income as a percentage of revenues was 7.3%, unchanged from last year.

- CIMCO bookings in the third quarter of 2013 were $19 million compared to $22 million in the same period last year. Canadian recreational bookings were up slightly from last year while industrial and US bookings were lower. On a year-to-date basis, bookings were 2% lower than last year excluding a record $50 million order in the prior year. Backlogs were $76 million at September 30, 2013, a good level for this time of year.

- Net earnings were $43.5 million in the quarter ($0.57 per share basic), up 34% from $32.5 million ($0.43 per share basic) reported last year, reflecting higher revenues and lower relative selling and administrative expenses. Through September 2013, net earnings were $88.6 million ($1.16 per share basic), up 18% from $74.8 million ($0.98 per share basic) reported last year, reflecting higher revenues, improved selling and administrative and expense levels and lower net interest expense, partially offset by lower gross margins.

- Total debt net of cash to total capitalization was 21%, well within stated capital targets, strengthening from 33% at this time last year on improved cash flows.

- Toromont announced the appointment of two new independent directors, Ms. Cathryn E. Cranston and Ms. Katherine A. Rethy, effective July 29, 2013. With these appointments, the Company's Board now consists of nine directors of whom seven are independent.

- The Board of Directors approved the regular quarterly dividend of 13 cents per share on outstanding common shares, payable January 2, 2014 to shareholders of record on December 11, 2013. The regular quarterly dividend was previously increased 8% to 13 cents per share effective with the dividend paid April 1, 2013.

Stronger competitive conditions continued in equipment markets due to ongoing global excess inventories and decreased industry opportunities, evidenced by gross margin pressures in the traditional construction markets. Bookings excluding the Baffinland package were up 1% year-to-date, with good activity in construction markets largely offset by declines in power systems. Total backlogs were 30% lower than this time last year. At CIMCO, Canadian recreational bookings recovered to more normal levels although industrial bookings were lower year-over-year. Order backlog position at CIMCO bodes well for its performance this year. Across all of the Company's operations, execution remains strong and cost control initiatives remains a focus.

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") comments on the operations, performance and financial condition of Toromont Industries Ltd. ("Toromont" or the "Company") as at and for the three and nine months ended September 30, 2013, 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, 2013, the annual MD&A contained in the 2012 Annual Report and the audited annual consolidated financial statements for the year ended December 31, 2012.

The unaudited condensed interim consolidated financial statements reported herein have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim reporting and are reported in Canadian dollars. The information in this MD&A is current to November 4, 2013.

Additional information is contained in the Company's filings with Canadian securities regulators, including the Company's 2012 Annual Report and 2013 Annual Information Form. These filings are available on SEDAR at www.sedar.com and on the Company's website at www.toromont.com.

Advisory

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

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

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

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

CONSOLIDATED RESULTS OF OPERATIONS

	Three months ended September 30				Nine months ended September 30			
			Change				Change	
($ thousands, except per share amounts)	**2013**	2012	$	%	**2013**	2012	$	%
Revenues	**$ 498,297**	$ 415,039	$ 83,258	20%	**$ 1,186,167**	$ 1,076,105	$ 110,062	10%
Cost of goods sold	**377,969**	314,504	63,465	20%	**898,503**	810,656	87,847	11%
Gross profit	**120,328**	100,535	19,793	20%	**287,664**	265,449	22,215	8%
Selling and administrative expenses	**58,235**	53,919	4,316	8%	**161,513**	158,083	3,430	2%
Operating income	**62,093**	46,616	15,477	33%	**126,151**	107,366	18,785	17%
Interest expense	**2,242**	2,597	(355)	(14%)	**6,519**	6,967	(448)	(6%)
Interest and investment income	**(599)**	(450)	(149)	33%	**(2,859)**	(2,087)	(772)	37%
Income before income taxes	**60,450**	44,469	15,981	36%	**122,491**	102,486	20,005	20%
Income taxes	**16,965**	12,006	4,959	41%	**33,874**	27,670	6,204	22%
Net earnings	**$ 43,485**	$ 32,463	$ 11,022	34%	**$ 88,617**	$ 74,816	$ 13,801	18%
Earnings per share (basic)	**$ 0.57**	$ 0.43	$ 0.14	33%	**$ 1.16**	$ 0.98	$ 0.18	19%
Key ratios:								
Gross profit as a % of revenues	**24.1%**	24.2%			**24.3%**	24.7%		
Selling and administrative expenses as a % of revenues	**11.7%**	13.0%			**13.6%**	14.7%		
Operating income as a % of revenues	**12.5%**	11.2%			**10.6%**	10.0%		
Income taxes as a % of income before income taxes	**28.1%**	27.0%			**27.7%**	27.0%		

Revenues increased 20% in the third quarter of 2013 compared to 2012. Equipment Group revenues increased 18% on higher equipment and product support sales. CIMCO revenues increased 35% on higher revenues in all markets.

Revenues were 10% higher through September 2013 compared to 2012. Equipment Group revenues were 7% higher on record equipment, rentals and product support revenues. CIMCO revenues increased 31% on higher revenues in all markets.

Gross profit margins in the third quarter were largely the same as those reported last year. Higher margins in Equipment were offset by lower margins at CIMCO.

Gross profit margins in the nine months ended September 30, 2013 decreased 40 basis points in comparison with the similar period of 2012. Reduced gross profit margins at CIMCO more than offset the modest increase in the Equipment Group.

Selling and administrative expenses increased 8% in the third quarter and 3% year-to-date (excluding a $1.0 million gain on insurance proceeds funding the reconstruction of a CIMCO facility in Mobile, Alabama destroyed by fire in 2012) compared with the similar periods in 2012. An increase in bad debt expense accounted for 63% of the increase in expenses in the quarter and all of the increase year-to-date. Employee costs increased from 2012 on higher staffing levels, increased profit-sharing accruals on higher profits and annual salary adjustments. Most other expense categories exhibited modest year-over-year changes due to a continuing focus on cost containment. Warranty costs were lower on a year-to-date basis on improved performance and sales mix.

Operating income increased 33% in the quarter and 17% in the first nine months of 2013 compared to the prior year. Operating income as a percentage of revenues was 10.6% through September 30, 2013 compared to 10.0% in the similar period of 2012.

Interest expense was lower in the quarter and year-to-date on lower average debt balances and lower rates of borrowing. Interest income was higher compared to last year on a higher interest earned on short-term investments and overdue accounts receivable.

The effective income tax rate for the nine-month period ended September 30, 2013 was 27.7% compared to 27.0% for the comparable period last year. The increase reflects a change in mix of income by tax jurisdiction.

Net earnings in the third quarter of 2013 were $43.5 million, 34% higher than last year. For the first nine months of 2013, net earnings were $88.6 million, 18% higher than a year ago.

Comprehensive income in the third quarter of 2013 was $41.4 million, comprised of net earnings of $43.5 million and an other comprehensive loss of $2.1 million. The other comprehensive loss reflects a loss on foreign exchange on derivative contracts designated as cash flow hedges.

On a year-to-date basis, comprehensive income was $92.6 million, comprised of net earnings of $88.6 million and other comprehensive income of $4.0 million. Other comprehensive income in the second quarter of 2013 included a $4.2 million gain on defined benefit pension plans which arose due to an increase in the discount rate.

BUSINESS SEGMENT OPERATING RESULTS

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

Equipment Group

($ thousands)	Three months ended September 30 2013	2012	Change $	Change %	Nine months ended September 30 2013	2012	Change $	Change %
Equipment sales and rentals								
New	**$ 207,993**	$ 166,960	$ 41,033	25%	**$ 437,077**	$ 412,039	$ 25,038	6%
Used	**52,112**	35,384	16,728	47%	**116,853**	103,788	13,065	13%
Rental	**55,990**	55,096	894	2%	**139,254**	126,543	12,711	10%
Total equipment sales and rentals	**316,095**	257,440	58,655	23%	**693,184**	642,370	50,814	8%
Power generation	**3,004**	2,734	270	10%	**8,808**	8,619	189	2%
Product support	**108,011**	102,219	5,792	6%	**308,987**	291,503	17,484	6%
Total revenues	**$ 427,110**	$ 362,393	$ 64,717	18%	**$ 1,010,979**	$ 942,492	$ 68,487	7%
Operating income	**$ 55,214**	$ 41,495	$ 13,719	33%	**$ 113,278**	$ 97,497	$ 15,781	16%
Key ratios:								
Product support revenues as a % of total revenues	**25.3%**	28.2%			**30.6%**	30.9%		
Group total revenues as a % of consolidated revenues	**85.7%**	87.3%			**85.2%**	87.6%		
Operating income as a % of revenues	**12.9%**	11.5%			**11.2%**	10.3%		

In the third quarter of 2013, Toromont, through Toromont CAT Arctic, delivered a significant equipment package to support the first phase of the Baffinland Iron Ore project, a new remote mine site in Nunavut. This order totalled $82 million including new and used Caterpillar equipment, Metso crushers and an initial parts purchase supporting the installed equipment. Most of this order was also booked in the quarter with $27 million coming from opening backlog. Given the tight shipping window to Baffin Island, which closed near the end of September, all near term requirements for equipment were delivered in full in the third quarter.

Revenues hit new quarterly records in all categories (new, used, rental and product support) increasing 18% in total. Mining was a significant contributor to both periods, representing $133.6 million of revenues in the third quarter of 2013 versus $102.5 million in the third quarter of 2012. Excluding mining from both periods, revenue was up 13%.

New equipment sales were very strong in the quarter, benefitting from the significant mining deliveries, together with good deliveries to large road building, quarry and other infrastructure-related contractors. Power systems equipment sales were flat for the quarter, although execution has improved substantially. Agriculture had a record quarter with revenues double those reported last year.

Used equipment sales in the third quarter and first nine-months of 2013 were strong, also benefitting from the significant deliveries into mining. Used equipment deliveries to construction markets were lower in the third quarter although have been fairly strong on a year-to-date basis compared to last year. Used equipment sales vary from period to period based on factors such as product availability, both new and used, customer demands and the general pricing environment.

Light equipment rentals increased 13% in the quarter and year-to-date compared to the similar periods of 2012 on improved time utilization. Heavy equipment rentals were 4% higher in the quarter and 42% higher in the year-to-date on the expanded rental fleet and improved utilization. Rental revenues from equipment on rent with a purchase option (RPO) were 34% lower in the quarter and 18% lower year-to-date on lower activity and significant conversions seen earlier in 2013. Power systems rentals were higher in the quarter and year-to-date up 9% and 5% respectively. Utilization of larger units improved. Rental rates were fairly consistent in both years with continuing competitive market conditions.

Power generation revenues from Toromont-owned plants were largely in line with last year.

Product support revenues were up on increases in parts, service and other merchandise. Product support revenues benefited from the larger installed base of equipment in our territory together with good activity levels for this equipment.

In the quarter, gross profit margins increased 50 basis points compared to last year. Power systems gross margins were improved from last year on better execution. While certain segments exhibited stability, higher volume product classes continue to be under significant pressure due to heightened competitive conditions. Rental gross margins increased on higher utilization rates. Product support gross margins decreased compared to last year on higher costs, including those associated with remote service operations. For the year-to-date, gross profit margins were 10 basis points higher than a year ago as higher equipment and rental gross profit margins were largely offset by lower gross profit margins in product support.

Selling and administrative expenses increased 9% in the quarter and 2% year-to-date on higher variable expenses reflecting the increase in revenues and a higher allowance for doubtful accounts receivable.

Operating income was higher in the quarter and through September 30, 2013 compared to 2012. Operating income as a percentage of revenues was 11.2% for the nine months ended September 30, 2013, compared to 10.3% in the same period of 2012.

($ millions)		**2013**		2012		$ change	% change
Bookings - three-months ended September 30	**$**	**203**	$	108	$	95	88%
Bookings - nine months ended September 30	**$**	**542**	$	458	$	84	18%
Backlogs - as at September 30	**$**	**116**	$	166	$	(50)	(30%)

Equipment bookings were higher year-over-year in both the quarter and first nine months of 2013 compared to the same periods of last year. Excluding the significant mining order, bookings were up1% on a year-to-date basis.

Backlogs were $116 million, down from September 30, 2012 on deliveries against large mining orders and generally improved equipment availability. Approximately 70% of the backlog is expected to be delivered in 2013. At September 30, 2013, approximately 42% of the backlog comprised mining orders while 23% were power systems projects.

CIMCO

($ thousands)	Three months ended September 30 2013	2012	Change $	Change %	Nine months ended September 30 2013	2012	Change $	Change %
Package sales	**$ 46,171**	$ 29,991	$ 16,180	54%	**$109,319**	$ 71,799	$ 37,520	52%
Product support	**25,016**	22,655	2,361	10%	**65,869**	61,814	4,055	7%
Total revenues	**$ 71,187**	$ 52,646	$ 18,541	35%	**$175,188**	$133,613	$ 41,575	31%
Operating income	**$ 6,879**	$ 5,121	$ 1,758	34%	**$ 12,873**	$ 9,869	$ 3,004	30%
Key ratios:								
Product support revenues as a % of total revenues	**35.1%**	43.0%			**37.6%**	46.3%		
Group total revenues as a % of consolidated revenues	**14.3%**	12.7%			**14.8%**	12.4%		
Operating income as a % of revenues	**9.7%**	9.7%			**7.3%**	7.4%		

Package sales increased significantly compared to last year. Package sales were very strong in Canada and the US in 2013 with both recreational and industrial markets reporting double digit increases. Canadian recreational sales are returning to historical levels experienced before the federal stimulus program in 2011.

Product support revenues increased on higher activity levels in both Canada and the United States.

CIMCO gross profit margins were reduced on lower package margins due to relative technical complexity impacting value-add and tighter bids. An unfavourable change in sales mix, with a lower proportion of product support revenues to total, also dampened gross profit margins.

Selling and administrative expenses increased 4% in the quarter and 9% in the first nine months of the year (excluding insurance gains) compared to last year on higher compensation expense related to annual increases and additional staffing required to support the higher sales volumes.

Operating income was 34% higher in the quarter and 30% higher through September 30, 2013 compared to the similar periods last year.

($ millions)	2013	2012	$ change	% change
Bookings - three-months ended September 30	**$ 19**	$ 22	$ (3)	(14%)
Bookings - nine months ended September 30	**$ 87**	$ 139	$ (52)	(37%)
Backlogs - as at September 30	**$ 76**	$ 118	$ (42)	(36%)

Bookings in the first quarter of 2012 included $50 million in orders from Maple Leaf Foods with respect to their announced facilities expansion program. Excluding these, bookings through September 30, 2013 were 2% lower than last year. Canadian recreational markets have improved, returning to more historical levels seen before the federal stimulus program. Canadian industrial markets were down 29% year-over-year on continued caution relating to the economic environment. While lower year-over-year in the quarter, on a year-to-date basis, US markets have been much stronger after a period of weakness, however this represents less than 20% of CIMCO's overall business.

Backlogs were $76 million at September 30, 2013. Although down 36% on deliveries against the Maple Leaf order, they still represent a high level for this time of year.

CONSOLIDATED FINANCIAL CONDITION

The Company strengthened its strong financial position. At September 30, 2013, the ratio of total debt net of cash to total capitalization was 21%, compared to 33% at September 30, 2012 and 25% at December 31, 2012.

Working Capital

The Company's investment in non-cash working capital was $325.4 million at September 30, 2013. The major components, along with the changes from September 30 and December 31, 2012, are identified in the following table.

$ thousands	September 30 2013	September 30 2012	Change $	Change %	December 31 2012	Change $	Change %
Accounts receivable	$ 237,720	$ 232,224	$ 5,496	2%	$ 231,518	$ 6,202	3%
Inventories	346,439	382,132	(35,693)	(9%)	327,785	18,654	6%
Other current assets	6,723	5,575	1,148	21%	4,086	2,637	65%
Accounts payable, accrued liabilities and provisions	(203,583)	(215,207)	11,624	(5%)	(194,304)	(9,279)	5%
Income taxes payable	(3,828)	(3,682)	(146)	4%	(3,130)	(698)	n/m
Derivative financial instruments	(1,080)	(3,421)	2,341	n/m	(219)	(861)	n/m
Dividends payable	(9,963)	(9,154)	(809)	9%	(9,164)	(799)	9%
Deferred revenue	(45,534)	(70,372)	24,838	(35%)	(54,664)	9,130	(17%)
Current portion of long-term debt	(1,471)	(1,325)	(146)	11%	(1,372)	(99)	7%
Total non-cash working capital	$ 325,423	$ 316,770	$ 8,653	3%	$ 300,536	$ 24,887	8%

Accounts receivable increased compared to September 30, 2012 reflecting higher revenues offset by good collections. Revenues for the third quarter of 2013 were 20% higher than in the similar period last year. Days sales outstanding ("DSO") were 40 compared to 50 at September 30, 2012, reflecting good results from collection efforts. Improvements in DSO were reported in both Groups. Accounts receivable have aged from this time last year, with $13 million or 6% of accounts receivable over 90 days past due compared to $10 million or 4% last year.

Accounts receivable also increased compared to December 31, 2012 reflecting higher trailing revenues. Revenues for the third quarter of 2013 were 16% higher than in the fourth quarter of 2012. DSO at December 31, 2012 was 45.

Inventories at September 30, 2013 were reduced $35.7 million, 9%, compared to September 30, 2012.

- Equipment Group inventories were 7% lower than last year with reductions in equipment and work-in-process partially offset by increased parts inventories.
- CIMCO inventories were 41% lower than at September 30, 2012 due to lower balances in work-in-process in the current year on advancement of projects in process.

Inventories at September 30, 2013 were 6% higher compared to December 31, 2012.

- Equipment Group inventory levels increased 7% or $21 million. Inventories are typically lowest at the end of the fiscal year due to seasonality, with inventories building towards

mid-year in advance of the busy selling period.
- CIMCO inventory was 16% lower compared to December 31, 2012 on advancement of projects in process during 2013.

Accounts payable and accrued liabilities at September 30, 2013 were lower than at September 30, 2012, largely on a lower level of inventory purchases and timing of related payments. Compared to December 31, 2012, the increase largely reflects timing of payments to various suppliers.

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 $1.1 million as at September 30, 2013. This is not expected to affect net income, as the unrealized loss will offset future gains on the related hedged items.

Dividends payable increased compared to September 30 and December 31, 2012 reflecting the higher dividend rate. The dividend rate was increased from $0.12 per share to $0.13 per share effective with the April 1, 2013 dividend payment, an increase of 8%.

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 76,671,501 common shares and 2,783,670 share options outstanding.

Dividends

The Company declared and paid the following dividends to common shareholders during 2012 and 2013.

Record Date	Payment Date	Dividend Amount per Share	Dividends Paid in Total ($ millions)
March 9, 2012	April 2, 2012	$0.12	$ 9.2
June 15, 2012	July 3, 2012	$0.12	$ 9.2
September 13, 2012	October 1, 2012	$0.12	$ 9.2
December 11, 2012	January 2, 2013	$0.12	$ 9.2
March 13, 2013	April 1, 2013	$0.13	$ 9.9
June 13, 2013	July 2, 2013	$0.13	$10.0
September 12, 2013	October 1, 2013	$0.13	$10.0

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

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

As at September 30, 2013, $19.5 million was drawn on the $200 million Canadian facility. Letters of credit utilized an additional $24.5 million of the facility.

The Company expects that continued cash flows from operations and currently available credit facilities will be more than sufficient to fund requirements for dividends, 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:

$ thousands	Three months ended September 30 2013	2012	Nine months ended September 30 2013	2012
Cash, beginning of period	$ 3,467	$ 1,492	$ 2,383	$ 75,319
Operations	53,463	41,765	118,943	101,241
Change in non-cash working capital and other	(18,113)	(9,993)	(21,049)	(140,566)
Cash provided by (used in) operating activities	35,350	31,772	97,894	(39,325)
Cash used in investing activities	(7,056)	(24,230)	(63,185)	(82,695)
Cash (used in) provided by financing activities	(28,490)	(9,008)	(33,956)	46,724
Effect of foreign exchange on cash balances	(54)	(4)	81	(1)
(Decrease) Increase in cash in the period	(250)	(1,470)	834	(75,297)
Cash, end of period	$ 3,217	$ 22	$ 3,217	$ 22

Cash Flows from Operating Activities

Operating activities provided $35 million in the third quarter of 2013 compared to $32 million in the comparable period of 2012. Net earnings adjusted for items not requiring cash were 28% higher than last year. Non-cash working capital and other used $18 million compared to $10 million in 2012. The increase in working capital was higher in the current period than last year, largely on higher accounts receivable and a drawdown of deposits from customers (short-term deferred revenues), partially offset by lower inventories and higher accounts payable.

Operating activities provided $98 million in the nine months ended September 30, 2013 compared to using $39 million in the comparable period of 2012. Net earnings adjusted for items not requiring cash were 17% higher than last year. Non-cash working capital and other used $21 million compared to $141 million in 2012. In 2012, significant investments were made in accounts receivable and inventories while accounts payable were lower.

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

Cash Flows from Investing Activities

There was a net reduction in the rental fleet of $0.4 million in the quarter. Year-to-date the net rental fleet additions (purchases less proceeds of disposition) of $45.5 million compared to $52.0 million in the similar period last year. Additional investments in the rental fleet were made in both years in light of stronger demand and the Company’s strategy to expand heavy rental operations. Rental fleet investments generally occur during the first half of the year in advance of the busy rental period.

Investments in property, plant and equipment in the quarter totalled $7.5 million. Additions in the current quarter included $3.9 million for buildings for expanded branches, $1.6 million for machinery and equipment and $2.0 million for service vehicles.

In 2012, Toromont completed the acquisition from Caterpillar of the former Bucyrus distribution network in overlapping territory for $13.7 million.

Cash Flows from Financing Activities

The term credit facility was drawn by $19.5 million as at September 30, 2013 to fund investments in working capital and rental equipment.

Dividends paid to common shareholders totalled $10.0 million in the quarter and $29.1 million in the first nine months of 2013, 8% higher than the similar periods of 2012, reflecting the increase in dividend rate.

No shares were purchased under the NCIB in 2013. In the third quarter of 2012, the Company purchased and cancelled common shares of $2.9 million (137,601 shares at an average cost of $21.25). Through September 30, 2012, the Company purchased and cancelled common shares of $14.1 million (666,039 shares at an average cost of $21.23).

OUTLOOK

Softening in several market segments has increased the competitive pressure for equipment sales in the Equipment Group's markets. Overall construction spending levels have eased somewhat, leading to a recent decline in total industry unit sales, although investment in large infrastructure projects continue to provide opportunity. Toromont has been successful in increasing its market share, however backlogs have declined and RPO (rent with purchase option) inventories are down 38% versus the high levels seen a year ago, reducing the opportunity for the good late-year conversions seen last year. Weak economic conditions within the mining segment have negatively impacted capital investment and project timing, impacting opportunity.

The parts and service business has experienced significant growth and provides a measure of stability, driven by the larger installed base of equipment in the field. While there has recently been some softening in service activities, work-in-process levels remain healthy and technician recruitment continues. We also expect that our increased investment in the rental business, broader product lines and improved performance in the Power Systems division will continue to contribute to growth.

At CIMCO, recreational bookings have returned to more historical levels seen prior to the federal stimulus program. Good bookings levels and relatively high backlogs are markers for continued strength. The product support business remains a focus for growth with encouraging results in the United States.

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 2012 annual audited consolidated financial statements, except for the change in accounting policy as described in note 1 to the unaudited interim condensed financial statements for the period ending September 30, 2013.

$ thousands, except per share amounts	Q4 2012	Q1 2013	Q2 2013	Q3 2013
Revenues				
Equipment Group	$ 367,402	$ 266,816	$ 317,052	$ 427,110
CIMCO	63,666	46,316	57,686	71,187
Total revenues	$ 431,068	$ 313,132	$ 374,738	$ 498,297
Net earnings	$ 44,657	$ 17,848	$ 27,284	$ 43,485
Per share information:				
Earnings per share - basic	$ 0.58	$ 0.23	$ 0.36	$ 0.57
Earnings per share - diluted	$ 0.58	$ 0.23	$ 0.35	$ 0.56
Dividends paid per share	$ 0.12	$ 0.13	$ 0.13	$ 0.13
Weighted average common shares outstanding - Basic (in thousands)	76,352	76,495	76,589	76,625

$ 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	$ 16,970	$ 25,383	$ 32,463
Per share information:				
Earnings per share - basic	$ 0.44	$ 0.22	$ 0.33	$ 0.43
Earnings per share - diluted	$ 0.44	$ 0.22	$ 0.33	$ 0.42
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

Interim period revenues and earnings historically reflect some seasonality.

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

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

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 2012 Annual Report.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies used in the preparation of the accompanying unaudited interim consolidated financial statements are consistent with those used in the Company's 2012 audited annual consolidated financial statements, and described in Note 1 therein, except as noted below.

The Company adopted revisions to IAS 19 - *Employee Benefits* ("IAS 19R") effective January 1, 2013. As a result, expected returns on plan assets of defined benefit plans are not recognized in net earnings. Instead, interest on net defined benefit obligation is recognized in net earnings, calculated using the discount rate used to measure the net pension obligation or asset.

The change in accounting policy has been applied retrospectively. As all components of other comprehensive income related to employee benefits were previously recognized in retained earnings, there was no impact on the January 1, 2012 statement of financial position for the adoption of IAS 19R.

The impacts of the adjustments related to the adoption of IAS 19R on the respective financial statements are provided in Note 1 to the unaudited interim condensed consolidated financial statements as at and for the nine months ended September 30, 2013.

The Company also adopted the following new standards effective January 1, 2013. The adoption of these standards did not have a significant effect on the financial statements of the Company.

- IFRS 10 – *Consolidated Financial Statements*
- IFRS 11 – *Joint Arrangements*
- IFRS 12 – *Disclosure of Interests in Other Entities*
- IFRS 13 – *Fair Value Measurement*
- Amendments to IAS 27 – *Separate Financial Statements*
- Amendments to IAS 28 – *Investments in Associates*
- IAS 1 **–** *Presentation of Financial Statements*

The preparation of financial statements in conformity with IFRS requires estimates and assumptions that affect the results of operations and financial position. By their nature, these judgments are subject to an inherent degree of uncertainty and are based upon historical experience, trends in the industry and information available from outside sources. Management reviews its estimates on an ongoing basis. Different accounting policies, or changes to estimates or assumptions could potentially have a material impact, positive or negative, on Toromont's financial position and results of operations. There have been no material changes to the critical accounting estimates as described in Note 2 to the Company's 2012 audited annual consolidated financial statements, contained in the Company's 2012 Annual Report.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

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

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Additionally, they have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting ("ICFR") and the preparation of financial reporting in accordance with IFRS. The control framework used in the design of both DC&P and ICFR is the internal control integration framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 1992.

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, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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

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

NON-IFRS FINANCIAL MEASURES AND ADDITIONAL IFRS 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. 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.

Non-IFRS Financial Measures

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.

Additional IFRS Measures

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 the accompanying unaudited interim condensed financial statements.

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

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.

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

($ thousands)	Note	September 30 2013	December 31 2012	September 30 2012
				Restated See Note 1
Assets				
Current assets				
Cash		**$ 3,217**	$ 2,383	$ 22
Accounts receivable	2	**237,720**	231,518	232,224
Inventories	3	**346,439**	327,785	382,132
Derivative financial instruments		**-**	43	-
Other current assets		**6,723**	4,086	5,575
Total current assets		**594,099**	565,815	619,953
Property, plant and equipment	4	**162,772**	157,993	156,467
Rental equipment	4	**182,216**	158,932	167,775
Other assets	5	**7,011**	12,614	7,851
Deferred tax assets		**15,446**	13,697	18,595
Goodwill and intangible assets	6	**27,597**	27,119	27,119
Total assets		**$ 989,141**	$ 936,170	$ 997,760
Liabilities				
Current liabilities				
Accounts payable, accrued liabilities and provisions	7	**$ 213,546**	$ 203,468	$ 224,361
Deferred revenues		**45,534**	54,664	70,372
Current portion of long-term debt	8	**1,471**	1,372	1,325
Derivative financial instruments		**1,080**	262	3,421
Income taxes payable		**3,828**	3,130	3,682
Total current liabilities		**265,459**	262,896	303,161
Deferred revenues		**10,812**	11,337	12,304
Long-term debt	8	**150,320**	158,395	216,328
Accrued pension liability		**18,253**	26,840	24,668
Derivative financial instruments		**-**	127	354
Shareholders' equity				
Share capital	9	**275,268**	270,900	269,134
Contributed surplus		**6,568**	5,957	5,771
Retained earnings		**262,413**	199,486	167,089
Accumulated other comprehensive income (loss)		**48**	232	(1,049)
Shareholders' equity		**544,297**	476,575	440,945
Total liabilities and shareholders' equity		**$ 989,141**	$ 936,170	$ 997,760

See accompanying notes

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

($ thousands, except share amounts)	Note	Three months ended September 30 2013	Three months ended September 30 2012 *Restated See Note 1*	Nine months ended September 30 2013	Nine months ended September 30 2012 *Restated See Note 1*
Revenues		**$ 498,297**	$ 415,039	**$ 1,186,167**	$ 1,076,105
Cost of goods sold		**377,969**	314,504	**898,503**	810,656
Gross profit		**120,328**	100,535	**287,664**	265,449
Selling and administrative expenses		**58,235**	53,919	**161,513**	158,083
Operating income		**62,093**	46,616	**126,151**	107,366
Interest expense	11	**2,242**	2,597	**6,519**	6,967
Interest and investment income	11	**(599)**	(450)	**(2,859)**	(2,087)
Income before income taxes		**60,450**	44,469	**122,491**	102,486
Income taxes	12	**16,965**	12,006	**33,874**	27,670
Net Earnings		**$ 43,485**	$ 32,463	**$ 88,617**	$ 74,816
Earnings per share					
Basic	13	**$ 0.57**	$ 0.43	**$ 1.16**	$ 0.98
Diluted	13	**$ 0.56**	$ 0.42	**$ 1.15**	$ 0.97
Weighted average number of shares outstanding					
Basic		**76,625,374**	76,289,126	**76,570,320**	76,616,258
Diluted		**77,227,797**	76,803,571	**77,143,911**	77,225,086

See accompanying notes

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

$ thousands	Three months ended September 30, 2013 Before Income Taxes	Income Taxes	Net of Income Taxes	Nine months ended September 30, 2013 Before Income Taxes	Income Taxes	Net of Income Taxes
Net earnings			$ 43,485			$ 88,617
Other comprehensive income (loss):						
Items that may be reclassified subsequently to net earnings:						
Change in fair value of derivatives designated as cash flow hedges	$ (1,989)	$ 517	$ (1,472)	$ 2,050	$ (534)	$ 1,516
Gains on derivatives designated as cash flow hedges transferred to net income in the current period	(583)	151	(432)	(2,559)	666	(1,893)
Unrealized (loss) gain on translation of financial statements of foreign operations	(146)	-	(146)	193	-	193
Items that will not be reclassified subsequently to net earnings:						
Actuarial gains on pension plans	-	-	-	5,678	(1,505)	4,173
Other comprehensive (loss) income	$ (2,718)	$ 668	$ (2,050)	$ 5,362	$ (1,373)	$ 3,989
Comprehensive income			$ 41,435			$ 92,606

$ thousands	Three months ended September 30, 2012 Before Income Taxes	Income Taxes	Net of Income Taxes	Nine months ended September 30, 2012 Before Income Taxes	Income Taxes	Net of Income Taxes
			Restated See Note 1			*Restated See Note 1*
Net earnings			$ 32,463			$ 74,816
Other comprehensive income (loss):						
Items that may be reclassified subsequently to net earnings:						
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 loss	$ (2,937)	$ 714	$ (2,223)	$ (2,585)	$ 644	$ (1,941)
Comprehensive income			$ 30,240			$ 72,875

See accompanying notes

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

($ thousands)	Note	Three months ended September 30 2013	Three months ended September 30 2012	Nine months ended September 30 2013	Nine months ended September 30 2012
			Restated See Note 1		*Restated See Note 1*
Operating activities					
Net earnings		**$ 43,485**	$ 32,463	**$ 88,617**	$ 74,816
Items not requiring cash and cash equivalents					
Depreciation and amortization		**15,500**	14,166	**43,210**	38,759
Stock-based compensation		**489**	456	**1,468**	1,131
Accrued pension liability		**(1,207)**	(303)	**(2,909)**	(1,493)
Future income taxes		**(2,511)**	(3,415)	**(3,123)**	(5,202)
Gain on sale of rental equipment, property, plant and equipment		**(2,293)**	(1,602)	**(8,320)**	(6,770)
		53,463	41,765	**118,943**	101,241
Net change in non-cash working capital and other	16	**(18,113)**	(9,993)	**(21,049)**	(140,566)
Cash provided by (used in) operating activities		**35,350**	31,772	**97,894**	(39,325)
Investing activities					
Additions to:					
Rental equipment		**(6,552)**	(10,810)	**(63,422)**	(68,552)
Property, plant and equipment		**(7,480)**	(3,809)	**(18,321)**	(17,288)
Intangible assets		**-**	(13,669)	**(500)**	(13,669)
Proceeds on disposal of:					
Rental equipment		**6,990**	3,944	**17,956**	16,508
Property, plant and equipment		**48**	182	**1,303**	451
Increase in other assets		**(62)**	(68)	**(201)**	(145)
Cash used in investing activities		**(7,056)**	(24,230)	**(63,185)**	(82,695)
Financing activities					
(Decrease) increase in term credit facility debt		**(18,445)**	2,806	**(7,032)**	83,915
Repayment of long-term debt		**(698)**	-	**(1,372)**	(629)
Financing costs		**-**	(360)	**-**	(360)
Dividends	9	**(9,947)**	(9,185)	**(29,063)**	(26,842)
Shares purchased for cancellation		**-**	(2,925)	**-**	(14,137)
Cash received on exercise of stock options		**600**	656	**3,511**	4,777
Cash used in financing activities		**(28,490)**	(9,008)	**(33,956)**	46,724
Effect of exchange rate changes on cash denominated in foreign currency		**(54)**	(4)	**81**	(1)
(Decrease) increase in cash		**(250)**	(1,470)	**834**	(75,297)
Cash at beginning of period		**3,467**	1,492	**2,383**	75,319
Cash at end of period		**$ 3,217**	$ 22	**$ 3,217**	$ 22

Supplemental cash flow information (note 16)

See accompanying notes

TOROMONT INDUSTRIES LTD.
INTERIM CONDENSED 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	Total
At January 1, 2013		**$ 270,900**	**$ 5,957**	**$ 199,486**	**$ 424**	**$ (192)**	**$ 232**	**$ 476,575**
Net earnings		-	-	88,617	-	-	-	88,617
Other comprehensive income		-	-	4,173	193	(377)	(184)	3,989
Share adjustment		(22)	-	-	-	-	-	(22)
Effect of stock compensation plans		4,390	611	-	-	-	-	5,001
Dividends	9	-	-	(29,863)	-	-	-	(29,863)
At September 30, 2013		**$ 275,268**	**$ 6,568**	**$ 262,413**	**$ 617**	**$ (569)**	**$ 48**	**$ 544,297**

($ thousands) *Restated - See Note 1*	Note	Share Capital	Contributed Surplus	Retained Earnings	Foreign Currency Translation Adjustments	Cash Flow Hedges	Total accumulated other comprehensive income	Total
At January 1, 2012		**$ 265,436**	**$ 5,890**	**$ 131,643**	**$ 545**	**$ 347**	**$ 892**	**$ 403,861**
Net earnings		-	-	74,816	-	-	-	74,816
Other comprehensive income		-	-	-	(185)	(1,756)	(1,941)	(1,941)
Shares purchased for cancellation		(2,330)	-	(11,806)	-	-	-	(14,136)
Effect of stock compensation plans		6,028	(119)	-	-	-	-	5,909
Dividends	9	-	-	(27,564)	-	-	-	(27,564)
At September 30, 2012		**$ 269,134**	**$ 5,771**	**$ 167,089**	**$ 360**	**$ (1,409)**	**$ (1,049)**	**$ 440,945**

See accompanying notes

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

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

Toromont operates through two business segments: The Equipment Group and CIMCO. The Equipment Group includes one of the larger Caterpillar dealerships by revenue and geographic territory in addition to industry-leading rental operations. CIMCO is a market leader in the design, engineering, fabrication and installation of industrial and recreational refrigeration systems. Both segments offer comprehensive product support capabilities. Toromont employs over 3,300 people in almost 100 locations.

Basis of Preparation

These interim condensed consolidated financial statements were prepared in accordance with IAS 34 - *Interim Financial Reporting*. Accordingly, these interim condensed consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2012.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements were the same as those that applied to the Company's consolidated financial statements as at and for the year ended December 31, 2012.

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

These interim condensed consolidated financial statements were authorized for issue by the Audit Committee of the Board of the Directors on November 4, 2013.

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2012, except as noted below.

a. IAS 19 - *Employee Benefits*

The Company adopted revisions to IAS 19 - *Employee Benefits* ("IAS 19R") effective January 1, 2013. As a result, expected returns on plan assets of defined benefit plans are not recognized in net earnings. Instead, interest on net defined benefit obligation is recognized in net earnings, calculated using the discount rate used to measure the net pension obligation or asset.

The change in accounting policy has been applied retrospectively. As all components of other comprehensive income related to employee benefits were previously recognized in retained earnings, there was no impact on the January 1, 2012 statement of financial position for the adoption of IAS 19R.

The following is a summary of the impact of the adjustments related to the adoption of IAS 19R on the respective financial statements:

For the three and nine month periods ended September 30, 2012, respectively:

- Increase in pension expense - $367 and $1,102
- Decrease in income tax expense $97 and $292
- Decrease in net earnings - $270 ($nil per share basic) and $810 ($0.01 per share basic)

As at September 30, 2012:

- Increase in accrued pension liability - $1,102
- Increase in deferred tax assets - $292
- Decrease in retained earnings - $810

As at and for the year ended December 31, 2012:

- Increase in pension expense - $1,470
- Decrease in income tax expense - $390
- Decrease in net earnings - $1,080 ($0.01 per share basic)
- Decrease in other comprehensive loss - $1,080
- No change to accrued pension liability or deferred tax assets

b. IFRS 10 - *Consolidated Financial Statements*, IFRS 11 – *Joint Arrangements*, IFRS 12 – *Disclosure of Interests in Other Entities* and amendments to IAS 27 - *Separate Financial Statements* and IAS 28 – *Investments in Associates*

The adoption of these standards and amendments had no impact on the financial statements of the Company.

c. IFRS 13 - *Fair Value Measurement*

IFRS 13 defines fair value and provides guidance for measuring fair value and identifies the required disclosures pertaining to fair value measurement. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company.

d. IAS 1 - *Presentation of Financial Statements*

The amendments enhance the presentation of other comprehensive income ("OCI") in the financial statements, primarily by requiring the components of OCI to be presented separately for items that may be reclassified to the statement of earnings from those that remain in equity. The amendment affected presentation only and had no impact on the Company's financial position or performance.

2. ACCOUNTS RECEIVABLE

		September 30 2013		December 31 2012		September 30 2012
Trade receivables	$	226,879	$	221,999	$	221,908
Less: allowance for doubtful accounts		(8,276)		(5,496)		(4,891)
Trade receivables - net		218,603		216,503		217,017
Other receivables		19,117		15,015		15,207
Trade and other receivables	$	237,720	$	231,518	$	232,224

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

		September 30 2013		December 31 2012		September 30 2012
Current to 90 days	$	213,536	$	211,750	$	212,347
over 90 days		13,343		10,249		9,561
	$	226,879	$	221,999	$	221,908

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

	Three months ended September 30				Nine months ended September 30			
		2013		2012		2013		2012
Balance, beginning of period	$	5,992	$	5,660	$	5,495	$	5,574
Provisions and revisions, net		2,284		(769)		2,781		(683)
Balance, end of period	$	8,276	$	4,891	$	8,276	$	4,891

3. INVENTORIES

		2013		2012		2012
Equipment	$	230,497	$	219,549	$	263,054
Repair and distribution parts		83,896		76,783		76,408
Direct materials		2,901		2,598		3,002
Work-in-process		29,145		28,855		39,668
	$	346,439	$	327,785	$	382,132

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 period ended September 30, 2013 were $297 million and $696 million, respectively (2012 - $256 million and $650 million, respectively).

The cost of goods sold includes inventory write-downs pertaining to obsolescence and aging together with recoveries of past write-downs 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, 2013 were $0.7 million and $2.4 million respectively (2012 – $1.9 million and $2.4 million, respectively).

4. PROPERTY, PLANT AND EQUIPMENT

During the third quarter and the first nine months of 2013, the Company acquired rental assets with costs of $6,552 and $63,422, respectively (2012 - $10,810 and $68,552, respectively) and property, plant and equipment with costs of $7,480 and $18,321, respectively (2012 - $3,809 and $17,288, respectively).

Rental assets with a net book value of $4,727 and property, plant and equipment with a net book value of $19 were disposed of during the three months ended September 30, 2013 (2012 - $2,669 and $408 respectively) resulting in a net gain on disposal of $2,293 (2012 – $1,602). Rental assets with a net book value of $10,815 and property, plant and equipment with a net book value of $125 were disposed of during the nine months ended September 30, 2013 (2012 - $10,294 and $447 respectively) resulting in a net gain on disposal of $8,320 (2012 – $6,770).

During the the third quarter and first nine months of 2013 depreciation expense of $14,392 and $39,198 respectively were charged in cost of goods sold (2012 - $13,295 and $34,554, respectively) and $960 and $3,563 were charged to selling and administrative expenses (2012 - $677 and $3,573, respectively).

5. OTHER ASSETS

	September 30 2013	December 31 2012	September 30 2012
Equipment sold with guaranteed residual values	**$ 5,651**	$ 11,456	$ 6,774
Other	**1,360**	1,158	1,077
	$ 7,011	$ 12,614	$ 7,851

6. GOODWILL AND INTANGIBLE ASSETS

	September 30 2013	December 31 2012	September 30 2012
Goodwill	**$ 13,450**	$ 13,450	$ 13,450
Intangible assets	**14,147**	13,669	13,669
	$ 27,597	$ 27,119	$ 27,119

7. PAYABLES, ACCRUALS AND PROVISIONS

	September 30 2013	December 31 2012	September 30 2012
Accounts payable and accrued liabilities	**$ 190,399**	$ 183,361	$ 203,994
Dividends payable	**9,963**	9,165	9,154
Provisions	**13,184**	10,942	11,213
	$ 213,546	$ 203,468	$ 224,361

8. LONG-TERM DEBT

	September 30 2013	December 31 2012	September 30 2012
Bank credit facility	**$ 19,515**	$ 26,547	$ 83,915
Senior debentures	**134,511**	135,883	136,534
Debt issuance costs, net of amortization	**(2,235)**	(2,663)	(2,796)
Total long-term debt	**151,791**	159,767	217,653
Less current portion	**1,471**	1,372	1,325
	$ 150,320	$ 158,395	$ 216,328

All debt is unsecured.

At September 30, 2013, standby letters of credit issued utilized an additional $24.5 million of the credit lines (December 31, 2012 – $24.1 million; September 30, 2012 – $24.4 million).

9. SHARE CAPITAL

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

	Nine months ended September 30, 2013		Nine months ended September 30, 2012	
	Number of Common Shares	**Common Share Capital**	Number of Common Shares	Common Share Capital
Balance, beginning of period	**76,407,658**	**$ 270,900**	76,629,777	$ 265,436
Exercise of stock options	**244,975**	**4,390**	347,720	6,028
Purchase of shares for cancellation	**-**	**-**	(666,039)	(2,330)
Other adjustments	**(6,132)**	**(22)**	-	-
Balance, end of period	**76,646,501**	**$ 275,268**	76,311,458	$ 269,134

Normal Course Issuer Bid ("NCIB")

The current issuer bid allows the Company to purchase up to approximately 6.5 million of its common shares in the 12 month period ending August 30, 2014, 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.

The Company did not purchase any shares under the normal course issuer bid during the nine months ended September 30, 2013. For the nine months ended September 30, 2012, the Company purchased and cancelled 666,039 shares for $14,317 (average cost of $21.23 per share) under its NCIB program.

Dividends

The Company paid dividends of $10.0 million ($0.13 per share) and $29.1 million ($0.38 per share) for the three and nine months ended September 30, 2013 respectively ($9.2 million or $0.12 per share and $26.8 million or $0.35 per share for the three and nine months ended September 30, 2012, respectively).

10. 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, 2013	Cash, loans and receivables	Derivatives used for hedging	Other financial liabilities	Total
Cash and cash equivalents	$ 3,217	$ -	$ -	$ 3,217
Accounts receivable	237,720	-	-	237,720
Accounts payable and accrued liabilities	-	-	(213,546)	(213,546)
Current portion of long-term debt	-	-	(1,471)	(1,471)
Derivative financial instruments	-	(1,080)	-	(1,080)
Long term debt	-	-	(150,320)	(150,320)
Total	$ 240,937	$ (1,080)	$ (365,337)	$ (125,480)

Fair Value of Financial Instruments

The estimated fair values of cash and cash equivalents, 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 senior debentures as at September 30, 2013 was $142,268 (carrying value of $134,511). The fair value was determined using the discounted cash flow method, a generally accepted valuation technique. The discount factor is based on market rates for debt with similar terms and remaining maturities and 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, 2013, there were no transfers between Level 1 and Level 2 fair value measurements.

Derivative Financial Instruments and Hedge Accounting

Foreign exchange contracts and options are transacted with financial institutions to hedge foreign currency denominated obligations related to purchases of inventory and sales of products. As at September 30, 2013, the Company was committed to USD purchase contracts with a notional amount of $132 million, an average exchange rate of $1.0384, maturing between October 2013 and November 2014.

Management estimates that a loss of $1,080 would be realized if the contracts were terminated on September 30, 2013. Certain of these forward contracts are designated as cash flow hedges, and accordingly, an unrealized loss of $770 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 $310 on forward contracts not designated as hedges is included in net income which offsets gains recorded on the foreign-denominated items, namely accounts payable.

11. INTEREST INCOME AND EXPENSE

The components of interest expense were as follows:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Term loan facility	**$ 532**	$ 866	**$ 1,420**	$ 1,794
Senior debentures	**1,710**	1,731	**5,099**	5,173
	$ 2,242	$ 2,597	**$ 6,519**	$ 6,967

The components of interest and investment income were as follows:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Interest income - Rental conversions	**$ 378**	$ 419	**$ 2,303**	$ 1,889
Other	**221**	31	**556**	198
	$ 599	$ 450	**$ 2,859**	$ 2,087

12. 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	
	2013	**2012**	**2013**	**2012**
Statutory Canadian federal and provincial income tax rates	**26.50%**	26.50%	**26.50%**	26.50%
Expected taxes on income	**$ 16,019**	$ 11,784	**$ 32,460**	**$ 27,159**
Increase (decrease) in income taxes resulting from:				
Higher effective tax rates in other jurisdictions	**237**	118	**451**	**220**
Manufacturing and processing rate reduction	**(71)**	(61)	**(149)**	**(151)**
Expenses not deductible for tax purposes	**312**	143	**604**	**338**
Other	**468**	22	**508**	**104**
Provision for income taxes	**$ 16,965**	$ 12,006	**$ 33,874**	**$ 27,670**
Effective income tax rate	**28.06%**	26.67%	**27.65%**	**27.00%**

13. EARNINGS PER SHARE

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Net earnings available to common shareholders	**$ 43,485**	$ 32,463	**$ 88,617**	$ 74,816
Weighted average common shares outstanding	**76,625,374**	76,289,126	**76,570,320**	76,616,258
Dilutive effect of stock option conversion	**602,423**	514,445	**573,591**	608,828
Diluted weighted average common shares outstanding	**77,227,797**	76,803,571	**77,143,911**	77,225,086
Earnings per share:				
Basic	**$ 0.57**	$ 0.43	**$ 1.16**	$ 0.98
Diluted	**$ 0.56**	$ 0.42	**$ 1.15**	$ 0.97

For the three months and nine months ended September 30, 2013, 516,200 outstanding share options with an exercise price of $23.40 were considered anti-dilutive (exercise price in excess market price) and as such were excluded from the calculation. There were no anti-dilutive options for the three months and nine months ended September 30, 2012.

14. STOCK BASED COMPENSATION

A reconciliation of the outstanding options was as follows:

	Nine months ended September 30, 2013		Nine months ended September 30, 2012	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	**2,564,355**	**$ 16.92**	2,419,060	$ 15.41
Granted	**516,200**	**23.40**	610,100	20.76
Exercised (1)	**(244,975)**	**14.42**	(347,720)	13.74
Forfeited	**(26,910)**	**20.04**	(17,585)	17.04
Options outstanding, end of period	**2,808,670**	**$ 18.30**	2,663,855	$ 16.84
Options exercisable, end of period	**1,204,620**	**$ 16.15**	1,069,190	$ 15.20

(1) The weighted average share price at date of exercise for nine-month period ended September 30, 2013 was $22.69. The weighted average share price at date of exercise for nine-month period ended September 30, 2012 was $22.33.

The following table summarizes stock options outstanding and exercisable as at September 30, 2013.

		Options Outstanding		Options Exercisable	
Range of Exercise Prices	**Number Outstanding**	**Weighted Average Remaining Life (years)**	**Weighted Average Exercise Price**	**Number Outstanding**	**Weighted Average Exercise Price**
$12.42 - $14.75	413,300	1.7	$ 13.16	340,040	$ 13.31
$14.76 - $17.10	1,291,615	3.6	$ 16.81	744,765	$ 16.69
$17.11 - $23.40	1,103,755	7.7	$ 21.97	119,815	$ 20.76
Total	2,808,670	4.9	$ 18.30	1,204,620	$ 16.15

The fair value of the stock options granted during the first nine months of 2013, and 2012 respectively, was determined at the time of grant using the Black-Scholes option pricing model with the following assumptions:

	2013	2012
Weighted average fair value price per option	**$ 5.49**	$ 3.91
Expected life of options (years)	**8.29**	5.81
Expected stock price volatility	**25.0%**	25.0%
Expected dividend yield	**2.22%**	2.31%
Risk-free interest rate	**2.28%**	1.34%

Options issued in 2013 under the amended program, carry a maximum term of 10 years versus 7 years under the previous program.

Deferred Share Unit Plan

A reconciliation of the DSU plan was as follows:

	Nine months ended September 30, 2013		Nine months ended September 30, 2012	
	Number of DSUs	**Value**	Number of DSUs	Value
Outstanding, beginning of period	**211,872**	**$ 4,297**	193,728	$ 4,093
Units taken in lieu of performance incentive awards, director fees and dividends	**68,480**	**1,527**	30,560	712
Redemptions	**-**	**-**	(7,780)	(161)
Fair market value adjustment	**-**	**650**	-	(212)
Outstanding, end of period	**280,352**	**$ 6,474**	216,508	$ 4,432

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

15. EMPLOYEE FUTURE BENEFITS

The net pension expense included the following components:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Defined benefit plans	**$ 666**	$ 609	**$ 1,770**	$ 1,827
Defined contribution plans	**2,101**	2,027	**6,415**	6,124
401(k) matched savings plans	**32**	30	**95**	88
Net pension expense	**$ 2,799**	$ 2,666	**$ 8,280**	$ 8,039

16. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Net change in non-cash working capital and other				
Accounts receivable	**$ (24,963)**	$ 9,616	**$ (6,202)**	$ (22,429)
Inventories	**23,226**	(7,734)	**(18,654)**	(80,195)
Accounts payable, accrued liabilities and provisions	**(1,125)**	(27,604)	**9,280**	(56,374)
Deferred revenues	**(21,863)**	8,659	**(9,655)**	23,189
Other	**6,612**	7,070	**4,182**	(4,757)
	$ (18,113)	$ (9,993)	**$ (21,049)**	$ (140,566)
Cash paid during the period for:				
Interest	**$ 616**	$ 682	**$ 4,643**	$ 4,891
Income taxes	**$ 11,176**	$ 9,958	**$ 36,350**	$ 37,313
Cash received during the period for:				
Interest	**$ 472**	$ 453	**$ 2,485**	$ 2,090

17. SEGMENTED INFORMATION

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

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

Three months ended September 30		Equipment Group 2013		2012		CIMCO 2013		2012		Consolidated 2013		2012
Equipment/package sales	$	**260,105**	$	202,344	$	**46,171**	$	29,991	$	**306,276**	$	232,335
Rentals		**55,990**		55,096		**-**		-		**55,990**		55,096
Product support		**108,011**		102,219		**25,016**		22,655		**133,027**		124,874
Power generation		**3,004**		2,734		**-**		-		**3,004**		2,734
Total revenues	$	**427,110**	$	362,393	$	**71,187**	$	52,646	$	**498,297**	$	415,039
Operating Income	$	**55,214**	$	41,495	$	**6,879**	$	5,121	$	**62,093**	$	46,616

Nine months ended September 30		Equipment Group 2013		2012		CIMCO 2013		2012		Consolidated 2013		2012
Equipment/package sales	$	**553,930**	$	515,827	$	**109,319**	$	71,799	$	**663,249**	$	587,626
Rentals		**139,254**		126,543		**-**		-		**139,254**		126,543
Product support		**308,987**		291,503		**65,869**		61,814		**374,856**		353,317
Power generation		**8,808**		8,619		**-**		-		**8,808**		8,619
Total revenues	$	**1,010,979**	$	942,492	$	**175,188**	$	133,613	$	**1,186,167**	$	1,076,105
Operating Income	$	**113,278**	$	97,497	$	**12,873**	$	9,869	$	**126,151**	$	107,366

Selected balance sheet information:

		Equipment Group		CIMCO		Corporate		Consolidated
Identifiable assets:								
As at September 30, 2013	$	879,792	$	67,358	$	41,991	$	989,141
As at December 31, 2012	$	835,649	$	65,530	$	34,991	$	936,170
As at September 30, 2012	$	897,898	$	73,312	$	26,551	$	997,760
Identifiable liabilities:								
As at September 30, 2013	$	213,262	$	35,767	$	195,815	$	444,844
As at December 31, 2012	$	213,928	$	38,845	$	206,822	$	459,595
As at September 30, 2012	$	241,584	$	48,136	$	267,095	$	556,815

Operating income from rental operations for the quarter ended September 30, 2013 was $13.0 million (2012 - $9.5 million). For the nine months ended September 30, 2013, operating income from rental operations was $20.8 million (2012 - $14.6 million).

18. SEASONALITY OF BUSINESS

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

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