



Third Quarter 2004 Results

November 8, 2004

Finning Announces Record Third Quarter Earnings

Vancouver, Canada – Finning International Inc. today reported third-quarter net income of \$43.1 million or \$0.56 per share, a record level of earnings, compared to \$36.6 million or \$0.48 per share in the third quarter of 2003. Quarterly revenue reached record levels again, exceeding \$1 billion for the second consecutive quarter reflecting strong volumes in new mobile and power systems equipment, customer support services and equipment rental.

“Our business continues to be very good in Canada and in South America as we benefit from strong equipment related spending by our customers in the mining, oil & gas, forestry and construction sectors”, said Doug Whitehead, President and CEO of Finning International Inc. “Our customers are benefiting from strong commodity prices, and their expansion plans translate into higher demand for our products. We have achieved record levels of revenues and earnings. As well, we have a record order backlog which supports continued growth for the Company.”

“Our third quarter and year-to-date results are in line with our expectations and guidance”, Wayne Bingham, Executive Vice President and CFO of Finning noted. “Record revenues are now generating improved profitability. With our revenue growing at very attractive rates, we continue to focus on developing plans to ensure that this revenue growth is fully translated into higher earnings. Our program to reduce costs by \$60 million by 2006 is well underway and together with our strong order book, will enhance profitability in the future.”

Highlights

- Record quarterly basic and normalized earnings of \$0.56 per share in the third quarter
- Record quarterly revenue and second consecutive quarter in excess of \$1 billion
- Record order book level of \$647 million supports continued attractive revenue growth into 2005

<i>C\$ millions, except EPS data</i>	Three months ended September 30			Nine months ended September 30		
	2004	2003	Change	2004	2003	Change
Revenue	1,085.9	925.0	17.4%	3,086.7	2,660.3	16.0%
EBIT	85.2	70.1	21.5%	205.0	200.7	2.2%
Net Income	43.1	36.6	17.8%	94.8	103.9	(8.8)%
Basic EPS	\$0.56	\$0.48	16.7%	\$1.22	\$1.35	(9.6)%
Diluted EPS	\$0.55	\$0.47	17.0%	\$1.20	\$1.32	(9.1)%
Normalized EPS ⁽¹⁾	\$0.56	\$0.51	9.8%	\$1.33	\$1.33	—
Cash Flow ⁽²⁾	81.4	89.6	(9.2)%	246.0	292.4	(15.9)%

⁽¹⁾ See Footnote 1

⁽²⁾ After working capital changes

Finning International Inc. (“Finning”) earned record quarterly revenues in the third quarter of \$1,085.9 million, up 17.4% from the third-quarter of 2003. The improvement in revenues was mainly the result of continued strength in equipment spending by resource-based businesses in South America and Canada. Strong commodity prices and good overall economic conditions are supporting these resource businesses and the outlook for this to continue is good. This is evident in our order book which continues to build and achieved a new record level of \$647 million, up from the December 2003 levels of \$420 million and second quarter levels of \$535 million. Order book, or backlog, represents the retail value of equipment units ordered by customers for future deliveries.

Earnings Before Interest and Taxes (EBIT) for the quarter was \$85.2 million and net income for the quarter was \$43.1 million, compared with \$70.1 million and \$36.6 million, respectively, in the third quarter of 2003. Normalized EBIT, further described in Attachment 1 to Management’s Discussion and Analysis, was \$85.9 million, an increase of 16.2% over the same period last year while normalized net income was \$43.4 million (2003: \$38.8 million).

Basic EPS for the quarter was \$0.56 in 2004 compared to \$0.48 in the comparative period of the prior year. Normalized Basic Earnings Per Share (EPS) was \$0.56, an increase of almost 10% over the same period last year (2003: \$0.51).

Cash flow before working capital items for the third quarter of 2004 was \$144.9 million, up \$14.9 million from the third quarter of 2003. Cash flow after working capital changes was \$81.4 million for the third quarter, compared with \$89.6 million for the same period last year, reflecting higher working capital requirements, primarily inventory levels, associated with an increase in our current sales demand and the longer lead time required for the delivery of product.

On a year-to-date basis, consolidated revenue increased by 16.0% to \$3,086.7 million and EBIT levels increased 2.2% from the same nine-month period in 2003. Net income was \$94.8 million (2003: \$103.9 million) while Basic EPS was \$1.22 (2003: \$1.35). Reported results have been significantly impacted by expenses incurred that are not reflective of ongoing operations. When these items are excluded, normalized EBIT for the nine-month period was \$218.5 million, up 10.1% from 2003, while normalized net income was \$103.6 million (2003: \$102.3 million) and normalized Basic EPS was \$1.33 (2003: \$1.33).

Important new contracts

- In August, Finning was granted the distribution rights for Perkins Engines for mainland UK, effective December 2004. Annual revenue in the first full year of distribution is estimated at approximately \$50 million.
- In October, the Company’s South American operations were awarded an equipment order valued at \$83 million (US\$69 million) by Compañía Minera Riochilex S.A., a subsidiary of BHP Billiton, and owner of the Spence Copper Project in northern Chile. Equipment deliveries will take place throughout 2005, with all equipment expected to be in operation by December 2005. A Finning maintenance and repair contract covering the first five years of mine operations is currently being negotiated. The customer also has options to acquire additional equipment with a combined value of approximately \$11 million. The Caterpillar equipment fleet will be used in the extraction and transport of material at the Spence mine, which is estimated to have a mine life of approximately 19 years.

Operating initiatives

Finning (Canada) achieved a very important milestone in October by successfully completing 2 million hours without a lost time accident.

Corporate Governance

Finning was ranked second in the 2004 Globe & Mail Report on Business's third annual review of Canadian corporate governance practices.

Other

Subsequent to quarter end, Finning announced a number of key executive changes which will occur during the fourth quarter of 2004. Stephen Mallett, currently Managing Director, Finning (UK) Ltd., will transfer to Finning International Inc. in Vancouver, to assume the role of President, Power Systems replacing Paul Jarvis, who has left the Company. Neil R. Dickinson will return to the U.K. to replace Stephen Mallett as Managing Director, Finning (UK) Ltd. In addition, as the Company focuses on U.K. performance, Nicholas B. Lloyd has been appointed to the position of Managing Director, Finning Group, UK, which in conjunction with his current role as Managing Director, Hewden Stuart, will encompass responsibility for our U.K. Materials Handling Division and will focus on the development of the group support services for all U.K. operations. To support key projects and the development of group services in the U.K., Douglas W. Sprout will transfer from Vancouver to the U.K. to the newly created position of UK Executive Director, Support Services. These organizational changes represent an overall restructuring that is consistent with cutting costs, enhancing customer service, supporting the operations and providing a productive environment for all employees.

Common Share Dividend

The Board of Directors declared a quarterly dividend of \$0.10 per common share, payable on December 6, 2004, to shareholders of record on November 22, 2004.

Footnote 1 on normalized basic EPS

Revenue and expense items not considered reflective of the underlying financial performance of the Company from ongoing operations are included as "other expenses (income)" and as "mark-to-market valuation changes" in finance costs on the Consolidated Income Statement in both 2003 and 2004. These items are not included in the calculation of Normalized Basic EPS, Normalized EBIT and Normalized Net Income, which are not Generally Accepted Accounting Principle (GAAP) measures. Please refer to Attachment 1 titled "Description of non-GAAP measures" in the 2004 Interim Management's Discussion and Analysis for a summary of these items and a reconciliation of normalized (non-GAAP) results to published results.

Third Quarter Conference call

Management will hold an investor conference call on Monday, November 8, 2004 at 5:00 pm Eastern Time. Dial-in numbers:

1-877-888-3490 (anywhere within Canada and the US)
(416) 695-9757 (for participants dialing from Toronto and overseas)

The call will be webcast live at www.finning.com/investor_relations and www.newswire.ca/webcast, and subsequently archived on the Finning website.

Playback recording will be available at **1-888-509-0081** from 7:00 pm Eastern Time on November 8, 2004 until the end of business day on November 15, 2004.

About Finning International

Finning International Inc. sells, rents, finances and provides customer support services for Caterpillar equipment and engines, and complementary equipment, in Western Canada (Alberta, British Columbia, the Northwest Territories and the Yukon Territory and a portion of Nunavut), the U.K. and South America (Argentina, Bolivia, Chile and Uruguay). Headquartered in Vancouver, B.C., Canada. Finning International Inc. (www.finning.com) is a widely held, publicly traded corporation, listed on the Toronto Stock Exchange (symbol FTT).

Complete financial statements and management discussion and analysis can be accessed at www.finning.com.

Forward-looking disclaimer

This report contains forward-looking statements and information, which reflect the current view of Finning International Inc. with respect to future events and financial performance. Any such forward-looking statements are subject to risks and uncertainties and Finning's actual results of operations could differ materially from historical results or current expectations. Finning assumes no obligation to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein do not materialize.

Refer to Finning's annual report, management information circular, annual information form and other filings with the Ontario Securities Commission and Toronto Stock Exchange, which can be found at www.sedar.com, for further information on risks and uncertainties that could cause actual results to differ materially from forward-looking statements contained in this report.

Next Quarterly and Year-End Results – February 23, 2005

Finning International's fourth quarter and year-end results for 2004 will be released at 12:30 p.m. Eastern Time on February 23, 2005. The conference call will be held at 2:30 p.m. Eastern Time on February 23, 2005.

For more information

Please call Tom Merinsky, Vice President, Investor Relations
Phone: (604) 331-4950
Email: investor_relations@finning.ca

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Finning International Inc. (Finning or the Company) should be read in conjunction with the interim consolidated financial statements and accompanying notes. The results reported herein have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are presented in Canadian dollars unless otherwise stated. For additional information, please refer to Finning's 2003 annual report.

Results of Operations

Third quarter overview

The Company achieved record quarterly revenues driven by higher new equipment sales, customer support services and equipment rental. Consolidated revenues increased 17.4% to \$1,085.9 million, earnings before interest and taxes (EBIT) increased 21.5% to \$85.2 million and consolidated net income increased 17.8% to \$43.1 million. Basic Earnings Per Share (EPS) for the quarter was \$0.56 compared with \$0.48 in the same period last year. The increase in EBIT, year over year, is primarily due to the strong performance of the Company's South American and Canadian operations and Hewden; offset by higher costs relating to information systems, pensions and foreign exchange.

Excluding items that do not reflect the Company's ongoing operations, normalized EBIT for the quarter increased by 16.2% to \$85.9 million, compared to the third quarter of 2003. Normalized net income was \$43.4 million (2003: \$38.8 million) and normalized Basic EPS was \$0.56, an increase of 9.8% compared to the third quarter of 2003 (\$0.51 per share). Please refer to Attachment 1 for a summary of normalized items and a reconciliation of normalized (non-GAAP) results to published results.

Cash flow after changes in working capital was \$81.4 million, down \$8.2 million from the same quarter last year. The Company increased its spending on revenue-earning assets by 104.7% with a net investment of \$109.5 million (2003: \$53.5 million) this quarter.

Year-to-date overview

Revenues are higher in all operations, year over year, most notably in the Company's South American operations, which resulted in consolidated revenues increasing 16.0% to \$3,086.7 million.

EBIT increased 2.2% to \$205.0 million and consolidated net income decreased 8.8% to \$94.8 million. Basic EPS was \$1.22 compared with \$1.35 in the same period last year.

Adjusting for items not reflective of the Company's ongoing operations as outlined in Attachment 1, normalized EBIT was \$218.5 million, compared to \$198.5 million in 2003. Normalized net income was \$103.6 million (2003: \$102.3 million) and normalized Basic EPS was \$1.33, unchanged from the prior year. Normalized EBIT was higher than the prior year notwithstanding higher expenditures in 2004 relating to system expenses in the UK and pension costs. Higher finance costs relating to higher average borrowing levels primarily due to the June 2003 acquisition of Lex Harvey offset the increased normalized EBIT so that normalized EPS was unchanged year over year.

Cash flow after changes in working capital was \$246.0 million, down \$46.4 million from the same period last year. This decrease is a result of the Company investing in inventories this year to satisfy current and

near-future customer demand. The Company increased spending on revenue-earning assets by 62.5% with a net investment of \$347.0 million in 2004 (2003: \$213.5 million).

The table below sets forth summary financial data for the periods indicated.

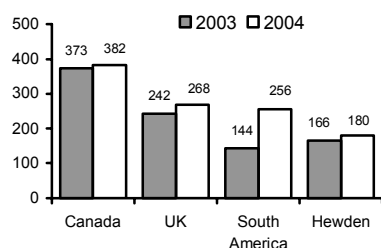
<i>C\$ millions</i>	Q3 2004	Q3 2003	Q3 2004	Q3 2003
			(% of revenue)	
Revenue	1,085.9	925.0		
Gross profit	324.9	271.1	29.9	29.3
Selling, general & administrative expenses	239.0	197.2	22.0	21.3
Normalized EBIT	85.9	73.9	7.9	8.0
Other expenses (income)	0.7	3.8	0.1	0.4
EBIT	85.2	70.1	7.8	7.6
Finance costs and interest on other indebtedness	24.1	20.4	2.2	2.2
Provision for income taxes	14.0	7.9	1.2	0.8
Non-controlling interests	4.0	5.2	0.4	0.6
Net income	43.1	36.6	4.0	4.0

<i>C\$ millions</i>	YTD 2004	YTD 2003	2004	2003
			(% of revenue)	
Revenue	3,086.7	2,660.3		
Gross profit	932.6	775.1	30.2	29.1
Selling, general & administrative expenses	714.1	576.6	23.1	21.6
Normalized EBIT	218.5	198.5	7.1	7.5
Other expenses (income)	13.5	(2.2)	0.4	0.0
EBIT	205.0	200.7	6.7	7.5
Finance costs and interest on other indebtedness	72.8	53.5	2.4	2.0
Provision for income taxes	24.9	28.2	0.8	1.0
Non-controlling interests	12.5	15.1	0.4	0.6
Net income	94.8	103.9	3.1	3.9

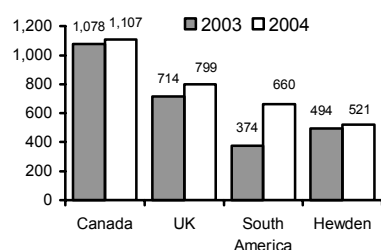
Revenues

Revenue by operation *C\$ millions*

Three months ended September 30

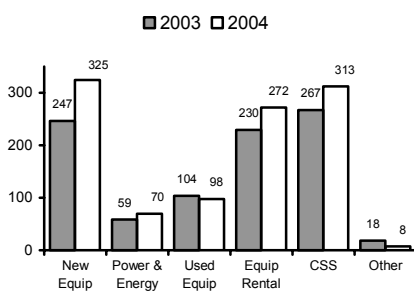


Nine months ended September 30

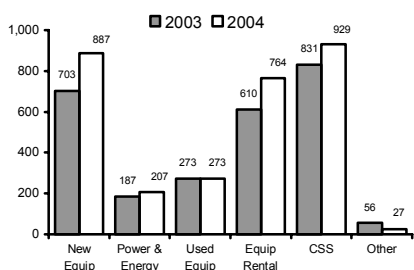


Revenue by line of business *C\$ millions*

Three months ended September 30



Nine months ended September 30



Revenues in the third quarter of 2004 increased 17.4% to \$1,085.9 million, the second consecutive quarter that the Company has reported quarterly revenues in excess of one billion dollars. Most of the increase was contributed by the Company's South American and UK operations and reflects the impact of stronger commodity prices, higher rental revenues in the UK and a weaker Canadian dollar relative to the pound sterling.

Finning's order book continues to build and achieved a new record level of \$647 million, up from the December 2003 levels of \$420 million and second quarter levels of \$535 million. Order book, or backlog, represents the retail value of equipment units ordered by customers for future deliveries and is a measure used by Company management to forecast future revenues. The Company is dependent on Caterpillar for the timely supply of equipment and parts to fulfill these deliveries.

From a line of business perspective, revenue mix shifted in 2004 compared to 2003 slightly toward new equipment sales as a result of large deliveries in South America and equipment rentals reflecting the expansion of the Company's rental business. All components of revenue increased except for used equipment sales and operating lease and finance revenues, which reflect the 2003 sale of selected lease assets and notes portfolio to Caterpillar Financial Services Limited.

Consolidated revenue on a year-to-date basis increased 16.0% to \$3,086.7 million consistent with the quarterly trends.

Canada

The Canadian operating segment primarily reflects the results of the Company's operating division, Finning (Canada). This segment also includes the Company's interest in OEM Remanufacturing Company Inc. ("OEM"). OEM will be fully operational in a new component rebuild facility in Edmonton, Alberta, in the first half of 2005.

Revenues in the third quarter increased by 2.2% to \$381.5 million in Canada mainly due to new power & energy sales, equipment rentals and customer support services, partially offset by lower new mobile equipment sales and lower leasing revenues. This is consistent with revenue trends noted in the first two quarters of the year. Continued strong performance from customer support services produced an improvement in revenues in excess of 25.8%. This increase occurred despite an increase in the value of the Canadian dollar relative to the United States dollar, for the three-month period year over year. Revenues were enhanced by deliveries of power systems

units to power generation projects. Rental revenues increased year over year as a direct result of more CAT rental store businesses in 2004. There are now 25 CAT rental stores servicing Western Canada compared with 19 stores at the same time last year.

2003 included significant mining equipment package deliveries that were not repeated in 2004, resulting in lower new mobile equipment revenues. Although there are no large mining trucks included in the new equipment order backlog at September 30, 2004, this measure remains strong and is higher than both December 2003 and June 2004 levels, reflecting increased activity in the mining, construction, forestry and petroleum sectors. A stronger construction market in 2004 has partially offset the absence of the 2003 large truck deliveries, complemented by a further sale of lease contracts to Caterpillar Financial Services Limited ("CFSL"). This sale increased equipment revenues in the third quarter of 2004 by \$39.0 million.

In the second half of 2003 and in the first and third quarters of 2004, lease contracts were sold to CFSL. The lease fleet reduction of \$95.4 million from September 2003 has resulted in lower lease revenues in 2004 when compared to 2003.

On a year-to-date basis, revenues increased 2.6% to \$1,106.4 million.

United Kingdom

Revenues in the third quarter increased by \$26.3 million or 10.9% for the Company's UK operations. In local currency, revenues rose by 3.8%. This difference reflects a strengthening of the pound sterling relative to the Canadian dollar, quarter over quarter. The materials handling rental business, which includes the Lex Harvey rental business acquired in June 2003, contributed \$6.0 million to the overall rental revenue improvement. New equipment revenues increased in the third quarter compared to the prior year primarily due to a higher volume of sales to the construction sector. Quarrying activity in the second and third quarters of 2004 was weaker than the comparable periods last year as major quarrying customers have been deferring their capital purchases. Revenues in the U.K. are also impacted by government infrastructure projects which have been temporarily deferred. New power and energy systems revenue was down 7.5% from the prior year comparative period. In the second and third quarters of 2003, significant power systems sales were made to the electric power generation diesel sector that did not recur in 2004. New equipment order backlog closed the quarter at a higher dollar value than experienced in both June 2004 and December 2003. New orders received for the Company's products were strong in the quarter, surpassing the previous quarter and the same quarter last year, and represents the strongest level of new orders since the first quarter of 2003.

Year-to-date, revenues increased \$85.4 million or 12.0%. Excluding the foreign currency translation impact, revenues increased 6.3% in local currency.

South America

Revenues for the third quarter from South America increased 78.3% to \$256.0 million driven by the continued strength in commodity prices, higher activity in customer support services with large mining customers and strong construction activity in Argentina. In local currency, revenues increased 88.2%, reflecting a 5.3% appreciation of the Canadian dollar relative to the United States dollar, quarter over quarter. South America experienced growth in all core lines of business and particularly in new equipment, power and energy systems as well as customer support services. New equipment order backlog continues at very strong levels and is comparable to the record level set in the previous quarter and surpassing December 2003 year-end levels.

Year-to-date, revenues increased 76.3% to \$659.8 million. South America operations now contribute 21.4% of the total consolidated revenue of the Company, up from 14.1% one year ago.

Hewden

Hewden revenues increased 8.4% to \$180.0 million in the third quarter of 2004 compared with the same period in 2003. In local currency, revenues increased 1.2%. Although competitive constraints in the U.K. rental hire market and overcapacity continue to apply downward pressure on rental pricing, rental revenues are higher, reflecting increased volumes and an improvement in rental utilization from the prior year's quarter. This trend has positively impacted revenues in the past two quarters.

Year-to-date, revenues increased 5.5% to \$521.4 million. In local currency, revenues were slightly higher than the same period last year.

The table below provides details of revenue by operations and lines of business.

<i>C\$ millions</i> Q3 2004	Canada	UK	South America	Hewden	Consolidated	Revenue percentage
New mobile equipment	108.5	94.2	120.0	2.3	325.0	29.9%
New power & energy systems	27.9	25.8	16.4	—	70.1	6.5%
Used equipment	51.0	31.2	9.6	6.0	97.8	9.0%
Equipment rental	45.3	56.6	8.9	161.0	271.8	25.0%
Operating leases	7.1	—	—	—	7.1	0.7%
Customer support services	141.1	60.6	100.8	10.7	313.2	28.8%
Finance and other	0.6	—	0.3	—	0.9	0.1%
Total	381.5	268.4	256.0	180.0	1,085.9	100.0%

Revenue percentage by operations 35.1% 24.7% 23.6% 16.6% 100.0%

Q3 2003

New mobile equipment	131.1	76.7	37.1	2.3	247.2	26.7%
New power & energy systems	22.1	27.9	8.7	—	58.7	6.4%
Used equipment	56.1	27.2	8.9	11.5	103.7	11.2%
Equipment rental	33.6	47.8	6.1	142.5	230.0	24.9%
Operating leases	17.4	—	0.1	—	17.5	1.9%
Customer support services	112.1	62.5	82.4	9.8	266.8	28.8%
Finance and other	0.8	—	0.3	—	1.1	0.1%
Total	373.2	242.1	143.6	166.1	925.0	100.0%

Revenue percentage by operations 40.3% 26.2% 15.5% 18.0% 100.0%

<i>C\$ millions</i> YTD 2004	Canada	UK	South America	Hewden	Consolidated	Revenue percentage
New mobile equipment	336.4	266.8	276.5	7.0	886.7	28.7%
New power & energy systems	84.2	79.3	43.3	—	206.8	6.7%
Used equipment	128.3	97.0	25.0	22.5	272.8	8.8%
Equipment rental	109.1	168.0	28.0	458.4	763.5	24.7%
Operating leases	22.9	—	—	—	22.9	0.8%
Customer support services	421.7	188.0	286.2	33.5	929.4	30.1%
Finance and other	3.8	—	0.8	—	4.6	0.2%
Total	1,106.4	799.1	659.8	521.4	3,086.7	100.0%

Revenue percentage by operations 35.8% 25.9% 21.4% 16.9% 100.0%

YTD 2003

New mobile equipment	367.2	257.4	65.4	12.5	702.5	26.4%
New power & energy systems	68.6	94.4	24.1	—	187.1	7.1%
Used equipment	128.6	89.5	20.6	34.2	272.9	10.3%
Equipment rental	87.0	87.7	18.7	416.8	610.2	22.9%
Operating leases	53.1	—	0.4	—	53.5	2.0%
Customer support services	371.2	184.7	244.4	30.9	831.2	31.2%
Finance and other	2.2	—	0.7	—	2.9	0.1%
Total	1,077.9	713.7	374.3	494.4	2,660.3	100.0%

Revenue percentage by operations 40.5% 26.8% 14.1% 18.6% 100.0%

Gross profit

Gross profit of \$324.9 million in the third quarter of 2004 was 19.8% higher than the corresponding period in 2003. As a percentage of revenue, consolidated gross profit in the third quarter improved to 29.9% from 29.3% in the same period last year. Factors affecting the net improvement in gross profit for the quarter are detailed below:

- In Canada, gross profits increased 9.7%. Improvements were achieved in parts margins and new equipment sales as the prior year's quarter had more sales of large mining equipment at lower margins.
- In the UK operation, margins were slightly lower with lower margins contributed by power system projects and lower margins taken on units sourced in the Euro currency which strengthened in the quarter.
- In South America, gross profits increased over 70%, reflecting demand for the Company's products, driven by robust commodity prices and strength in the economic activity of the countries in which Finning South America operates.
- In Hewden, price competitiveness in the UK rental market continued in the third quarter of 2004. However, rental margins increased slightly in the third quarter compared to the prior year and volumes and equipment utilization showed positive increases year over year.

Strong volumes in equipment, customer support services and rentals have increased the year-to-date gross profit by 20.3% to \$932.6 million when compared to the same period last year with an increase in margins as a percentage of revenue from 29.1% in 2003 to 30.2% in 2004.

Selling, general and administrative expenses

Selling, general and administrative (SG&A) expenses increased \$41.8 million to \$239.0 million in the third quarter of 2004 over the same period in the prior year. As a percentage of revenue, these expenses were 22.0% in 2004 compared to 21.3% in 2003. This percentage increase is partially due to the Company's strategic focus and resulting growth in the customer support services and rental businesses, which attract a higher level of SG&A. The Company incurred higher costs to meet customer demands and increased staffing levels in South America to support future revenue generating activities related to the large maintenance contracts entered into this year.

Other major factors affecting the SG&A increase in the quarter compared to the prior year included:

- Higher selling costs of \$31.0 million, year over year, to support the incremental sales volumes experienced in 2004. Selling expenses as a percentage of revenue is relatively unchanged for the third quarter of 2004 compared to the prior year.
- Higher general and administrative expenses of \$10.8 million, year over year. The increase in the quarter included:
 - Higher pension costs in Canada and the U.K. of \$1.8 million.
 - Higher business systems and process change costs incurred in the UK operations increased expenses by approximately \$2.4 million over the comparative quarter last year.
 - Offset by lower long-term incentive plan ("LTIP") costs of \$7.8 million than the third quarter of 2003, primarily due to the vesting of the LTIP which occurred in 2003.

Year-to-date, SG&A expenses increased year over year by \$137.5 million to \$714.1 million. As a percentage of revenue, SG&A increased to 23.1% in 2004 from 21.6% last year.

The Company is committed to improve its cost structure and is formalizing a program to reduce annualized costs by \$60 million by 2006 which was announced last quarter. The Company has identified a number of projects to reduce costs and is developing new operating and balance sheet initiatives to achieve savings. The Company has identified over 30 projects under the 6-Sigma initiative in 2004, which are underway or will be pursued over the next several months. In addition, 3 key strategies have been initiated at Hewden as part of its plan to reduce costs and re-align its service delivery channel.

Other expenses (income)

Other expenses (income) are shown separately on the income statement to allow an easier comparison of the performance of the Company's ongoing operations to the corresponding period in the prior year and are excluded from the calculation of normalized results. As a result of these items, the Company recorded a pre-tax expense of \$0.7 million in the third quarter of 2004 (year-to-date: \$13.5 million expense), compared to a pre-tax expense of \$3.8 million for the corresponding period in 2003 (year-to-date: \$2.2 million income). See Attachment 1 for a complete listing of these items.

The major pre-tax items incurred to date are:

In 2004:

- In June, the Company settled proceedings against Hewden Tower Cranes Limited, a subsidiary of the Company, with Yarm Road Limited and Cleveland Bridge U.K Limited totalling £5.1 million (\$12.1 million). The settlement was for damages arising from the collapse of a tower crane at the Canary Wharf site in the U.K. on May 21, 2000. The impact of the settlement, net of previous accruals, was a pre-tax charge of \$7.9 million.
- Restructuring and project costs incurred in Canada, UK and Hewden operations of \$2.7 million in the quarter (\$11.6 million year-to-date).
 - In the UK operation, downsizing of specialized services and a restructuring of their component rebuild centre resulted in a redundancy charge of \$1.0 million in the second quarter.
 - 3 key strategies have been initiated at Hewden, as part of its plan to reduce costs and re-align its service delivery channel. These initiatives will address the increasingly sophisticated expectations of Hewden's customers and include a complete review of the information technology systems supporting Hewden's entire business as well as integrating functions into a single back office and management structure. Costs incurred in the quarter were \$2.2 million (YTD: \$4.8 million). Specific details of these initiatives, estimated costs to completion, and savings have not yet been finalized.
 - Finning (Canada) re-organized its operations to improve its customer service focus to take advantage of growth opportunities and reduce its cost base. This restructuring involves re-alignment of various customer-facing positions and streamlining of other functions. As a result, a restructuring charge in the quarter was taken of \$0.2 million (YTD: \$3.7 million) for redundancy charges. Annualized savings from this re-organization are estimated at \$2.5 million. In the second quarter, Finning (Canada) recorded a further restructuring charge of \$0.4 million (YTD: \$2.2

million) mainly to cover redundancy costs in preparation of outsourcing its component rebuild service work to OEM.

- Gain on sale of surplus properties in Canada and the UK in the quarter of \$1.6 million (2003: \$2.4 million)
- Recognition of the unamortized portion of the deferred gain from the sale of the Canadian Materials Handling business in 2001. In the first quarter of 2004, Finning assessed that the risk associated with receiving payments from the purchaser had been substantially reduced and as such, the Company recognized the remaining portion of the deferred gain.

In 2003:

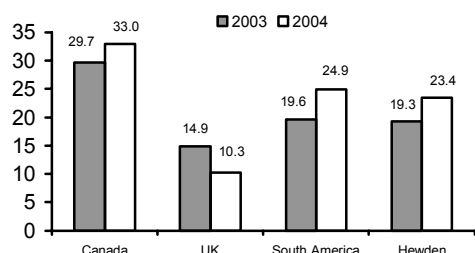
- Costs incurred on the DBSi process reengineering project of \$5.1 million in the third quarter (YTD: \$14.4 million). DBSi was the new process and systems technology from Caterpillar. DBSi enhancements include customer relationship management, finance and administration, and supply chain management. The DBSi project was initiated in 2002, and implementation was completed in the Company's UK operation in January 2004. Ongoing post-implementation costs in 2004 are reported as part of regular general and administrative costs.
- The sale of the UK power rental business to Energyst Rental Solutions (SM) for a pre-tax gain of \$13.8 million recorded in the first quarter of 2003.

Earnings before interest and taxes (EBIT)

EBIT increased by 21.5% to \$85.2 million in the quarter. The increase in gross profit of \$53.8 million in the quarter was partially offset by higher net expenses not reflecting ongoing operations, higher operating costs and the negative impact of foreign exchange on a year over year basis. EBIT as a percentage of revenue increased from 7.6% in the third quarter of 2003 to 7.8% for the comparative period in 2004. Please refer to note 8 of the Notes to the Interim Consolidated Financial Statements for the segmentation of EBIT by operation.

Normalized EBIT by operation*
C\$ millions

Three months ended September 30



* see Attachment 1: Description of Non-GAAP Measures

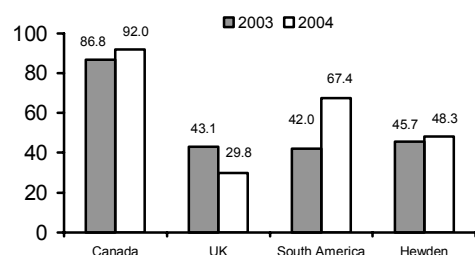
Major components of the EBIT variance for the quarter were:
C\$ millions

2003 Q3 EBIT	70.1
Net growth in operations	10.4
Long-term incentive plan costs	7.8
Pension expense	(1.8)
Foreign exchange impact	(2.0)
Increased UK IT implementation and running costs	(2.4)
Net change in normalizing items (<i>see note 1 to the Interim Consolidated Financial Statements</i>)	3.1
2004 Q3 EBIT	<u>85.2</u>

Year-to-date EBIT increased by 2.2% to \$205.0 million reflecting similar components as the quarterly impacts previously noted. The foreign exchange variance is mainly due to translating results from country operations with foreign currencies into Canadian dollars and translating in-country sales transactions that are based on a foreign currency. Most of the foreign exchange impact on EBIT in the nine-month comparative results was due to the stronger Canadian dollar relative to the United States dollar for the nine-month period, year over year. This was partially offset by the impact of a 5.7% weaker Canadian dollar relative to the pound sterling for the nine-month period, year over year.

Normalized EBIT by operation*
C\$ millions

Nine months ended September 30



* see Attachment 1: Description of Non-GAAP Measures

Major components of the EBIT variance year-to-date were:
C\$ millions

2003 YTD EBIT	200.7
Net growth in operations	48.2
Long-term incentive plan costs	2.7
Pension expense	(5.3)
Foreign exchange impact	(12.7)
Increased UK IT implementation and running costs	(12.9)
Net change in normalizing items (<i>see note 1 to the Interim Consolidated Financial Statements</i>)	(15.7)
2004 YTD EBIT	<u>205.0</u>

Finance costs and interest on other indebtedness

Finance costs and interest on other indebtedness for the three months ended September 30, 2004 of \$24.1 million was 18.2% higher than the comparable period last year. The increase in 2004 is primarily due to the following:

- Higher short term borrowings in most operations in 2004 to fund the higher investment in inventories and rental assets
- Foreign exchange impact of translating sterling denominated debt in 2004 with a stronger pound sterling relative to the Canadian dollar.

Year-to-date, finance costs increased by \$19.3 million to \$72.8 million. This was due to the quarterly trends noted as well as higher average borrowing levels due to the June 2003 acquisition of the Lex Harvey business in the U.K.

Provision for income taxes

Income tax expense for the current quarter amounted to \$14.0 million (24.5% effective tax rate) compared with \$7.9 million (17.8% effective tax rate) for the same period last year, with more business originating in higher tax jurisdictions than in the previous year's quarter. The year-to-date income tax expense was \$24.9 million (20.8% effective tax rate) compared with \$28.2 million (21.3% effective tax rate) for the same period last year, reflecting a change in the earnings mix and the other expenses (income) items some of which receive capital tax treatment. Excluding the tax recovery (expense) on normalizing items, the effective tax rates, as a percentage of income before taxes (but after non-controlling interests), would be 22.3% for 2004 compared with 21.2% for 2003.

Non-controlling interests

The distribution to the non-controlling partnership interests for the quarter was \$4.0 million, representing a yield of 3.8% compared to \$5.2 million and a yield of 4.8% in the third quarter of 2003. The distribution for the first nine months of 2004 was \$12.5 million, representing a yield of 3.9% compared to \$15.1 million and a yield of 4.7% in the comparable period of 2003. The decline in yields is due to a decline in the Canadian dollar bankers' acceptances rate, which is used in determining the distributions to the partnership interests.

Net income

Net income increased by \$6.5 million to \$43.1 million in the third quarter of 2004 and basic earnings per share for the quarter increased to \$0.56 in 2004 compared to \$0.48 in the comparative period of the prior year. Normalized net income was \$43.4 million (2003: \$38.8 million) and normalized Basic EPS was \$0.56 (2003: \$0.51). Normalized EPS was higher year over year primarily due to higher revenues in 2004 as well as \$7.8 million lower long-term incentive costs compared to 2003.

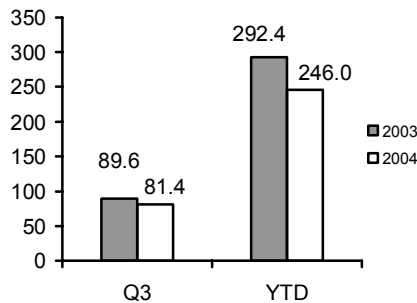
Year-to-date, net income declined by \$9.1 million to \$94.8 million and basic earnings per share decreased to \$1.22 from \$1.35 when compared to the same period last year. On a normalized basis, net income was \$103.6 million (2003: \$102.3 million) and normalized Basic EPS was \$1.33 (2003: \$1.33).

Liquidity and Capital Resources

Cash Flow

C\$ millions

Cash flow after working capital changes



Cash flow from operating activities

Cash used in operating activities was \$28.1 million in the quarter compared to cash provided of \$36.1 million in the corresponding period last year, primarily as a result of \$74.2 million higher investment in rental equipment as well as \$49.5 million higher investment in inventories. For the nine months ended September 30, 2004 cash flow before working capital items was \$28.3 million higher than in the same period of 2003 and \$46.4 million lower after working capital changes. In the nine months ended September 30, 2004, \$137.1 million more cash was invested in inventory to meet current sales demand and managing the longer lead time required for delivery of product. In addition, to support the Company's expanded rental business, a further \$151.9 million was spent year over year.

Cash used for investing activities

Net cash used for investments in the third quarter of 2004 totalled \$24.3 million compared to \$28.3 million in the comparative period in 2003.

Year-to-date cash invested was \$45.9 million compared to \$299.1 million in 2003. In 2004, approximately \$20.0 million has been invested in Canada for a new component rebuild facility being built by OEM. The balance in 2003 includes \$300.5 million for the acquisitions of Lex Harvey and the Caterpillar dealerships in Argentina, Bolivia and Uruguay partially offset by proceeds of \$34.1 million from the sale of the UK power rental business.

Financing activities

The Company's total short and long-term borrowings increased \$122.8 million to \$1,211.1 million at September 30, 2004 compared to the December 31, 2003 level reflecting an increase in overall debt in local currency (\$137.3 million) and the impact of translating foreign denominated debt into Canadian dollars (\$14.5 million lower). During the first quarter of 2004, the Company repaid its \$75 million 8.35% debentures via short-term borrowings on its bank credit facilities.

Other financing activities in the quarter included:

- A further \$15.0 million from securitization of accounts receivable by Finning Canada.
- Finning's quarterly dividend rate was higher (2004: 10 cents per share; 2003: 9 cents per share).
- \$2.8 million (year-to-date: \$8.2 million) was generated from the exercise of stock options.

Financial derivatives and risk management

The Company uses various financial instruments such as interest rate swaps, forward exchange contracts and options to manage its foreign exchange and interest rate exposures (see notes 2 and 3 of Notes to the Interim Consolidated Financial Statements).

Risks and Uncertainties

The Company's financial performance may be influenced by fluctuations in foreign exchange, interest rates and commodity prices.

For further details about the management of liquidity and capital resources, financial derivatives and financial risks and uncertainties, please refer to the Annual Information Form and Management Discussion and Analysis (MD&A) for the year ended December 31, 2003.

Sensitivity to variances in foreign exchange rates

The Company is geographically diversified, with significant investments in several different countries. Finning transacts business in different currencies, the most significant of which are the US dollar (USD), the Canadian dollar, the UK pound sterling (GBP), the Chilean peso (CHP), and the European euro (EUR). As a result, the Company has foreign currency exposure to items denominated in foreign currencies. The three main types of foreign exchange risk of the Company are investment in foreign operations, transaction exposure and translation exposure. These are explained further in the 2003 annual MD&A.

The sensitivity of the Company's annual net earnings to fluctuations in average annual foreign exchange rates is summarized in the table below. The table assumes that the Canadian dollar strengthens 5% against the currency noted, for a full year relative to the September 2004 month end rates, without any change in local currency volumes or hedging activities.

Currency	September 30, 2004 month end rates	Increase (decrease) in annual net income	
		C\$ millions	
USD	1.2639	(11)	
GBP	2.2878	(4)	
EUR	1.5700	3	
CHP	0.002074	2	

The sensitivities noted above ignore the impact of exchange rate movements on other macroeconomic variables, including overall levels of demand and relative competitive advantages. If it were possible to quantify these impacts, the results would likely be different from the sensitivities shown above.

Other financial and key risks

The Company is dedicated to strengthening its risk management capability to protect and enhance shareholder value. As such, the Company has adopted an Enterprise Risk Management approach in identifying and evaluating risks. There have been no significant changes or new key risks identified, other than as noted below, from the key risks as disclosed in the Company's Annual Information Form for the year ended December 31, 2003, which can be found at www.sedar.com.

Project management

The Company has adopted and implemented a project management process and is expanding its capabilities in this area in order to manage risks associated with the complexity of the numerous cost initiatives and projects underway.

Reliance on Key Supplier

The Company is dependent on Caterpillar for the timely supply of equipment and parts. Caterpillar is currently experiencing intense demand for some of its products and has found it necessary to allocate its supply of particular products among its dealers. Such allocations of supply have not in the past proven to be a significant impediment to the Company in the conduct of its business. However, there can be no assurance that Caterpillar will continue to supply its products in the quantities and timeframes required by the Company's customers. Further, the Company's product supply could also be disrupted by potential labour disputes or strike action at Caterpillar. Any prolonged delays in product supply may adversely affect the Company's business, results of operations and financial condition.

Selected Quarterly Information

<i>C\$ millions, except for share and option data</i>	2004			2003				2002
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue								
Canada	381.5	363.1	361.8	378.4	373.2	347.8	356.9	367.2
UK	268.4	290.7	240.0	220.5	242.1	242.3	229.4	197.5
South America	256.0	203.1	200.7	187.7	143.6	111.7	119.0	107.8
Hewden	180.0	175.7	165.7	146.4	166.1	159.3	168.9	175.2
Total revenue	1,085.9	1,032.6	968.2	933.0	925.0	861.1	874.2	847.7
Net income	43.1	27.8	23.9	28.1	36.6	32.2	35.1	31.3
Earnings per common share								
Basic	0.56	0.35	0.31	0.36	0.48	0.42	0.45	0.40
Diluted	0.55	0.35	0.30	0.36	0.47	0.41	0.44	0.40
Normalized	0.56	0.40	0.37	0.42	0.51	0.46	0.36	0.47
Total assets	3,683.6	3,744.2	3,555.0	3,440.6	3,204.5	3,168.1	2,902.9	3,162.5
Long-term debt								
Current	156.3	158.7	159.1	235.2	82.6	78.9	41.1	42.3
Non-current	738.9	767.3	765.9	748.2	882.0	886.4	516.6	514.1
Total long-term debt	895.2	926.0	925.0	983.4	964.6	965.3	557.7	556.4
Cash dividends paid per common share	0.10	0.10	0.10	0.09	0.09	0.09	0.09	0.08
Common shares outstanding (000's)	78,037	77,849	77,937	77,755	77,779	77,394	76,573	77,580
Options outstanding (000's)	2,359	2,546	2,564	2,746	2,825	3,210	4,093	4,323

New Accounting Pronouncements

Hedging instruments

Effective January 1, 2004, the Company adopted CICA Accounting Guideline 13, *Hedging Relationships* (AcG-13). The guideline specifies the conditions under which hedge accounting is appropriate, includes requirements for the identification, documentation and designation of hedging relationships, sets standards for determining hedge effectiveness, and establishes criteria for the discontinuance of hedge accounting. The Company has met the criteria for all hedging relationships with the exception of certain interest rate swaps. AcG 13 does not allow hedge accounting for these derivative instruments and as a result, hedge accounting was discontinued for these derivative instruments in accordance with the guideline. The market values on January 1, 2004 were initially recorded on the balance sheet, and are being amortized to finance expense over the remaining life of the derivative contracts. In addition, the derivative contracts will continue to be marked-to-market on a monthly basis until maturity, with the subsequent changes in market value being recorded in finance expense each period. The amortization of the market value recorded on January 1, 2004 will be offset by market valuation adjustments over the remaining term of the derivative instrument, although volatility may occur on a quarterly basis. The impact on earnings for the quarter ended September 30, 2004 as a result of valuing the interest rate swaps at market was an increase in net income of \$0.1 million after-tax but on a year-to-date basis, the impact was a decrease in net income of \$0.1 million.

Asset retirement obligations

Effective January 1, 2004, the Company adopted Section 3110 of the CICA Handbook *Asset Retirement Obligations*. It focuses on the recognition and measurement of liabilities for obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operations of the assets. The standard requires the recognition of any statutory, contractual or other legal obligation, normally when incurred. The obligations are measured initially at fair value and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The asset retirement cost is amortized to income on a systematic and rational basis. Adoption of this standard does not have a significant impact on the consolidated financial statements.

Impairment of long-lived assets

Effective January 1, 2004, the Company adopted Section 3063 of the CICA Handbook *Impairment of Long-Lived Assets*, which establishes standards for the recognition, measurement and disclosure of the impairment of long-lived assets. Impairment of long-lived assets held for use is determined in a two-step process, with the first step determining when an impairment arises and the second step measuring the amount of the impairment. An impairment loss is recognized when the carrying amount of a long-lived asset exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. An impairment loss is measured as the amount by which the long-lived asset's carrying amount exceeds its fair value. To test for and measure impairment, long-lived assets are grouped at the lowest level for which identifiable cash flows are largely independent. Adoption of this standard does not have a significant impact on the consolidated financial statements.

Vendor rebates

Effective July 1, 2004, the Company adopted CICA Emerging Issues Committee (EIC) 144 *Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor*. EIC 144 provides guidance on how a customer (including a reseller) of a vendor's products should account for cash consideration received from a vendor. Adoption of this standard does not have a significant impact on the consolidated financial statements.

Variable interest entities

In June 2003, The Canadian Institute of Chartered Accountants (CICA) issued Accounting Guideline 15, *Consolidation of Variable Interest Entities (AcG-15)*. A recent announcement by the CICA deferred the effective dates of AcG-15, which requires consolidation of certain "variable interest entities" (VIEs) beginning in the first quarter of 2005. A VIE is any type of legal structure not controlled by voting equity, but rather by contractual or other financial arrangements. The rules are complex and views on implementation are evolving. The Company is currently reviewing AcG-15 to determine to what extent it may be applicable.

Market Outlook

The Company's current views on economic conditions, commodity prices and impact of foreign exchange are consistent with those disclosed in the Market Outlook section of the 2003 year-end MD&A.

Commodity prices for copper, gold, coal and oil and gas continue to be strong. This bodes well for our customers and is reflected in our strong order book/backlog, which reached record levels yet again at September 30, 2004.

The translation of foreign currency based earnings reduced earnings in the first nine months of 2004, on a year over year basis, as anticipated. If September 30, 2004 exchange rates for the US dollar and pound sterling remain unchanged, the Company expects a further negative impact due to foreign exchange on operations for the last quarter of the year similar to that experienced in the third quarter.

As noted at year-end and in the MD&A for the first two quarters of 2004, the Company continues to pursue three key initiatives at Hewden to improve results and to re-align Hewden's service delivery channel to customers. The Customer Facing, Business Support and IT Futures Projects are in the planning stage with implementation to begin in the second half of 2004. Further details will be disclosed as specific cost savings and one-time costs are finalized. Although competitive pressures continue to impact the U.K. rental business, Hewden experienced increased volumes and higher utilization of equipment, year over year, in the second and third quarters of 2004, which bodes well for future improvement in results.

DBSi and related process reengineering was implemented in Finning (UK) in the first quarter of 2004. The Company expects that this implementation will create opportunities to improve supply chain management, cost controls, asset utilization and customer relationship management.

The current economic environment, commodity pricing and launched and pending cost efficiency initiatives, together, provide a positive outlook for the Company's medium to long-term growth opportunities.

Attachment 1

Description of non-GAAP measures

To supplement Finning's consolidated financial statements, the Company uses certain non-GAAP measures that do not have standardized meanings under Canadian GAAP and are therefore unlikely to be comparable to similar measures used by other companies. These non-GAAP measures are normalized net income, normalized basic EPS and normalized EBIT. Finning's management believes these financial measures are useful to investors because they contain the same meaningful information that is used by Finning management to assess the financial performance of the Company and its operating segments. To allow the reader to view financial results in this way, occasional or other significant items that do not reflect the underlying financial performance of the Company's ongoing operations have been removed from reported results prepared in accordance with GAAP.

Reconciliation between reported third quarter EBIT and normalized third quarter EBIT				
	Three months ended		Nine months ended	
	September 30		September 30	
<i>C\$ thousands</i>	2004	2003	2004	2003
Reported EBIT (GAAP measure)	85,230	70,135	205,061	200,690
Gain on sale of surplus properties in Canada and the U.K.	(1,619)	(130)	(2,405)	(652)
Restructuring charges in Canada and the U.K.	2,749	—	11,615	—
Recognition of deferred gain on the 2001 sale of the Canadian Materials Handling business (2003 reflects amortization of the gain)	—	(800)	(3,800)	(1,600)
(Income) loss from equity investment	(403)	(351)	230	(551)
Canary Wharf legal settlement	—	—	7,863	—
Costs incurred on DBSi business process reengineering project	—	5,099	—	14,413
Gain on sale of the UK Power Rental business	—	—	—	(13,800)
Normalized EBIT (reflects non-GAAP measure)	85,957	73,953	218,564	198,500

Reconciliation between reported third quarter net income and EPS and normalized third quarter net income and EPS				
	Three months ended		Nine months ended	
	September 30		September 30	
<i>C\$ thousands, except EPS data</i>	2004	2003	2004	2003
Reported net income (GAAP measure)	43,115	36,574	94,765	103,872
Gain on sale of surplus properties in Canada and the U.K.	(1,253)	(155)	(1,846)	(448)
Restructuring charges in Canada and the U.K.	2,104	—	7,878	—
Recognition of deferred gain on the 2001 sale of the Canadian Materials Handling business (2003 reflects amortization of the gain)	—	(820)	(3,000)	(1,288)
(Income) loss from equity investment	(403)	(351)	230	(551)
Canary Wharf legal settlement	—	—	5,504	—
Costs incurred on DBSi business process reengineering project	—	3,569	—	9,905
Gain on sale of the UK Power Rental business	—	—	—	(9,168)
Market value adjustment: interest rate swap not eligible for hedge accounting	(97)	—	97	—
Normalized net income (reflects non-GAAP measure)	43,466	38,817	103,628	102,322
Normalized basis EPS (reflects non-GAAP measure)	\$0.56	\$0.51	\$1.33	\$1.33

INTERIM CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

C\$ thousands except per share amounts

	Three months ended September 30		Nine months ended September 30	
	2004 unaudited	2003 unaudited	2004 unaudited	2003 unaudited
Revenue				
New mobile equipment	325,009	247,215	886,726	702,538
New power and energy systems	70,149	58,747	206,843	187,127
Used equipment	97,839	103,682	272,835	272,917
Equipment rental	271,766	230,007	763,492	610,227
Operating leases	7,092	17,460	22,905	53,442
Customer support services	313,151	266,805	929,355	831,198
Finance and other	859	1,069	4,551	2,893
Total revenue	1,085,865	924,985	3,086,707	2,660,342
Cost of sales	760,954	653,867	2,154,042	1,885,279
Gross profit	324,911	271,118	932,665	775,063
Selling, general and administrative expenses	238,954	197,165	714,101	576,563
Other expenses (income) (Note 1)	727	3,818	13,503	(2,190)
Earnings before interest, taxes and non-controlling interests	85,230	70,135	205,061	200,690
Finance costs and interest on other indebtedness (Notes 2 and 3)	24,147	20,437	72,862	53,542
Income before provision for income taxes and non-controlling interests	61,083	49,698	132,199	147,148
Provision for income taxes	13,959	7,945	24,914	28,189
Non-controlling interests	4,009	5,179	12,520	15,087
Net income	43,115	36,574	94,765	103,872
Retained earnings, beginning of period	802,649	727,097	775,113	699,741
Net income	43,115	36,574	94,765	103,872
Dividends on common shares	(7,794)	(6,973)	(23,351)	(20,810)
Premium on repurchase of common shares	—	—	(8,557)	(26,105)
Retained earnings, end of period	837,970	756,698	837,970	756,698
Gross profit as a percentage of revenue	29.9%	29.3%	30.2%	29.1%
EBIT as a percentage of revenue	7.8%	7.6%	6.7%	7.5%
Net income as a percentage of revenue	4.0%	4.0%	3.1%	3.9%
Earnings per share (EPS)				
Basic	\$0.56	\$0.48	\$1.22	\$1.35
Diluted	\$0.55	\$0.47	\$1.20	\$1.32
Weighted average number of shares outstanding			77,856,598	77,167,306

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these statements.

INTERIM CONSOLIDATED BALANCE SHEETS

C\$ thousands

	September 30 2004 unaudited	December 31 2003 audited
ASSETS		
Current assets		
Cash and short-term investments	37,412	66,385
Accounts receivable	567,708	481,397
Inventories		
On-hand equipment	469,703	438,715
Parts and supplies	340,239	270,984
Other assets	111,579	98,379
Income taxes recoverable	14,162	11,968
Future income taxes	32,479	35,133
Current portion of instalment notes receivable	29,088	25,944
Total current assets	1,602,370	1,428,905
Finance assets		
Instalment notes receivable	7,267	7,145
Equipment leased to customers	57,207	97,925
Total finance assets	64,474	105,070
Rental equipment	1,170,301	1,046,130
Land, buildings and equipment	310,590	287,778
Future income taxes	14,802	39,344
Goodwill	385,145	393,109
Intangible assets	12,401	9,692
Other assets	123,537	130,550
	3,683,620	3,440,578
LIABILITIES		
Current liabilities		
Short-term debt	315,880	104,910
Accounts payable and accruals	929,451	848,888
Income tax payable	18,011	20,852
Future income taxes	1,072	5,711
Current portion of long-term debt	156,310	235,243
Total current liabilities	1,420,724	1,215,604
Long-term debt	738,920	748,181
Future income taxes	75,978	93,212
Total liabilities	2,235,622	2,056,997
NON-CONTROLLING INTERESTS	425,000	425,000
SHAREHOLDERS' EQUITY		
Share capital	256,094	248,939
Retained earnings	837,970	775,113
Contributed surplus	549	—
Cumulative currency translation adjustments	(71,615)	(65,471)
Total shareholders' equity	1,022,998	958,581
	3,683,620	3,440,578

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these statements.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

C\$ thousands

	Three months ended September 30		Nine months ended September 30	
	2004 unaudited	2003 unaudited	2004 unaudited	2003 unaudited
OPERATING ACTIVITIES				
Net income	43,115	36,574	94,765	103,872
Add				
Depreciation and amortization	98,501	96,085	276,644	256,580
Future income taxes	1,064	(11,676)	4,882	(14,670)
Stock option expense	328	—	549	—
Other items	(2,110)	3,819	(2,330)	(2,189)
Non-controlling interests distribution	4,009	5,179	12,520	15,087
	144,907	129,981	387,030	358,680
Changes in working capital items				
Accounts receivable and other	(36,074)	(66,273)	(122,495)	(71,015)
Inventories – on-hand equipment	(10,898)	22,229	(37,006)	49,769
Inventories – parts and supplies	(26,881)	(10,470)	(73,812)	(23,445)
Instalment notes receivable	95	4,234	(3,390)	(3,662)
Accounts payable and accruals	7,652	2,410	98,795	(6,277)
Income taxes	2,584	7,505	(3,115)	(11,639)
Cash provided after changes in working capital items	81,385	89,616	246,007	292,411
Rental equipment, net of disposals	(141,460)	(67,301)	(371,663)	(219,749)
Equipment leased to customers, net disposals	31,964	13,797	24,640	6,239
Cash flow (used) provided by operating activities	(28,111)	36,112	(101,016)	78,901
INVESTING ACTIVITIES				
Net cash invested in land, buildings and equipment	(24,312)	(12,013)	(45,866)	(32,673)
Proceeds from UK power rental business sale	—	—	—	34,056
Acquisitions	—	(16,250)	—	(300,470)
Cash used by investing activities	(24,312)	(28,263)	(45,866)	(299,087)
FINANCING ACTIVITIES				
Increase (decrease) in short-term debt	56,837	6,170	221,846	(164,341)
(Repayment) increase of long-term debt	(2,323)	(926)	(84,587)	(36,326)
Securitization of accounts receivable	15,000	—	15,000	—
Eurobond issue	—	—	—	449,520
Non-controlling interests distribution	(4,009)	(5,179)	(12,520)	(15,087)
Issue of common shares on exercise of stock options	2,814	4,770	8,218	18,647
Repurchase of common shares	—	—	(9,617)	(29,834)
Dividends paid	(7,794)	(6,973)	(23,351)	(20,810)
Cash provided (used) by financing activities	60,525	(2,138)	114,989	201,769
Currency translation adjustments	1,357	8,627	2,920	31,377
Increase (decrease) in cash and short-term investments	9,459	14,338	(28,973)	12,960
Cash and short-term investments, beginning of period	27,953	33,248	66,385	34,626
Cash and short-term investments, end of period	37,412	47,586	37,412	47,586
Cash flows include the following elements				
Interest paid	11,758	8,079	71,275	39,605
Income taxes paid	12,348	3,635	20,736	20,870

The accompanying Notes to the Interim Consolidated Financial Statements are an integral part of these statements.

(unaudited)

C\$ thousands, except for exercise and share prices

The accompanying unaudited Interim Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with those disclosed in the most recent audited annual financial statements. These unaudited Interim Consolidated Financial Statements do not include all the information and note disclosures required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the December 31, 2003 audited annual financial statements and the notes below.

Certain comparative figures have been reclassified to conform to the 2004 presentation.

1. OTHER EXPENSES (INCOME)

Other expenses (income) in the period include the following items:

	Three months ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
Gain on sale of surplus properties in Canada and the U.K.	(1,619)	(130)	(2,405)	(652)
Restructuring charges in Canada and the U.K.	2,749	—	11,615	—
Recognition of deferred gain on the 2001 sale of the Canadian Materials Handling business (2003 reflects amortization of the gain)	—	(800)	(3,800)	(1,600)
(Income) loss from equity investment	(403)	(351)	230	(551)
Canary Wharf legal settlement	—	—	7,863	—
Costs incurred on DBSi business process reengineering project	—	5,099	—	14,413
Gain on sale of the UK Power Rental business	—	—	—	(13,800)
	727	3,818	13,503	(2,190)
Tax recovery (provision) on other expenses (income)	279	1,575	4,737	(640)
Other expenses (income), net of tax	448	2,243	8,766	(1,550)

2. SHORT-TERM AND LONG-TERM DEBT

Finance costs and interest on other indebtedness as shown on the consolidated statement of income is comprised of the following elements:

	Three months ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
Interest on debt securities				
Debentures	14,946	15,694	46,459	36,746
Bank indebtedness, commercial paper and other loans	6,135	1,264	9,627	7,015
Term facilities	—	195	277	971
	21,081	17,153	56,363	44,732
Interest on swap contracts	3,884	2,752	13,264	9,335
Mark to market valuation changes on interest rate swap not eligible for hedge accounting (Note 3)	(150)	—	150	—
Amortization of deferred debt costs and other finance related expenses (income)	(668)	532	3,085	(525)
	24,147	20,437	72,862	53,542

3. FINANCIAL INSTRUMENTS

Effective January 1, 2004, the Company adopted The Canadian Institute of Chartered Accountants (CICA) Accounting Guideline 13, *Hedging Relationships* (AcG-13). The guideline specifies the conditions under which hedge accounting is appropriate and includes requirements for the identification, documentation and designation of hedging relationships, sets standards for determining hedge effectiveness, and establishes criteria for the discontinuance of hedge accounting. The Company has met the criteria for all hedging relationships with the exception of certain interest rate swaps. AcG 13 does not allow hedge accounting for these derivative instruments and as a result, hedge accounting was discontinued for these derivative instruments in accordance with the guideline. The market values on January 1, 2004 for these derivatives were recorded on the balance sheet and are being amortized to finance expense over the remaining life of the derivative contracts. In addition, the derivative contracts will continue to be marked-to-market on a monthly basis until maturity, with the subsequent changes in market value being recorded in finance expense each period. The amortization of the deferred loss recorded on January 1, 2004 will be offset by market valuation adjustments over the remaining term of the derivative instrument, although volatility may occur on a quarterly basis. The impact on earnings for the period ended September 30, 2004 as a result of valuing the interest rate swaps at market and the amortization of the deferred loss for the quarter was an increase of \$150 pre-tax in the quarter and a decrease in earnings of \$150 pre-tax for the nine-month period.

The Company uses derivative financial instruments as part of an overall risk management strategy to manage the underlying financial and economic risks of the Company and to achieve lower cost financing. The Company uses derivative financial instruments to manage the mix of fixed and floating interest rate exposure, to manage foreign exchange exposure and to diversify sources of financing.

The fair value of financial instruments is determined by reference to quoted market prices for actual or similar instruments, where available, or by estimates derived using present value or other valuation techniques. The estimated fair value of interest rate swaps and foreign exchange contracts was negative \$40,318 at September 30, 2004 and negative \$51,335 at December 31, 2003. Most of these financial instruments, except as noted above, qualify for accounting as hedges, and as such, the gains or losses are accounted for in the same manner as the underlying hedged transaction for the period over which the hedging relationship is effective.

4. ACCOUNTS RECEIVABLE SECURITIZATION

In 2002, under an agreement dated November 29, 2002, the Company sold a \$30,000 co-ownership interest in a pool of eligible non-interest bearing trade receivables to a multi-seller securitization trust. Under the terms of this agreement, which expires on November 29, 2007, the Company can sell co-ownership interests of up to \$120 million on a revolving basis. The Company retains a subordinated interest in the cash flows arising from the eligible receivables underlying the trust's co-ownership interest. The trust and its investors do not have recourse to the Company's other assets in the event that obligors fail to pay the underlying receivables when due. Pursuant to the agreement, the Company continues to service the pool of underlying receivables.

In September 2004, an additional \$15 million was sold under this agreement.

As at September 30, 2004, the Company is carrying a retained interest in the transferred receivables in the amount of \$8,259 (as at December 31, 2003: \$9,040). The servicing liability outstanding is approximately \$47 as at September 30, 2004 (as at December 31, 2003: \$33). For the nine-month period ended September 30, 2004, the Company recognized a pre-tax loss of \$644 (December 31, 2003: \$929) relating to these transfers.

5. EARNINGS PER SHARE

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

2004	Three months ended September 30			Nine months ended September 30		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic earnings per share: net income	\$43,115	77,856,598	\$0.56	\$94,765	77,856,598	\$1.22
Effect of dilutive securities: stock options	—	1,210,589	—	—	1,210,589	—
Diluted earnings per share: net income and assumed conversions	\$43,115	79,067,187	\$0.55	\$94,765	79,067,187	\$1.20
2003						
Basic earnings per share: net income	\$36,574	77,167,306	\$0.48	\$103,872	77,167,306	\$1.35
Effect of dilutive securities: stock options	—	1,497,210	—	—	1,497,210	—
Diluted earnings per share: net income and assumed conversions	\$36,574	78,664,516	\$0.47	\$103,872	78,664,516	\$1.32

6. SHARE CAPITAL

Common shares

	Nine months ended September 30, 2004		Twelve months ended December 31, 2003	
	Shares	\$	Shares	\$
Balance, beginning of period	77,754,985	248,939	77,579,954	233,450
Exercise of stock options	611,789	8,218	1,513,931	19,538
Repurchase of common shares	(329,900)	(1,063)	(1,338,900)	(4,049)
Balance, end of period	78,036,874	256,094	77,754,985	248,939

Stock options

The following table summarizes information about stock option activity from the previous year-end to September 30, 2004:

		# stock options outstanding
Options outstanding, beginning of period		2,745,620
Options exercised:		
Range of exercise price	Weighted average exercise price	Options exercised
\$9 – \$12	\$10.33	191,617
\$12 – \$15	\$12.93	176,168
\$15 – \$17	\$16.41	244,004
Total exercised	\$13.32	(611,789)
Options cancelled	\$15.61	(17,266)
Options issued	\$29.38	242,200
Options outstanding, end of period	\$14.94	2,358,765
Total options exercisable, end of period	\$13.29	2,153,465

7. STOCK-BASED COMPENSATION

Stock options

In April 2004, the Company issued 242,200 common share options to senior executives and management of the Company, representing the first issuance of stock options since February 2001. These stock options, similar to the previous stock options issued by the Company, give the holder the right, but not the obligation, to purchase common shares at a predetermined price based on the fair market value of the common shares at the time the option is granted. After the date of grant, the options vest one-third per year over a three-year period.

The Company determines the cost of all stock options granted since January 1, 2002 using the fair value-based method of accounting for stock options. This method of accounting uses an option-pricing model to determine the fair value of stock options granted which is amortized over the period over which the related options vest. The fair value of the options granted has been estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Dividend yield	1.12%
Expected volatility	26.82%
Risk-free interest rate	3.95%
Expected life	7 years

Stock option expense recognized as a result of granting 2004 stock options in the third quarter was \$328 (2003: \$nil) and year-to-date 2004 was \$549 (2003: \$nil).

Other stock-based compensation plans

Deferred Share Unit Plans

Directors

Under the Directors' Deferred Share Unit Plan (DDSU), non-employee Directors of the Company were allocated a total of 19,950 share units in April 2004 which are being issued to the Directors and are being expensed equally over the 12 month period starting January 2004. Other terms of the 2004 DDSU are similar to those of the existing DDSU plan.

Executive

Under the Executive Deferred Shared Unit Plan (DSU-B), executives of the Company were awarded 118,100 deferred share units in the second quarter of 2004 with similar terms to the existing DSU-B plan. These deferred share units partially vest upon retirement (30% unvested units) or at specified percentages if the Company's common share price exceeds, for ten consecutive days, at specified levels, the common share price at the date of grant. The specified levels and respective vesting percentages for the 2004 grant are as follows:

	Common Share Price	Vesting %
Grant Price	\$29.38	0%
10% improvement	\$32.32	25%
20% improvement	\$35.26	50%
30% improvement	\$38.19	75%
40% improvement	\$41.13	100%

Details of the deferred share unit plans for the nine-month period ended September 30 are as follows:

Units	DSU-A		DSU-B		DDSU	
	2004	2003	2004	2003	2004	2003
Outstanding, beginning of year	67,607	66,740	685,766	275,200	132,390	95,089
Additions during period	554	665	135,919	433,391	22,994	23,631
Exercised/cancelled during period	(15,604)	—	(23,587)	(8,550)	—	(1,027)
Outstanding, end of period	52,557	67,405	798,098	700,041	155,384	117,693
Vested, beginning of period	67,607	66,740	258,498	28,050	132,390	95,089
Vested during period	554	665	148,661	229,672	22,994	23,631
Exercised/cancelled during period	(15,604)	—	(23,587)	—	—	(1,027)
Vested, end of period	52,557	67,405	383,572	257,722	155,384	117,693

Liability (C\$ thousands)	DSU-A		DSU-B		DDSU	
	2004	2003	2004	2003	2004	2003
Balance, beginning of year	2,028	1,705	7,755	717	3,972	2,430
Expensed during period	115	445	5,028	7,505	900	1,350
Exercised/cancelled during period	(495)	—	(759)	—	—	(26)
Balance, end of period	1,648	2,150	12,024	8,222	4,872	3,754

Management

In 2004, under the Management Share Appreciation Rights Plan (SAR), 237,129 awards were granted to management in the U.K. and Canada at a grant price of \$29.38. Details of the SAR plans for the nine-month period ended September 30 are as follows:

Units	2004	2003
Outstanding, beginning of year	541,121	282,500
Additions during period	237,129	73,500
Exercised/cancelled during period	(104,297)	(11,167)
Outstanding, end of period	673,953	344,833
Vested, beginning of year	163,708	84,500
Vested during period	139,496	95,375
Exercised/cancelled during period	(81,714)	(11,167)
Vested, end of period	221,490	168,708

Liability (C\$ thousands)	2004	2003
Balance, beginning of year	1,226	—
Expensed during period	1,071	1,024
Exercised/cancelled during period	(472)	(51)
Balance, end of period	1,825	973

Strike price ranges: **\$26.05 - \$29.38**

Changes in the value of all deferred share units and share appreciation rights as a result of fluctuations in the Company's common share price and the impact of new issues during the current quarter resulted in a credit to income of \$1,056 (2003 charge of \$7,068) and during the nine-month period totalled a charge of \$7,114 (2003: \$10,324). This amount was recognized in selling, general and administrative expenses on the consolidated statement of income.

8. SEGMENTED INFORMATION

The Company and its subsidiaries have operated primarily in one industry during the year, that being the selling, servicing, renting and financing of heavy equipment and related products.

The reportable operating segments are:

Three months ended September 30, 2004	Canada	UK	South America	Hewden	Other	Consolidated
Revenue from external sources	381,443	268,381	256,025	180,014	2	1,085,865
Operating costs	314,339	235,875	225,221	120,310	5,662	901,407
Depreciation and amortization	34,116	22,173	5,914	36,298	—	98,501
Other expenses (income)	—	—	—	—	727	727
Earnings before interest and tax	32,988	10,333	24,890	23,406	(6,387)	85,230
Finance costs and interest on other indebtedness						24,147
Provision for income taxes						13,959
Non-controlling interests						4,009
Net income						43,115
EBIT as percentage of revenue	8.6%	3.9%	9.7%	13.0%	—	7.8%
EBIT percentage by operations	38.7%	12.1%	29.2%	27.5%	(7.5)%	100.0%
Identifiable assets	1,036,456	818,827	614,285	1,097,982	116,070	3,683,620
Gross capital expenditures	14,452	3,902	4,616	3,339	—	26,309

Three months ended September 30, 2003	Canada	UK	South America	Hewden	Other	Consolidated
Revenue from external sources	373,171	242,056	143,616	166,136	6	924,985
Operating costs	308,612	205,254	118,502	113,154	9,425	754,947
Depreciation and amortization	34,907	21,927	5,523	33,728	—	96,085
Other expenses (income)	—	—	—	—	3,818	3,818
Earnings before interest and tax	29,652	14,875	19,591	19,254	(13,237)	70,135
Finance costs and interest on other indebtedness						20,437
Provision for income taxes						7,945
Non-controlling interests						5,179
Net income						36,574
EBIT as percentage of revenue	7.9%	6.1%	13.6%	11.6%	—	7.6%
EBIT percentage by operations	42.3%	21.2%	27.9%	27.5%	(18.9)%	100.0%
Identifiable assets	1,001,373	698,315	408,460	1,034,096	62,228	3,204,472
Gross capital expenditures	11,252	1,891	2,499	4,280	—	19,922

Nine months ended September 30, 2004	Canada	UK	South America	Hewden	Other	Consolidated
Revenue from external sources	1,106,367	799,088	659,798	521,447	7	3,086,707
Operating costs	928,529	704,146	575,068	364,794	18,962	2,591,499
Depreciation and amortization	85,849	65,110	17,308	108,377	—	276,644
Other expenses (income)	—	—	—	—	13,503	13,503
Earnings before interest and tax	91,989	29,832	67,422	48,276	(32,458)	205,061
Finance costs and interest on other indebtedness						72,862
Provision for income taxes						24,914
Non-controlling interests						12,520
Net income						94,765
EBIT as percentage of revenue	8.3%	3.7%	10.2%	9.3%	—	6.7%
EBIT percentage by operations	44.9%	14.5%	32.9%	23.5%	(15.8)%	100.0%
Identifiable assets	1,036,456	818,827	614,285	1,097,982	116,070	3,683,620
Gross capital expenditures	32,117	10,431	12,688	10,339	—	65,575

Nine months ended September 30, 2003	Canada	UK	South America	Hewden	Other	Consolidated
Revenue from external sources	1,077,877	713,753	374,307	494,387	18	2,660,342
Operating costs	893,890	632,382	315,913	343,960	19,117	2,205,262
Depreciation and amortization	97,187	38,263	16,368	104,762	—	256,580
Other expenses (income)	—	—	—	—	(2,190)	(2,190)
Earnings before interest and tax	86,800	43,108	42,026	45,665	(16,909)	200,690
Finance costs and interest on other indebtedness						53,542
Provision for income taxes						28,189
Non-controlling interests						15,087
Net income						103,872
EBIT as percentage of revenue	8.1%	6.0%	11.2%	9.2%	—	7.5%
EBIT percentage by operations	43.2%	21.5%	20.9%	22.8%	(8.4)%	100.0%
Identifiable assets	1,001,373	698,315	408,460	1,034,096	62,228	3,204,472
Gross capital expenditures	13,569	5,659	14,229	11,673	—	45,130

9. ACQUISITIONS

In June 2003, the Company, through its UK operation, acquired the materials handling business and majority of the assets of Lex Harvey Limited and its associated company (Lex Birchwood) from RAC plc. The final allocation of the purchase price to the assets and liabilities acquired was finalized in the second quarter of 2004. The final adjustments are reflected in the table below:

	December 31, 2003	Adjustments	September 30, 2004
Total assets	190,871	—	190,871
Total liabilities	(21,274)	1,720	(19,554)
Goodwill	38,236	(5,307)	32,929
Intangible assets	4,826	3,587	8,413
Total purchase price and net assets acquired	212,659	—	212,659

10. EMPLOYEE BENEFITS

The expense for the Company's benefit plans providing retirement benefits for employees in Canada and the U.K. is as follows:

2004	Three months ended September 30				Nine months ended September 30			
	Canada	UK	Hewden	Total	Canada	UK	Hewden	Total
Defined contribution plans	2,329	157	67	2,553	5,651	386	201	6,238
Defined benefit plans	1,350	3,852	1,696	6,898	3,809	12,060	6,164	22,033
Total benefit plan expense	3,679	4,009	1,763	9,451	9,460	12,446	6,365	28,271
2003								
Defined contribution plans	1,569	46	67	1,682	4,445	65	157	4,667
Defined benefit plans	1,130	3,136	1,748	6,014	3,933	8,452	5,875	18,260
Total benefit plan expense	2,699	3,182	1,815	7,696	8,378	8,517	6,032	22,927

Defined benefit pension plans are country and entity specific. The major defined benefit plans and their respective valuation dates are:

Defined Benefit Plan	Last Actuarial Valuation Date	Next Actuarial Valuation Date
Canada – BC Regular & Executive Plan	December 31, 2000	December 31, 2003
Canada – Executive Supplemental Income Plan	December 31, 2002	December 31, 2004
Canada – General Supplemental Income Plan	December 31, 2002	December 31, 2004
Canada – Alberta Defined Benefit Plan	December 31, 2002	December 31, 2004
Finning UK Defined Benefit Scheme	January 1, 2004	January 1, 2006
Hewden Stuart Pension Scheme	December 31, 2002	December 31, 2005
Hewden Pension Plan	April 6, 2002	December 31, 2004

11. COMMITMENTS AND CONTINGENCIES

In June 2004, Hewden Tower Cranes Limited, a subsidiary of the Company settled its legal claim with Yarm Road Limited and Cleveland Bridge U.K. Limited for damages arising from the collapse of a tower crane at the Canary Wharf site in the U.K. on May 21, 2000. The accident occurred prior to the acquisition of Hewden Tower Cranes Limited by the Company. The final settlement amount totalled £4,875 in full and final settlement of any claims, counter claims, cross claims or contra charges including interest and costs and incorporating the earlier adjudication award of £1,500 in January 2004. In addition, Hewden was responsible for the costs of the adjudication, trial and independent legal advice of approximately £293. An amount of £3,168 (\$7,863) pre-tax, net of previous accruals, was charged to the income statement as "other expenses" in the second quarter of 2004.

12. CURRENCY RATES

The Company operates in three main currencies: Canadian dollars, British pound Sterling and U.S. dollars. At September 30, 2004, December 31, 2003 and September 30, 2003, the exchange rates of the Canadian dollar against the following foreign currencies were as follows:

	September 30, 2004	December 31, 2003	September 30, 2003
Exchange rate as at			
United States dollar	1.2639	1.2924	1.3504
British pound Sterling	2.2878	2.3066	2.2448
Chilean peso	n/a ⁽¹⁾	n/a ⁽¹⁾	0.002044
Average exchange rates for three month period ended			
United States dollar	1.3072		1.3799
British pound Sterling	2.3786		2.2227
Chilean peso	n/a ⁽¹⁾		0.001994
Average exchange rates for nine month period ended			
United States dollar	1.3280		1.4015
British pound Sterling	2.4191		2.2883
Chilean peso	n/a ⁽¹⁾		0.002032

(1) Effective October 1, 2003, the functional currency for Finning Chile S.A. was changed from the Chilean peso to the US dollar.