



Second Quarter 2001 Interim Result

July 25, 2001

(\$ millions, except EPS data)

	Three months ended June 30		Six months ended June 30	
	2001	2000	2001	2000
Revenue	849.4	630.5	1,578.3	1,243.2
EBIT	71.5	45.2	119.0	82.2
Net Income	28.9	19.8	46.2	33.2
Cash Flow from Operating Activities	-9.1	76.6	56.5	193.2
Basic EPS	\$0.38	\$0.25	\$0.61	\$0.42
Diluted EPS	\$0.37	\$0.25	\$0.60	\$0.41

STRONG REVENUE AND EARNINGS MOMENTUM CONTINUES FOR THE QUARTER

Second Quarter Results:

Finning International Inc. (the Company) revenues in the second quarter of 2001 increased \$218.9 million (34.7%) to a record \$849.4 million. Revenue was higher by \$155.2 million due to the inclusion of Hewden Stuart Plc (Hewden) and higher revenues of \$40.5, \$38.8 and \$1.6 million for the Canadian, U.K. and Chilean operations respectively. Except for the appreciation of the Canadian dollar against the GBP and the Chilean peso, reported revenues would have been higher by \$21.7 million.

Earnings before Interest and Taxes (EBIT) were \$71.5 million, \$26.3 million or 58.2% higher while net income for the quarter was \$28.9 million, \$9.1 million or 46.0% higher compared with the same quarter last year. Basic EPS for the quarter increased 52.0% to \$0.38.

Cash flow, before changes in working capital was \$116.6 million, up 83.6% over the same quarter last year. The Company invested \$125.7 million in working capital (\$24.0 million) and revenue-earning equipment (\$101.7 million) in this quarter to meet growth requirements resulting in cash outflow of \$9.1 million. Over the past five years, investment in working capital and revenue-earning equipment has steadily declined as a percentage of revenue as a result of Company's focus on asset management.

Company's debt to equity (including non-controlling interests) ratio was lower at 0.97 compared with 1.35 at the end of the previous year.

Six Months Results:

Revenues, EBIT, Net Income and Basic EPS were all substantially above last year levels with increases of 27.0%, 44.8%, 39.2% and 45.2% respectively.

CEO Commentary and Outlook:

Doug Whitehead, President and C.E.O. said, "With record revenues and over a 50% increase in EPS, this quarter has built on the strong foundation laid for the business through strategic acquisitions, cost reduction and improved asset management. We expect the third quarter results to continue to exhibit the trend seen in the first half of the year and we remain positive about prospects for the remainder of the year for all our operations."

Doug Whitehead,
President and CEO

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations

The Company achieved record revenues as well as higher EBIT and net income in Q2, 2001 compared with the corresponding period in 2000. Consolidated revenues increased 34.7% to \$849.4 million, EBIT increased 58.2% to \$71.5 million and consolidated net income increased 46.0% to \$28.9 million. Basic earnings per share for the quarter were \$0.38 compared with \$0.25 in the same period last year, representing a 52.0% increase. Cash flow, before changes in working capital was \$116.6 million, up 83.6% over the same quarter last year. The Company invested \$125.7 million in working capital (\$24.0 million) and revenue-earning equipment (\$101.7 million) in this quarter to meet growth requirements. Over the past five years, investment in working capital and revenue-earning equipment has steadily declined as a percentage of revenue as a result of Company's focus on asset management.

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

	Q2, 2001 (\$ million)	Q2, 2000 (\$ million)	Q2, 2001 (% of Revenue)	Q2, 2000 (% of Revenue)
Revenue	849.4	630.5		
Gross profit	239.4	159.2	28.2%	25.3%
Selling, general & administrative expenses	166.3	113.6	19.6%	18.0%
Amortization of goodwill	2.6	0.4	0.3%	0.1%
Other Expenses/ (Income)	(1.0)	-	-0.1%	0.0%
EBIT	71.5	45.2	8.4%	7.2%
Finance costs and interest on other indebtedness	21.6	14.3	2.5%	2.3%
Provision for income taxes	14.2	11.1	1.7%	1.8%
Non-controlling interests	6.8	-	0.8%	0.0%
Net income	28.9	19.8	3.4%	3.1%

Revenues

The Company's revenues increased \$218.9 million (34.7%) to a record \$849.4 million. Revenue was higher by \$155.2 million due to the inclusion of Hewden Stuart Plc (Hewden) and higher revenues of \$40.5, \$38.8 and \$1.6 million for the Canadian, U.K. and Chilean operations respectively. Except for the appreciation of Canadian dollar against GBP and Chilean peso, reported revenues would have been higher by \$21.7 million.

Canada

Revenues for Q2, 2001 were \$40.5 million (12.6%) higher than Q2, 2000, primarily reflecting increases in used equipment, parts and service and new power system product sales, offset by lower new mobile equipment sales. New equipment sales were higher to government, agriculture and construction segments, but lower to the mining and forestry sectors. The increase in used equipment sales was mainly as a result of incorporating the former UMS business.

United Kingdom

In Finning (UK), the increase in revenue of \$38.8 million (22.5%) was mainly attributable to higher new equipment and customer support services revenue. New equipment sales were higher to the plant hire, quarrying, waste management, and transportation and distribution segments. Earlier acquisitions of MaK and Finn pave contributed to increased customer support services revenues.

Chile

The increase in customer support services and used equipment revenues was partially offset by other lines of business. New mobile equipment revenues were lower as a result of some of the mining customers delaying purchases due to soft copper prices.

Hewden

Hewden revenues of \$155.2 million, for the first full quarter under the Company's ownership continue to meet management's expectations. This division's operations have historically been affected by seasonality, with the second and the third quarter being the busiest periods of activity.

Other

Due to the reorganization of Universal Machinery Services, the international used equipment and parts sales business carried on by this operation has been realigned. Most of this business will be undertaken by the other Finning operations.

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

(\$ million)	Canada	UK	Chile	Hewden	Other	Consolidated	Revenue percentage
Q2, 2001							
New mobile equipment	96.5	106.2	41.6	1.8	-	246.1	29.0%
New power systems products	32.5	17.3	1.7	0.1	-	51.6	6.1%
Used equipment	58.6	23.3	6.6	5.8	0.8	95.1	11.2%
Equipment rental	23.4	12.6	2.8	138.3	-	177.1	20.8%
Operating leases	26.3	-	-	-	-	26.3	3.1%
Customer support services	120.8	51.7	66.7	9.2	1.5	249.9	29.4%
Finance and other	3.3	-	-	-	-	3.3	0.4%
Total	361.4	211.1	119.4	155.2	2.3	849.4	100.0%
Revenue percentage by operations	42.5%	24.8%	14.1%	18.3%	0.3%	100.0%	
Q2, 2000							
New mobile equipment	109.9	85.6	46.5	-	-	242.0	38.4%
New power systems products	25.9	12.9	2.0	-	-	40.8	6.5%
Used equipment	36.4	19.5	2.7	-	16.3	74.9	11.9%
Equipment rental	21.2	11.6	4.1	-	0.4	37.3	5.9%
Operating leases	24.4	-	-	-	-	24.4	3.8%
Customer support services	100.0	42.7	61.1	-	2.8	206.6	32.8%
Finance and other	3.1	-	1.4	-	-	4.5	0.7%
Total	320.9	172.3	117.8	-	19.5	630.5	100.0%
Revenue percentage by operations	50.9%	27.3%	18.7%	0.0%	3.1%	100.0%	

Gross profit

Gross profit increased \$80.2 million to \$239.4 million in Q2, 2001 compared with Q2, 2000. As a percentage of revenue, gross profit was higher at 28.2% compared with 25.3% in the same period last year mainly as a result of a change in the sales mix towards high gross-margin equipment rental business at Hewden.

Selling, general and administrative expenses

Selling, general and administrative expenses increased \$52.7 million to \$166.3 million in Q2, 2001 compared with Q2, 2000. The increase is attributable to volume increases and selling, general and administrative expenses relating to Hewden. As a percentage of revenue, these expenses were higher at 19.6% compared with 18.0%.

Amortization of goodwill

Amortization of goodwill increased by \$2.2 million primarily due to the amortization of goodwill on the acquisition of Hewden.

Other expenses / (income)

Other expenses/(income) include non-operating and occasional items shown separately to facilitate comparison with the corresponding quarter last year. Income for the quarter reflects gains on disposal of surplus real estate.

Earnings before interest and taxes (EBIT)

Earnings before interest and taxes increased by 58.2% to \$71.5 million mainly due to the Hewden acquisition and improvement in all major operations. EBIT as a percentage of revenue improved from 7.2% to 8.4% in Q2, 2001. The table below illustrates EBIT contribution by operations.

(\$ million)

	Canada	UK	Chile	Hewden	Other	Consolidated
Q2, 2001						
Revenue from external sources	361.4	211.1	119.4	155.2	2.3	849.4
Operating costs	287.8	197.3	105.8	101.5	8.2	700.6
Depreciation	35.9	4.9	2.5	32.4	-	75.7
Amortization of goodwill	0.2	0.3	-	2.1	-	2.6
Other expenses / (income)					(1.0)	(1.0)
Earnings before interest and tax	37.5	8.6	11.1	19.2	(4.9)	71.5
EBIT as a percentage of revenue	10.4%	4.1%	9.3%	12.4%		8.4%
EBIT percentage by operations	52.4%	12.0%	15.5%	26.9%	-6.8%	100.0%
Q2, 2000						
Revenue from external sources	320.9	172.3	117.8	-	19.5	630.5
Operating costs	253.3	158.2	109.2	-	22.5	543.2
Depreciation	33.9	6.1	1.7	-	-	41.7
Amortization of goodwill	0.2	0.2	-	-	-	0.4
Other expenses / (income)						
Earnings before interest and tax	33.5	7.8	6.9	-	(3.0)	45.2
EBIT as a percentage of revenue	10.4%	4.5%	5.9%			7.2%
EBIT percentage by operations	74.1%	17.3%	15.3%		-6.7%	100.0%

Finance cost and interest on other indebtedness

Finance cost and interest on other indebtedness increased \$7.3 million to \$21.6 million in Q2, 2001 mainly due to the additional debt related to the Hewden acquisition.

Provision for income taxes

Income tax expense for the quarter amounted to \$14.2 million. Provision for income taxes, as a percentage of income before taxes (but after non-controlling interests) was 32.9% compared with 35.9% during the same quarter last year. The decrease in this percentage is mainly due to a shift in the profitability to lower tax jurisdictions associated with the Hewden acquisition and improved profitability of the Finning (UK) operations.

Non-controlling interests

In the first quarter of 2001, Finning formed a partnership for the purpose of raising capital to fund the acquisition of Hewden. Third party investors injected \$425.0 million of capital into the partnership for a non-controlling partnership interest. The partnership interests are entitled to a quarterly distribution on their capital account. The distribution for the quarter was \$6.8 million, representing a yield of approximately 6.5%.

Net income

Net Income improved by 46.0% to \$28.9 million in Q2, 2001 compared with the same period last year. Basic earnings per share for the year improved by 52.0% to \$0.38 from \$0.25. Basic earnings per share before amortization of goodwill improved by 57.7% to \$0.41 from \$0.26.

Liquidity and capital resources

Cash outflow from operating activities was \$9.1 million in the quarter, compared with cash flow of \$76.6 million in the corresponding period last year, a decrease of \$85.7 million. The decrease from Q2, 2000 was primarily a result of additional investments in working capital (\$71.9 million), rental equipment (\$54.2 million) and leased equipment (\$12.8 million), offset by improved cash earnings of \$53.1 million (\$116.6 million vs. \$63.5 million).

Cash used in investing activities totaled \$26.3 million, representing the net outlay on the acquisition of equipment rental businesses of \$21.4 million and net investments of \$4.9 million in capital assets.

The Company's outstanding short and long-term borrowings of \$1,112.7 million as at June 30, 2001 supplemented the internally generated funds/outflows from operating activities.

Financial derivatives and risk management

The Company uses various financial instruments such as interest rate swaps and forward exchange contracts and options as hedges against actual assets or liabilities.

Financial risks and uncertainties

The Company's financial performance may be influenced either favorably or adversely by fluctuations in foreign exchange and commodity prices.

The Company operates in four main currencies: Canadian dollars, British pound sterling, U.S. dollars and Chilean pesos. At June 30, 2001, December 31, 2000 and June 30, 2000, the Canadian dollar was worth 0.468, 0.446 and 0.447 pounds sterling; 0.659, 0.667 and 0.676 U.S. dollars and 414.1, 382.1 and 363.2 Chilean pesos respectively.

For further details on the explanation and the management of liquidity and capital resources, financial derivatives and financial risks and uncertainties, please refer to the Management Discussion and Analysis as of December 31, 2000.

INTERIM CONSOLIDATED STATEMENTS OF INCOME & RETAINED EARNINGS

(C\$ thousands except per share amounts) (unaudited)

	Three months ended June 30		Six months ended June 30	
	2001	2000	2001	2000
Revenue				
New mobile equipment	\$ 246,100	\$ 242,023	\$ 430,568	\$ 411,331
New power system products	51,557	40,755	110,517	92,642
Used equipment	95,135	74,886	181,488	174,347
Equipment rental	177,132	37,230	312,643	80,811
Operating leases	26,300	24,422	48,903	47,639
Customer support services	249,958	206,665	487,219	428,234
Finance and other	3,236	4,534	6,995	8,194
Total revenue	<u>849,418</u>	<u>630,515</u>	<u>1,578,333</u>	<u>1,243,198</u>
Cost of sales	<u>610,006</u>	<u>471,304</u>	<u>1,135,854</u>	<u>928,590</u>
Gross profit	239,412	159,211	442,479	314,608
Selling, general and administrative expenses	166,264	113,636	316,288	231,417
Other expenses/(income)	<u>(972)</u>	<u>-</u>	<u>2,628</u>	<u>-</u>
Earnings before interest, taxes, amortization of goodwill and non-controlling interests (EBITA)	74,120	45,575	123,563	83,191
Finance cost and interest on other indebtedness	<u>21,656</u>	<u>14,271</u>	<u>42,304</u>	<u>29,624</u>
Income before provision for income taxes	52,464	31,304	81,259	53,567
Provision for income taxes	14,152	11,050	19,267	19,414
Non-controlling interests	6,852	-	11,224	-
Amortization of goodwill	<u>2,578</u>	<u>405</u>	<u>4,541</u>	<u>946</u>
Net income available to shareholders	<u>28,882</u>	<u>19,849</u>	<u>46,227</u>	<u>33,207</u>
Retained earnings, beginning of period	529,401	493,534	521,569	502,028
Dividends on common shares	(3,790)	(3,827)	(7,556)	(7,807)
Premium on repurchase of common shares	<u>-</u>	<u>(5,841)</u>	<u>(5,747)</u>	<u>(23,713)</u>
Retained earnings, end of period	<u>\$ 554,493</u>	<u>\$ 503,715</u>	<u>\$ 554,493</u>	<u>\$ 503,715</u>
Gross profit as a percentage of revenue	28.2%	25.3%	28.0%	25.3%
EBITA as a percentage of revenue	8.7%	7.2%	7.8%	6.7%
Net income as a percentage of revenue	3.4%	3.1%	2.9%	2.7%
Earnings per share (EPS)				
Basic EPS	\$0.38	\$0.25	\$0.61	\$0.42
Diluted EPS	\$0.37	\$0.25	\$0.60	\$0.41
Basic EPS before amortization of goodwill	\$0.41	\$0.26	\$0.67	\$0.44
Diluted EPS before amortization of goodwill	\$0.41	\$0.26	\$0.66	\$0.43
Weighted average number of shares outstanding			75,600,394	78,309,078

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

INTERIM CONSOLIDATED BALANCE SHEETS

(C\$ thousands) (unaudited)

	June 30 2001	December 31 2000
ASSETS		
Current assets		
Accounts receivable	\$ 541,984	\$ 375,208
Inventories		
On-hand equipment	407,036	395,420
Parts and supplies	233,251	203,579
Current portion of instalment notes receivable	69,353	66,476
Total current assets	<u>1,251,624</u>	<u>1,040,683</u>
Finance assets		
Instalment notes receivable	77,412	72,569
Equipment leased to customers	248,239	253,949
Total finance assets	<u>325,651</u>	<u>326,518</u>
Rental equipment	749,778	311,019
Land, buildings and equipment	298,491	189,961
Investment	-	218,050
Future income taxes	3,921	7,465
Goodwill	388,776	63,945
Total assets	<u>\$ 3,018,241</u>	<u>\$ 2,157,641</u>
LIABILITIES		
Current liabilities		
Short-term debt	\$ 384,984	\$ 398,208
Accounts payable and accruals	701,043	495,239
Income tax payable	12,730	4,883
Current portion of long-term debt	113,174	67,224
Total current liabilities	<u>1,211,931</u>	<u>965,554</u>
Long-term debt	614,513	477,217
Future income taxes	41,303	16,414
Total liabilities	<u>1,867,747</u>	<u>1,459,185</u>
Non-controlling interests	425,000	-
SHAREHOLDERS' EQUITY		
Share capital	206,938	200,629
Retained earnings	554,493	521,569
Cumulative currency translation adjustments	(35,937)	(23,742)
Total shareholders' equity	<u>725,494</u>	<u>698,456</u>
Total liabilities, non-controlling interests and shareholders' equity	<u>\$ 3,018,241</u>	<u>\$ 2,157,641</u>

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

(C\$ thousands) (unaudited)

	Three months ended June 30		Six months ended June 30	
	2001	2000	2001	2000
OPERATING ACTIVITIES				
Net income	\$ 28,882	\$ 19,849	\$ 46,227	\$ 33,207
Add				
Depreciation	75,738	41,747	141,726	88,549
Amortization of goodwill	2,578	405	4,541	946
Future income taxes	2,811	999	3,931	2,783
Other items	(265)	547	3,488	2,686
Non-controlling interests distribution	6,852	-	11,224	-
	<u>116,596</u>	<u>63,547</u>	<u>211,137</u>	<u>128,171</u>
Changes in working capital items and other				
Accounts receivable	(9,105)	(13,561)	(29,771)	15,463
Inventories - On-hand equipment	30,021	65,124	(20,856)	51,168
Inventories - Parts & supplies	(14,647)	(907)	(25,502)	(245)
Instalment notes receivable	(21,694)	69	(8,189)	(15,517)
Accounts payable and accruals	10,923	(5,517)	80,637	53,924
Income taxes	(19,494)	2,637	(8,861)	12,368
Cash provided by working capital items and other	(23,996)	47,845	(12,542)	117,161
Rental equipment, net of disposals	(78,658)	(24,501)	(114,182)	(37,718)
Equipment leased to customers, net of disposals	(23,084)	(10,326)	(27,916)	(14,428)
Cash flow from (used in) operating activities	<u>(9,142)</u>	<u>76,565</u>	<u>56,497</u>	<u>193,186</u>
INVESTING ACTIVITIES				
Net cash invested in land, buildings and equipment	(4,912)	(712)	131	(3,609)
Acquisitions				
Aggregate purchase price	(21,374)	-	(750,486)	-
Assumed debt	-	-	(110,493)	-
Less: Initial investment in Hewden	-	-	218,050	-
Cash used for investing activities	<u>(26,286)</u>	<u>(712)</u>	<u>(642,798)</u>	<u>(3,609)</u>
FINANCING ACTIVITIES				
Repayment of long-term debt	(5,111)	(24,974)	(12,521)	(26,097)
Issue of debenture	200,000	-	200,000	-
Non-controlling interests	-	-	425,000	-
Non-controlling interests distribution	(6,852)	-	(11,224)	-
Issue of common shares on exercise of stock options	5,877	370	7,825	533
Repurchase of common shares	-	(7,442)	(7,262)	(30,261)
Dividends paid	(3,790)	(3,827)	(7,556)	(7,807)
Currency translation adjustments	27,521	4,282	5,263	144
Cash provided by (used for) financing activities	<u>217,645</u>	<u>(31,591)</u>	<u>599,525</u>	<u>(63,488)</u>
Decrease in short-term debt	182,217	44,262	13,224	126,089
Short-term debt at beginning of period	567,201	223,812	398,208	305,639
Short-term debt at end of period	<u>\$ 384,984</u>	<u>\$ 179,550</u>	<u>\$ 384,984</u>	<u>\$ 179,550</u>
Cash flows include the following elements				
Interest paid	\$ 24,769	\$ 14,187	\$ 41,903	\$ 27,523
Income taxes paid	\$ 1,136	\$ 6,390	\$ 10,314	\$ 8,530

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

The accompanying unaudited Interim Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with those followed 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 said audited annual financial statements and the notes below.

1. Acquisition of Hewden Stuart Plc

At December 31, 2000 Finning had an investment in Hewden of \$218.1 million representing 29.4% of the issued ordinary share capital. The interim consolidated financial statements give effect to the acquisition of the remaining 70.6% of Hewden which was completed on January 26, 2001. Hewden is in the equipment rental and related services business, operating throughout Scotland, England, Wales and Northern Ireland. The results of Hewden's operations have been included from January 26, 2001 in the Company's consolidated financial statements. The purchase of Hewden is accounted for under the purchase method of accounting. The aggregate purchase price of \$729.1 million (including acquisition costs of \$19.7 million) was paid in cash. Goodwill arising on the acquisition is amortized on a straight-line basis over its estimated useful life of 40 years. The net assets acquired at their fair values comprised the following.

Net assets acquired (\$ '000)

Total assets	\$ 704,995
Total liabilities	<u>307,968</u>
Net assets acquired	397,027
Goodwill	<u>332,084</u>
Total purchase price	<u>\$ 729,111</u>

2. Financing the Acquisition

In the first quarter of 2001, Finning formed a partnership for the purpose of raising equity capital to fund the acquisition of Hewden. Third party investors injected \$425.0 million of capital into the partnership for a non-controlling partnership interest. The partnership interests are entitled to a quarterly distribution on their capital accounts. The partnership interests and the partnership distributions are accounted for as non-controlling interests on the consolidated balance sheet and on the consolidated statement of income.

The remainder of the purchase price was funded with short-term debt in the amount of \$304.1 million.

The financial position, results of operations and cash flows of the partnership is consolidated with Finning from the date of acquisition, January 26, 2001.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Goodwill (\$ '000's)	<u>Period ended</u> <u>June 30, 2001</u>	<u>Year ended</u> <u>December 31,</u> <u>2000</u>
Purchased goodwill, beginning of period	\$ 77,777	\$ 88,619
Goodwill on acquisitions made during the period		
Hewden	332,084	
Finnpave	1,864	
Total goodwill acquired during the period	<u>333,948</u>	<u>4,195</u>
Reduction in goodwill in recognition of future income tax asset	-	(15,257)
Foreign exchange translation adjustment	(4,576)	220
Purchased goodwill, end of period	<u>407,149</u>	<u>77,777</u>
Accumulated amortization, beginning of period	(13,832)	(14,260)
Amortization for the period	(4,541)	(1,855)
Reduction in accumulated amortization of goodwill	-	2,283
Accumulated amortization, end of period	<u>(18,373)</u>	<u>(13,832)</u>
Net purchased goodwill	<u>\$ 388,776</u>	<u>\$ 63,945</u>

During the period, the Company completed its acquisition of Hewden Stuart Plc and acquired Finnpave Limited. Acquisitions are accounted for under the purchase method. The excess of the cost of the acquisitions over the amounts assigned to the identifiable assets acquired less the liabilities is assigned to goodwill.

4. Debentures

On June 19, 2001, the Company issued \$200.0 million of 7.40% debentures due June 19, 2008 under its \$500.0 million Medium Term Note Program. The debentures are unsecured and interest is payable semi-annually on June 19 and December 19, with the first payment due on December 19, 2001. The debentures are rated BBB (High) by Dominion Bond Rating Service Limited and BBB by Standard & Poor's. Proceeds from the debentures were used to reduce the Company's bank indebtedness. Additionally, the Company entered into an interest rate swap agreement outstanding for the notional principal amount of \$200.0 million. The Company will receive a fixed rate of 7.40% and will pay floating bankers' acceptances based rates determined quarterly.

5. Subsequent Event

On July 16, 2001 the Company announced that it had signed a letter of intent for the sale of the business currently carried out by its Materials Handling Division and its subsidiary Interior Lift Truck Services Inc. in Canada. This business provides sales, rentals and servicing of new and used forklifts and high-reach equipment. On completion of a formal agreement, dealership rights for Mitsubishi/Caterpillar Forklift America and other product lines, including Taylor and Manitou forklifts and JLG high-reach equipment will be assigned to the purchaser. The transaction is scheduled to be completed by September 30, 2001 and is subject to usual third party consents and notices.

NEXT QUARTERLY RESULTS – Thursday, November 1, 2001

THIRD QUARTER RESULTS AND CONFERENCE CALL

Finning International's third quarter results for 2001 will be released at 10:30 a.m. EST on Thursday, November 1, 2001. You are invited to participate in the Finning Shareholder/Analyst Conference Call at 11:30 a.m. EST on Thursday, November 1, 2001 by dialing one of the following numbers:

**Toll-free number for participants dialling from
anywhere within Canada and the United States:
1-877-888-3490**

**Number for participants dialling from
the Toronto area and overseas:
(416) 695-9757**

ADDITIONAL INFORMATION

FINNING INTERNATIONAL INC.

555 Great Northern Way
Vancouver, B.C.
Canada V5T 1E2
Telephone: (604) 872-4444

SHARE INQUIRIES

Inquiries relating to shares or
dividends: Computershare Trust
Company of Canada
Telephone: (604) 661-0222

INVESTOR RELATIONS

Anthony Guglielmin: (604) 331-4937
Ilona Rojkova: (604) 331-4900
E-mail: irojkova@finning.ca
Fax: (604) 331-4899

REGISTRAR AND TRANSFER AGENT

ComputerShare Trust Company of Canada:
Vancouver, Calgary, Regina,
Winnipeg, Toronto and Montreal

STOCK

(Symbol: FTT) on
Toronto Stock Exchange (TSE)

INTERNET

<http://www.finning.com>

Strong Revenue and Earnings Momentum Continues

Second Quarter Ending June 30, 2001

Doug Whitehead, President and C.E.O. said, "With record revenues and over a 50% increase in EPS, this quarter has built on the strong foundation laid for the business through strategic acquisitions, cost reduction and improved asset management. We expect the third quarter results to continue to exhibit the trend seen in the first half of the year and we remain positive about prospects for the remainder of the year for all our operations."

Second Quarter Results

Finning International Inc. revenues in the second quarter of 2001 increased \$218.9 million (34.7%) to a record \$849.4 million. Revenue was higher by \$155.2 million due to the inclusion of Hewden Stuart Plc (Hewden) and higher revenues of \$40.5, \$38.8 and \$1.6 million for the Canadian, U.K. and Chilean operations respectively.

Earnings before Interest and Taxes (EBIT) were \$71.5 million, \$26.3 million or 58.2% higher while net income for the quarter was \$28.9 million, \$9.1 million or 46.0% higher compared with the same quarter last year. Basic EPS for the quarter increased 52.0% to \$0.38.

Cash flow, before changes in working capital was \$116.6 million, up 83.6% over the same quarter last year. The Company invested \$125.7 million in this quarter in working capital (\$24.0 million) and revenue-earning equipment (\$101.7 million) to meet growth requirements resulting in a net cash outflow of \$9.1 million.

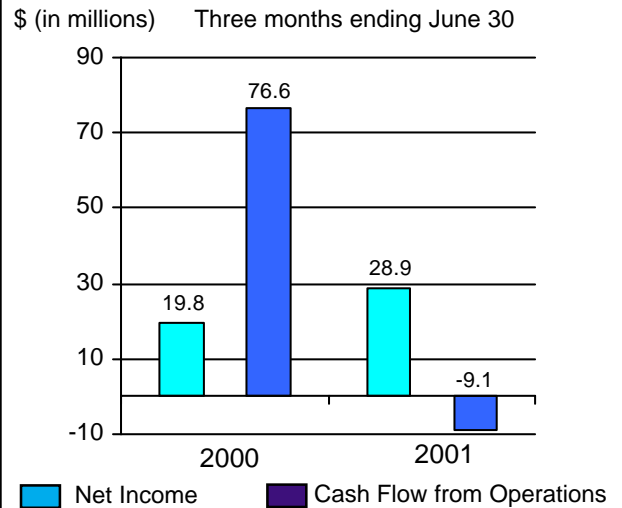
Company's debt to equity (including non-controlling interests) ratio was lower at 0.97 compared with 1.35 at the end of the previous year.

Three Months Ended			Six Months Ended	
June 30			June 30	
		(C\$ millions, except EPS data)		
2001	2000		2001	2000
849.4	630.5	Revenue	1,578.3	1,243.2
71.5	45.2	EBIT	119.0	82.2
28.9	19.8	Net Income	46.2	33.2
-9.1	76.6	Operating Cash Flow	56.5	193.2
0.38	0.25	Basic EPS	0.61	0.42
0.37	0.25	Diluted EPS	0.60	0.41

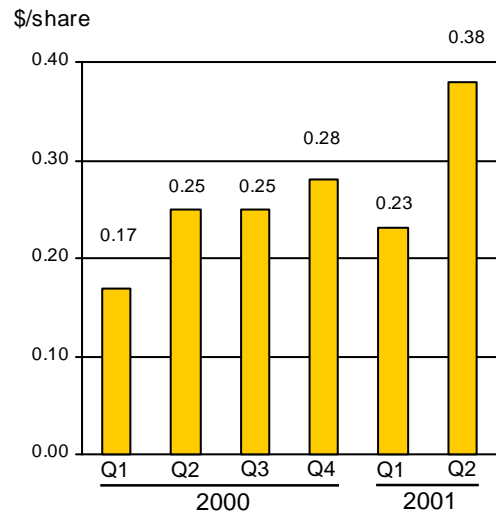
About Us

Finning International Inc. sells, rents, finances and provides customer support services for Caterpillar and complementary equipment. The Company operates in Western Canada, the U.K. and Chile. Finning International is a widely-held public company traded on the Toronto Stock Exchange (symbol: FTT).

Net Income & Cash Flow



Quarterly EPS



Revenue & EBIT Contribution by Operation

