



Fourth Quarter and Annual 2003 Results

February 4, 2004

FINNING ANNOUNCES FOURTH QUARTER AND ANNUAL 2003 RESULTS AND INCREASE IN DIVIDEND

Positive impact of acquisitions and strong markets offset by strong Canadian dollar

(C\$ millions, except EPS data)

	Three months ended Dec 31		Twelve months ended Dec 31	
	2003	2002	2003	2002
Revenue	933.0	847.7	3,593.3	3,207.5
EBIT	54.5	65.4	255.2	277.8
Net Income	28.1	31.3	132.0	132.3
Basic EPS	\$0.36	\$0.40	\$1.71	\$1.72
Diluted EPS	\$0.36	\$0.40	\$1.68	\$1.68
Normalized Basic EPS (see Footnote 1)	\$0.42	\$0.47	\$1.75	\$1.66
Cash Flow after Working Capital Changes	91.8	40.5	384.2	472.8

Vancouver, Canada – Finning International Inc. today reported record quarterly revenues of \$933.0 million, up 10% over the same period in 2002. Net income for the quarter was \$28.1 million and basic EPS was \$0.36, 10% lower than the fourth quarter 2002. Earnings Before Interest and Taxes (EBIT) for the quarter was \$54.5 million, down 16.7% from the same period last year. The results for the quarter included other net expenses that are not regarded as part of the core business of the Company totaling \$6.5 million pre-tax (2002 \$7.7 million). Normalized net income, as described in Footnote 1, was \$32.7 million (2002: \$36.6 million) and normalized Basic EPS was \$0.42 (2002: \$0.47). The year over year decrease for the three months ended December 31 is primarily due to the negative impact of foreign exchange, lower earnings from Hewden due to competitive pressures, lower earnings from the UK due to lower activity in the quarter and focus on the implementation of the DBSi system, offset by accretive earnings from acquisitions made in 2003.

Cash flow after working capital changes was \$91.8 million for the fourth quarter, up from \$40.5 million in the fourth quarter 2002.

FULL YEAR RESULTS

Revenues were \$3,593.3 million, 12.0% higher than in 2002, with net income relatively unchanged at \$132.0 million when compared with the same period in 2002. Normalized net income was \$135.0 million (2002: \$127.6 million) up 5.8%. Finning achieved record revenues in the year reflecting new acquisitions. This was offset by a stronger Canadian dollar in 2003, which negatively impacted earnings based on foreign currencies, the impact of a competitive UK rental market and higher costs for pension and incentive plans. Operating cash flow (before working capital items and revenue earning assets) increased by 9.9% to a record \$506.1 million.

CEO COMMENTARY AND OUTLOOK

Doug Whitehead, President and CEO of Finning International Inc. said: "2003 was an exciting and successful year for Finning. During the year, we announced a number of important acquisitions, including the Caterpillar dealerships in Argentina, Bolivia and Uruguay, as well as Lex Harvey in the UK. These acquisitions, combined with strong underlying business conditions in most of the markets in which we operate, contributed to our record revenue for the fourth quarter and for the full year.

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Earnings for the year also remained very strong. Net income, when adjusting for certain non-core items, was a record \$135 million for the year. This was despite higher expenses in areas such as pensions and long-term compensation, as well as a stronger Canadian dollar, which had the effect of reducing reported revenues and earnings from our global operations.

Looking forward to 2004, we are very optimistic about our business prospects. Equipment order backlog was at a record level at December 31, 2003, and the continued strong prices in commodities such as copper, gold, oil and natural gas, will contribute to continued strong markets in the resource-based economies of Western Canada and South America. We also have strategies in place to address the continued competitive UK rental market, and cost pressures in our business. We expect to be announcing a number of initiatives during the year that address these issues.

I am also pleased to announce an increase in our quarterly dividend of \$0.01/share, to \$0.10 per quarter, which reflects our continued confidence in business conditions going forward."

Wayne Bingham, Executive Vice President and CFO of Finning noted: "Our fourth quarter results were in line with our expectations and reflect strong performance from our Canadian and South American operations. Our year over year growth in annual normalized EPS was approximately 5%, notwithstanding a foreign exchange impact of \$0.20 per share. Our balance sheet remains strong after reflecting the debt financing of the new acquisitions in 2003 and strong fourth quarter cash flow, which more than doubled over last year. The integration of our acquisitions in South America and the UK are on plan and proceeding well. In early January, Finning UK successfully implemented a new enterprise reporting system (DBSi) providing system enhancements to achieve efficiencies and enhanced customer relationship management capabilities."

Significant events during the quarter included:

Major Business Developments

- In November, Finning (Canada) opened a new Cat Rental Store in North Vancouver, BC. Two further stores in Alberta will be operational in January 2004, increasing the number of Cat Rental Stores to 25 throughout Alberta and British Columbia.
- In December, the South American Mining division secured a C\$30 million sale of 25 pieces of Caterpillar equipment to Movitec, Cerro Alto & ICV, three large Chilean mining support contractors.
- Hewden Stuart supplied 84 cranes with a total rental value of £1.8million to Chevron Texaco in Pembroke, Wales, to complete a twelve-week overhaul and full maintenance program.
- Finning Power Systems in Chile closed a 7-year operational lease for a 3 MW gas fired Co-generation Power Plant in Santiago, Chile. The plant will be turnkey constructed by Finning Chile and will provide electrical energy, steam and hot water to its client Metrogas.
- Finning (UK) completed an agreement to supply equipment valued at approximately \$12M to an open pit coal mine during the first quarter of 2004, as well as providing a 6-year repair and maintenance package valued at \$1.9M per year.

Corporate Items

- In December, Finning International launched a normal course issuer bid through the Toronto Stock Exchange to purchase up to 10% of the company's public float during the period December 8, 2003 to December 7, 2004.
- Finning (UK) successfully implemented, in January 2004, the new suite of Caterpillar software solutions known as DBSi that will contribute to improvements in supply chain management, cost controls, asset utilization and customer relationship management.
- 6 Sigma was launched at Finning (Canada) and momentum built over the quarter as the senior leadership team attended 6 Sigma leadership training and advanced the deployment plans.

Footnote 1 Normalized Basic EPS

Revenue and expense items not regarded as part of the core business of the Company were recorded as "other expenses (income)" on the Consolidated Income Statement in both 2002 and 2003. 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 One titled "Description of Non-GAAP Measures" in the 2003 Annual Results Management's Discussion and Analysis for a summary of these items and a reconciliation of normalized (non-GAAP) results to published results.

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

Finning International Inc. sells, rents, finances and provides customer support services for Caterpillar equipment and engines, and complementary equipment, in Western Canada, the U.K. and South America (Argentina, Bolivia, Chile and Uruguay). The corporation's Head Office is located 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).

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 for further information on risks and uncertainties that could cause actual results to differ materially from forward-looking statements contained in this report.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Finning International Inc. (Finning or the Company) should be read in conjunction with the 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.

RESULTS OF OPERATIONS

Finning's consolidated revenues in 2003 increased 12% from 2002 to \$3,593 million, while consolidated net income was relatively unchanged at \$132.0 million. Basic earnings per share (EPS) for the year 2003 was \$1.71 compared with \$1.72 in 2002, representing a slight decrease.

The results for the year included other net expenses that are not regarded as part of the core business of the Company totaling \$4.3 million pre-tax (2002: \$5.6 million pre-tax other income). Excluding these items, normalized earnings before interest and taxes (EBIT) for the year was \$259.5 million (2002: \$272.2 million), normalized net income was \$135.0 million (2002: \$127.6 million) and normalized basic EPS was \$1.75 (2002: \$1.66). Please refer to Attachment One for a summary of these items and a reconciliation of normalized (non-GAAP) results to published results.

Finning continued to deliver solid results despite the effects of a strengthening Canadian dollar, the impact of a competitive UK rental hire market and higher costs for pension plans. Finning achieved record revenues in the year reflecting the contribution from the newly acquired Caterpillar dealerships in Argentina, Uruguay and Bolivia, and the UK acquisition of the Lex Harvey business in 2003.

Finning's business is geographically diversified and transacted in multiple currencies, the most significant of which are the US dollar, the Canadian dollar, the UK pound sterling and the Chilean peso. The most significant foreign exchange impact on the Company's net income is the translation of foreign currency based earnings into Canadian dollars. Compared to the prior year, the Canadian dollar strengthened against all the other currencies in which the Company transacts its business. As a result, there was a negative impact on EBIT and net income by \$31.1 million and \$15.1 million, respectively.

Cash flow after changes in working capital was \$384.2 million compared with \$472.8 million in 2002. Depreciation taken on the higher rental assets base (\$51.9 million greater than in 2002) was offset by an additional \$121.9 million investment in working capital items mainly to support the activity in the businesses acquired during the year. Increases in accounts receivable and other assets were a result of supporting the normal operations of the Lex Harvey business in the UK and the strong December activity in Argentina. The investment in inventories supports South American deliveries in the first quarter of 2004. Cash used for income taxes reflects the timing of tax instalments. The Company reinvested \$261.6 million (2002: \$305.7 million) in revenue-earning rental and leased assets during the year. This reduction reflects sales of the lease portfolio to Caterpillar Financial Services in the second and fourth quarters of 2003 (\$63.6 million in 2003 compared with \$22.7 million in 2002). Taken together, these activities resulted in cash flow from operating activities decreasing from \$167.1 million in 2002 to \$122.7 million in 2003.

CONSOLIDATED QUARTERLY RESULTS

(C\$ million, except for share data) 2003	For the three months ended				
	Mar-31	Jun-30	Sep-30	Dec-31	Total
Total revenue	874.2	861.1	925.0	933.0	3,593.3
Net income	35.1	32.2	36.6	28.1	132.0
Earnings per common share					
- basic	\$0.45	\$0.42	\$0.48	\$0.36	\$1.71
- diluted	\$0.44	\$0.41	\$0.47	\$0.36	\$1.68

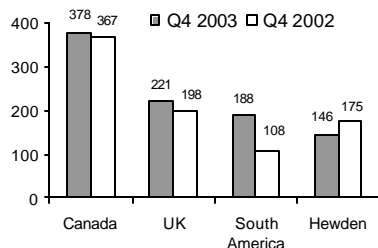
(C\$ million, except for share data) 2002	For the three months ended				
	Mar-31	Jun-30	Sep-30	Dec-31	Total
Total revenue	771.5	797.4	790.9	847.7	3,207.5
Net income	30.7	34.7	35.6	31.3	132.3
Earnings per common share					
- basic	\$0.40	\$0.46	\$0.46	\$0.40	\$1.72
- diluted	\$0.39	\$0.44	\$0.45	\$0.40	\$1.68

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Revenue by operation

(C\$ million)

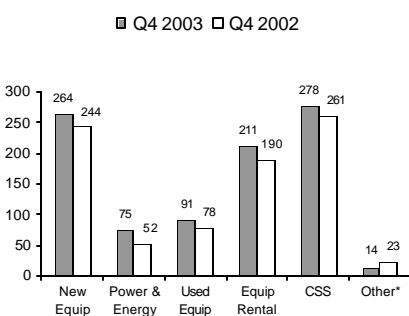
Three months ended December 31



Revenue by line of business

(C\$ million)

Three months ended December 31



Finning's consolidated revenues hit record levels in the fourth quarter of 2003 and increased 10% from 2002 levels to \$933.0 million mainly as a result of higher revenues in the Company's Canadian, South American and UK operations. The increase in South America and the UK reflects the contribution from the newly acquired Caterpillar dealerships in Argentina, Uruguay and Bolivia, and the UK acquisition of the Lex Harvey business in 2003. The Company experienced continued strength in all core lines of business on a year over year basis for the quarter.

Net income for the fourth quarter of 2003 declined 10% to \$28.1 million and EPS for the quarter was \$0.36 compared with \$0.40 in 2002. Excluding other net expenses that are not regarded as part of the core business of the Company, normalized net income for the fourth quarter was \$32.7 million (2002: \$36.6 million) and normalized basic EPS was \$0.42 (2002: \$0.47). The year over year decrease for the 3 months ended December 31 is primarily due to the negative impact of foreign exchange and lower earnings from Hewden due to competitive pressures. There were also lower earnings from the UK construction business due to lower activity, absence of the UK power rentals business which was sold in the first quarter of 2003 and a focus in the quarter on the implementation of the DBSi system. Partially offsetting were the accretive earnings from acquisitions made in 2003.

During the fourth quarter, the Canadian dollar was stronger against all the other currencies in which the Company transacts its business compared with the same period last year. As a result, foreign exchange negatively impacted EBIT and net income by \$19.7 million and \$9.2 million, respectively.

Cash flow after changes in working capital was \$91.8 million for the three months ended December 31, 2003 compared with \$40.5 million for the same period in 2002. Cash expended on working capital items in the fourth quarter of 2003 was \$34.4 million less than that in the comparable period of 2002. The Company reinvested \$48.0 million (2002: \$36.7 million) in revenue-earning assets during the fourth quarter. Investment in rental assets in the fourth quarter of 2003 was \$45.2 million higher compared with the fourth quarter of 2002 while equipment leased to customers decreased by \$33.9 million reflecting the fourth quarter sale of leases to Caterpillar Financial Services Limited.

ANNUAL FINANCIAL SUMMARY

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

(C\$ million)	2003	2002	(% of Revenue)	
			2003	2002
Revenue	\$ 3,593.3	\$ 3,207.5		
Gross profit	1,037.6	959.7	28.9%	29.9%
Selling, general & administrative expenses	778.1	687.5	21.7%	21.4%
Normalized EBIT	259.5	272.2	7.2%	8.5%
Other expenses (income)	4.3	(5.6)	0.1%	-0.2%
EBIT	255.2	277.8	7.1%	8.7%
Finance costs and interest on other indebtedness	76.9	79.8	2.1%	2.5%
Provision for income taxes	26.6	47.7	0.7%	1.5%
Non-controlling interests	19.7	18.0	0.5%	0.6%
Net income	\$ 132.0	\$ 132.3	3.7%	4.1%

RESULTS BY OPERATING UNITS FOR THE YEAR

Revenues

In 2003, consolidated revenues were higher by \$385.8 million when compared with the prior year. Finning experienced continued strength in all lines of business with the exception of the leasing and finance lines of business. The reduction in finance and lease revenues is a result of a lower finance and leased assets portfolio due to dispositions undertaken in late 2002 and 2003 in Canada.

Finning's order backlog has significantly increased from December 2002. Backlog for new equipment, power systems, and material handling units at December 31, 2003 was \$420 million compared with \$360 million at September 30, 2003 and \$300 million at December 31, 2002.

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

(C\$ million)								
2003	Canada	UK	South America	Hewden	Other	Consolidated	Revenue %	
New mobile equipment	\$ 494.9	\$ 318.2	\$ 138.5	\$ 14.4	\$ -	\$ 966.0	26.9%	
New power & energy systems	101.8	118.1	42.5	-	-	262.4	7.3%	
Used equipment	177.4	115.9	26.7	43.6	-	363.6	10.1%	
Equipment rental	116.1	137.4	25.8	542.0	-	821.3	22.9%	
Operating leases	65.4	-	0.5	-	-	65.9	1.8%	
Customer support services	497.1	244.6	327.1	40.8	-	1,109.6	30.9%	
Finance and other	3.6	-	0.9	-	-	4.5	0.1%	
Total	\$ 1,456.3	\$ 934.2	\$ 562.0	\$ 640.8	\$ -	\$ 3,593.3	100.0%	
Revenue percentage by operations	40.5%	26.0%	15.6%	17.9%	0.0%	100.0%		
2002								
New mobile equipment	\$ 391.0	\$ 325.0	\$ 98.4	\$ 10.9	\$ -	\$ 825.3	25.7%	
New power & energy systems	73.1	92.2	26.7	-	-	192.0	6.0%	
Used equipment	142.9	124.8	13.8	48.2	-	329.7	10.3%	
Equipment rental	102.2	61.2	15.8	565.3	-	744.5	23.2%	
Operating leases	87.6	-	-	-	-	87.6	2.7%	
Customer support services	464.5	225.0	288.8	40.9	-	1,019.2	31.8%	
Finance and other	8.0	-	1.1	-	0.1	9.2	0.3%	
Total	\$ 1,269.3	\$ 828.2	\$ 444.6	\$ 665.3	\$ 0.1	\$ 3,207.5	100.0%	
Revenue percentage by operations	39.6%	25.8%	13.9%	20.7%	0.0%	100.0%		

FINNING CANADA

Revenues in 2003 increased 14.7% to \$1,456.3 million. Revenues in 2003 exceeded 2002 levels despite the impact of a strengthening Canadian dollar, which reduced revenues by \$67.2 million in 2003 compared with 2002.

Most of the year over year increase was due to the continued strength in the mining and gas/energy sectors resulting in an increase in the sales of new mobile equipment and new power and energy systems. The improvement in new equipment sales continues to be supported by a strong order backlog. The volume of new orders increased in units by 41% in 2003 but the dollar value of new orders was \$12 million lower than 2002. This is a result of large year over year increase in orders from the Oilfield and Construction sectors offset by lower, high dollar Mining orders.

New equipment sales also increased as a result of selling equipment leased to customers to Caterpillar Financial Services Limited during the year totaling \$56.8 million (\$23.4 million in 2002). Consequently, finance and lease revenues declined by 27.8% to \$69.0 million due to the reduction in the asset portfolio. Finning expects finance and lease revenues to be lower in 2004 compared with 2003 as a result of the portfolio reduction in 2003.

Used equipment sales increased 24.1% to \$177.4 million in 2003 as a result of a successful rental and lease conversion program and sales of leased equipment to Caterpillar Financial Services Limited totaling \$17.0 million (\$1.9 million in 2002).

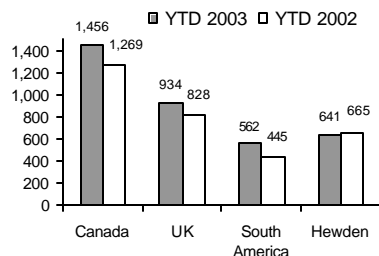
Revenues from customer support services increased 7.0% overall in 2003 compared with 2002. Volume and higher US based prices were offset by the impact of an approximate 7.5% reduction of parts selling prices as a result of the strengthening Canadian dollar relative to the United States dollar.

Equipment rental revenues were 13.6% higher than 2002 reflecting a growing rental business in Canada. At January 31, 2004, a total of 25 CAT rental stores (2002: 12) were operating in British Columbia and Alberta.

Revenue by operation

(C\$ million)

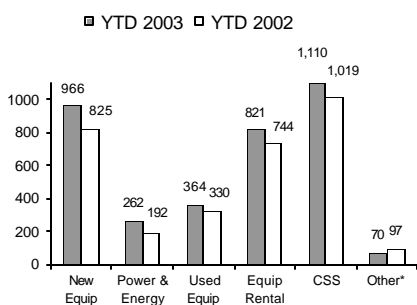
Twelve months ended December 31



Revenue by line of business

(C\$ million)

Twelve months ended December 31



FINNING UK

Revenues in 2003 were higher by 12.8% compared with the prior year primarily due to higher rental revenues reflecting the impact of the acquisition of the Lex Harvey business in 2003, an increase in new equipment sales and customer support services, especially in Power Systems. In local currency, revenues in the UK improved 16.3%. This increase was partially offset by lower used equipment sales and the effect of translating revenues from pounds sterling to Canadian dollars.

Rental revenues more than doubled in 2003 primarily due to the UK's acquisition of the Lex Harvey business effective June 1, 2003, which contributed \$109.4 million to revenues in 2003. This was offset by a \$14.3 million reduction in rental revenues due to the sale of the Power Systems Rental business in the first quarter of 2003. With the addition of Lex Harvey, rental revenue comprises 14.7% of the total revenue in the UK compared with 7.4% in the previous year.

Total new equipment revenues in 2003 increased 4.6% from the prior year in Canadian dollars (7.8% in local currency). This increase was primarily due to revenues from the Power & Energy Systems line of business which increased 28.1% in 2003 with more deliveries of air conditioning units and generators to the Electric Power Generation Diesel sector.

Used equipment revenues declined due to lower demand from domestic and international markets.

FINNING SOUTH AMERICA

Revenues from South America increased \$17.4 million, or 26.4%, compared with 2002. This increase was due to contributions from the 2003 acquisitions of Caterpillar dealerships in Argentina, Uruguay and Bolivia, which contributed \$142.0 million. In US dollar terms, revenues in South America improved 42.9% over 2002. In the Chilean operation, revenues declined by \$24.6 million, or 5.6%, compared with 2002 due to the soft copper prices at the beginning of 2003 and customer deferral of equipment purchases into 2004 to take advantage of lower pricing due to the new free trade agreement with the United States effective January 2004. South American revenues continue to strengthen due to large equipment sales and growth in customer support services.

Revenue in 2003 improved by 13.3% in customer support services mainly due to the addition of the Argentina dealership in 2003 as well as continued benefit from maintenance and repair agreements for existing mining customers.

Copper prices, currently at seven-year high levels, are forecast to remain strong in 2004. This will continue to drive demand for product from large mining customers in Chile and create opportunities for our operations in South America.

Effective October 1, 2003, the Company adopted the US dollar as the functional currency of its Chilean operations. The Company's other operations in South America that were acquired during the year are all using the US dollar as their functional currency. Management believes that the US dollar best portrays the underlying economic transactions of its South American operations and reflects how the businesses are managed. The net effect of this prospective change was to decrease net assets by \$18.3 million and increase net income reported for the fourth quarter of 2003 by approximately \$3.6 million.

HEWDEN

2003 annual revenues of \$40.8 million were 3.7% lower than 2002, being impacted by the strengthening of the Canadian dollar relative to the pound sterling. In local currency, revenues were relatively unchanged year over year. Revenues in 2003 continued to reflect the competitiveness in the UK rental hire market. While customer demand remains strong, the rental hire market is challenged with overcapacity and downward pressure on prices.

In order to increase market share and performance, under-performing depots were closed in 2002 and 2003 and new depots were opened in more appropriate locations. As of January 31, 2004, Hewden operated 317 depots throughout the UK with future expansion opportunities being predominately through complementary acquisitions.

GROSS PROFITS

Gross profits increased \$77.9 million (8.1%) to \$1,037.6 million in 2003 compared with 2002. This increase is due to higher gross profit provided by the Company's Canadian, UK and South American operations reflecting volume increases and acquisitions offset by the negative effect of the strengthening Canadian dollar when translating the results of foreign operations and the negative impact of the appreciation of the Euro against pounds sterling in the materials handling business as fleet purchases are made in Euros. As a percentage of revenue, gross margin was lower in 2003 at 28.9% compared with 29.9% in 2002, reflecting a slight revenue mix shift to lower margined equipment sales.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses (SG&A) increased \$90.6 million (13.2%) to \$778.1 million in 2003 compared with 2002. As a percentage of 2003 revenue, SG&A was 21.7%, which is comparable with 21.4% in 2002. Influencing factors included:

- higher selling costs resulting from sales volume increases and higher operating expenses supporting the rental business (\$53.6 million).
- higher general and administrative costs of \$37.0 million, which included the following:
 - new acquisitions which are still in the process of being integrated (\$14.9 million).
 - increased operating costs in Canada, UK and Hewden due to higher pension expenses (\$7.0 million).
 - higher expenses for long-term incentive plans of \$7.8 million. These costs are directly related to achieving the common share price vesting hurdles established for the long-term incentive plans. The Company's share price increased by more than 17% over the year to \$30.00 per share at December 31, 2003 which equates to an increase in the Company's market capitalization of over \$345 million.

OTHER EXPENSES (INCOME)

Other expenses (income) include items shown separately to facilitate comparison with the prior year. As a result of these items, which are not reflective of ongoing operations, Finning recorded a pre-tax net other expense of \$4.3 million, \$3.0 million after-tax in 2003. These pre-tax items included:

- the sale of surplus real estate in Canada and the UK for a gain of \$1.8 million (2002: \$15.2 million).
- \$1.6 million deferred gain amortization relating to the 2001 sale of the Materials Handling business in Canada (2002: \$1.6 million).
- the sale of the UK power rental business for a gain of \$13.8 million.
- costs incurred on the DBSi process reengineering project of \$22.1 million (2002: \$10.2 million). DBSi is the new information technology for the Caterpillar Dealer Business System. DBSi enhancements encompass customer relationship management, finance and administration, and supply chain management. The implementation of DBSi was successfully completed in Finning UK in January 2004.
- equity investment gain of \$0.6 million (2002: loss of \$1.0 million).

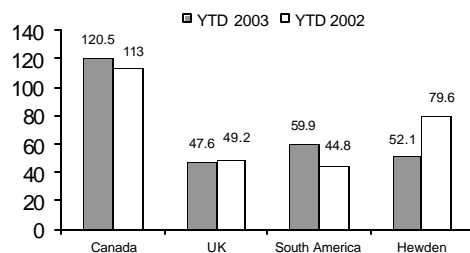
EARNINGS BEFORE INTEREST AND TAXES (EBIT)

EBIT decreased by 8.1% to \$255.2 million compared with \$277.8 million in 2002 primarily due to the impact of foreign exchange, the cost of long term incentive plans and expenses incurred in 2003 related to the DBSi software implementation and business process reengineering project. EBIT as a percentage of revenue was 7.1% in 2003 (2002: 8.7%). Excluding DBSi costs and certain other items, 2003 normalized EBIT for the year was \$259.5 million compared with normalized 2002 EBIT of \$272.2 million.

EBIT by operation*

(C\$ million)

Twelve months ended December 31



* excludes other expenses (income)

Major components of the year-to-date EBIT variance were (\$ million):

2002 annual EBIT	\$277.8
Increase due to 2003 acquisitions	23.0
Operations – growth / cost savings	13.5
Net divestitures	(3.3)
Cost of long term incentive plan	(7.8)
Increased pension costs	(7.0)
Other expenses/(income) – increase in net expenses	(9.9)
Foreign exchange impact	(31.1)
2003 annual EBIT	<u>\$255.2</u>

The table below illustrates annual EBIT contribution by operations:

(C\$ million)

	Canada	UK	South America	Hewden	Other	Consolidated
2003						
Revenue from external sources	\$ 1,456.3	\$ 934.2	\$ 562.0	\$ 640.8	\$ -	\$ 3,593.3
Operating costs	1,210.5	820.9	480.0	446.9	20.6	2,978.9
Depreciation	125.3	65.7	22.1	141.8	-	354.9
Other expenses (income)	-	-	-	-	4.3	4.3
Earnings before interest and tax	\$ 120.5	\$ 47.6	\$ 59.9	\$ 52.1	\$ (24.9)	\$ 255.2
EBIT as a percentage of revenue	8.3%	5.1%	10.7%	8.1%		7.1%
EBIT percentage by operations	47.2%	18.7%	23.5%	20.4%	-9.8%	100.0%
2002						
Revenue from external sources	\$ 1,269.3	\$ 828.2	\$ 444.6	\$ 665.3	\$ 0.1	\$ 3,207.5
Operating costs	1,021.2	752.8	388.1	443.7	14.5	2,620.3
Depreciation	135.1	26.1	11.7	142.1	-	315.0
Other expenses (income)	-	-	-	-	(5.6)	(5.6)
Earnings before interest and tax	\$ 113.0	\$ 49.3	\$ 44.8	\$ 79.5	\$ (8.8)	\$ 277.8
EBIT as a percentage of revenue	8.9%	6.0%	10.1%	11.9%		8.7%
EBIT percentage by operations	40.7%	17.8%	16.1%	28.6%	-3.2%	100.0%

FINANCE COSTS AND INTEREST ON OTHER INDEBTEDNESS

Finance costs and interest on other indebtedness in 2003 was \$76.9 million or \$2.9 million lower than 2002. The costs associated with slightly higher average debt levels in 2003 compared with 2002 were more than offset by the impact of interest rate swap contracts and the stronger Canadian dollar on foreign denominated debt. The increase in debt levels is a result of funding the Company's 2003 acquisitions through debt, most notably with the issuance of the £200 million Eurobond in May 2003.

PROVISION FOR INCOME TAXES

Income tax expense in 2003 amounted to \$26.6 million (2002: \$47.7 million), reflecting an effective tax rate of 16.8% during the year compared with 26.5% in 2002. The lower effective tax rate reflects a lower effective Canadian tax rate, favourable tax reassessments during 2003, and effective tax planning strategies. Management anticipates that for 2004, the consolidated effective tax rate will return to a level approximating 22%.

NON-CONTROLLING INTERESTS

The Company formed a partnership in 2001 for the purpose of raising capital to fund the acquisition of Hewden. The private investors injected \$425 million into the partnership in return for a non-controlling partnership interest. The distribution to the non-controlling partnership interests for the year was \$19.7 million, representing a yield of 4.6% compared with \$18.0 million and a yield of 4.2% in 2002. The higher rates in 2003 are due to the increase in the Canadian dollar bankers' acceptances rate which is used in determining the distributions to the partnership interests.

NET INCOME

Net income was relatively unchanged at \$132.0 million in 2003 compared with the prior year, with basic earnings per share in 2003 of \$1.71 compared with \$1.72 earned in 2002. Normalized for other items noted above, net income was \$135.0 million compared with \$127.6 million last year and normalized basic earnings per share increased to \$1.75 from \$1.66.

LIQUIDITY AND CAPITAL RESOURCES

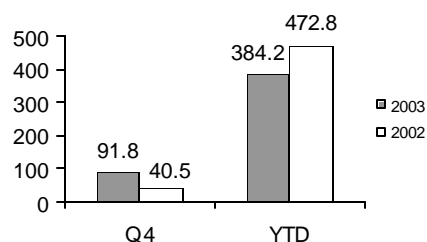
Management of the Company assesses liquidity in terms of its ability to generate sufficient cash flow to fund its operations. Net cash flow is affected by the following items:

- operating activities, including the level of accounts receivable, inventories, accounts payable, rental equipment and financing provided to customers;
- investing activities, including acquisitions of complementary businesses, and capital expenditure; and
- external financing, including bank credit facilities, commercial paper and other capital market activities, providing both short and long-term financing.

Cash Flow

(C\$ million)

Cash flow after working capital changes



CASH FLOW FROM OPERATING ACTIVITIES

Operating cash flow (before working capital items and revenue-earning assets) was \$506.1 million for the year ended December 31, 2003, an increase of 9.9% from the 2002 comparable balance of \$460.6 million. Cash flow after changes in working capital for the year was \$384.2 million, down 18.7% from 2002. Depreciation taken on the higher rental assets base (\$51.9 million greater than 2002) was offset by an additional \$121.9 million investment in working capital items mainly to support the activity in the businesses acquired during the year. Increases in accounts receivables and other assets were a result of supporting the normal operations of the Lex Harvey business in the UK and the strong December activity in Argentina. The investment in inventories supports South American deliveries in the first quarter of 2004. Cash used for income taxes reflects the timing of tax instalments.

Excluding business acquisitions, the Company reinvested \$261.6 million (2002: \$305.7 million) in revenue-earning rental and leased assets during the year. The lower net investment in 2003 reflects sales of the lease portfolio to Caterpillar Financial Services Limited in the second and fourth quarters of 2003 (\$63.6 million in 2003, compared with \$22.7 million in 2002). These activities resulted in cash flow from operating activities decreasing from \$167.1 million in 2002 to \$122.7 million in 2003.

CASH USED FOR INVESTING ACTIVITIES

Net cash utilized for investing activities totalled \$314.3 million in 2003 compared with cash provided in 2002 of \$49.1 million. Cash was utilized for investing in 2003 for the following items:

- \$212.7 million for the acquisition of Lex Harvey.
- \$72.1 million for the acquisition of Caterpillar dealerships in Argentina, Uruguay and Bolivia.
- Operational net capital expenditures of \$63.6 million, an increase from 2002 due to the capital requirements of the new acquisitions in 2003 and operating facility enhancements.

These uses of cash in 2003 were offset by the sale of the UK Power Rental business, which generated \$34.1 million in cash.

Net cash generated from investing activities in 2002 of \$49.1 million was primarily from the divestiture of Hewden's non-core business Tower Cranes, and from the net proceeds of the sale/leaseback of the Canadian operations' properties. This was partially offset by cash investments in Maxim Power Corporation (Maxim), Distribuidora Perkins Chilena SAC (Diperk) in Chile and the purchase of the remaining assets of Maxxiom Limited in the UK.

FINANCING ACTIVITIES

To complement the internally generated funds from operating and investing activities, the Company has available approximately \$1,016 million in unsecured short-term credit facilities. The Company also has a commercial paper program for \$300 million, which can be issued against the designated short-term credit facilities amount. At the year-end, approximately \$104.9 million was drawn against the short-term facilities.

Longer-term capital resources are provided by direct access to capital markets. The Company is rated by both Standard & Poor's (S&P) and Dominion Bond Rating Service (DBRS). DBRS rates the Company's senior debentures and medium term notes as BBB (high) and its commercial paper as R-2 (high). The S&P rating on long-term debt is BBB+ stable.

As at December 31, 2003 overall debt increased by \$273.8 million, reflecting the increased financing requirement for acquisitions. Short-term debt decreased by \$153.2 million to \$104.9 million during the year, while long-term debt increased by \$427.0 million to \$983.4 million.

On May 30, 2003, Finning issued a 10-year, unsecured £200 million Eurobond. The Eurobond bears coupon interest at 5.625% per annum, payable annually commencing May 30, 2004. The Eurobond was priced at 99.043% of its principal amount to yield 5.753% per annum. The Eurobond is rated BBB+ by Standard and Poor's. The Eurobond proceeds of \$449.5 million at the date of issuance were utilized to finance the acquisition of Lex Harvey as well as repaying existing bank indebtedness.

In the fourth quarter of 2002, the Company generated cash of \$8.6 million upon the sale of the majority of its instalment notes receivable portfolio to Caterpillar Financial Services Limited. In addition, the Company entered into a \$120.0 million securitization program for its accounts receivable portfolio in Canada. In December 2002, the Company sold \$30.0 million as an initial amount under the program. The cash from these activities was redeployed to fund new acquisitions and other growth initiatives. The securitization program, which expires in November 2007, was not increased in 2003. Also, in late 2002, cash was used to make a payment of \$39.7 million to fund non-registered pension plans that were previously underfunded.

The Company did not issue equity in 2003 or 2002. Share capital increased from \$233.4 million in 2002 to \$248.9 million at the end of 2003, reflecting the exercise of stock options for approximately 1.5 million common shares. Under a normal course issuer bid, which began on December 3, 2002, the Company was allowed to buy back a maximum of approximately 7.7 million shares (10% of the Company's public float) up to December 2, 2003. The Company undertook this issuer bid, as it believed that the current market price of its common shares did not reflect the underlying value of the Company. The Company re-filed a normal course issuer bid on December 8, 2003, which allows the Company to buy back up to approximately 7.8 million shares (10% of the Company's float) between December 8, 2003 and December 7, 2004. Finning repurchased 1,338,900 common shares during 2003 as part of the normal course issuer bid that was in place during the year. These shares were repurchased at an average price of \$24.51 for an aggregate cost of \$32.8 million which was allocated to reduce share capital by \$4.0 million and retained earnings by \$28.8 million. Finning did not repurchase any common shares during 2002.

As a result of management's confidence in the future earnings for the Company and commitment to the return of value to its shareholders, the Company increased its quarterly dividend rate during 2002 and 2003. The quarterly dividend rate was increased in total by 4 cents over this period. Subsequent to year-end, in February 2004 the dividend rate was further increased by one cent to ten cents per common share.

EMPLOYEE SHARE PURCHASE PLAN

The Company has an employee share purchase plan for its Canadian employees. Under the terms of this plan, eligible employees may purchase common shares of the Company in the open market at market value. The Company pays a portion of the purchase price to a maximum of 2% of employee earnings. At December 31, 2003, over 66% of Canadian employees were contributing to this plan compared with 63% at the end of 2002. During 2002, the Company commenced an All Employee Share Purchase Ownership Plan for its employees in Finning (UK) and Hewden. Under the terms of this plan, employees may contribute up to 10% of their salary to a maximum of £125.00 per month. The Company will provide one common share, purchased in the open market, for every three the employee purchases. At December 31, 2003, over 23.4% and 10.3% of eligible employees in the UK operations and Hewden, respectively, were contributing to this plan. These plans may be cancelled by Finning at any time.

FINANCIAL LEVERAGE

The Company's overall debt to total capital increased from 38% at the end of 2002 to 44% at the end of 2003. This increase in the overall debt to total capital was primarily due to the additional debt requirements to fund acquisitions, partially offset by the Company's continued focus on asset management programs to improve current operating asset efficiency. The debt to total capital ratios were calculated on a fully consolidated basis including the non-controlling interests of \$425.0 million as equity. (For further information on the non-controlling interests, see Notes to Consolidated Financial Statements, Note 10).

Performance ratios utilized by the Company declined slightly in 2003. Return on assets declined from the record 2002 level of 8.9% to 8.2% reflecting the impact of acquisitions, integrations and system implementation that occurred in 2003. Return on equity, excluding other net expenses that are not regarded as part of the core business of the Company, declined from 15.2% to 14.7%.

FINANCIAL DERIVATIVES AND RISK MANAGEMENT

The Company uses various financial instruments such as interest rate swaps, cross currency swaps, forward exchange contracts and options to manage its foreign exchange and interest rate exposures. Derivative financial instruments are always associated with a related risk position and are never used for trading or speculative purposes.

The Company continually evaluates and manages risks associated with financial derivatives. This includes counterparty credit exposure. The Company manages its credit exposure by ensuring there is no substantial concentration of credit risk with a single counterparty, and by dealing only with highly rated financial institutions as counterparties.

FINANCIAL RISKS AND UNCERTAINTIES

INTEREST RATES

The Company's debt portfolio is comprised of both fixed and floating rate debt instruments, with terms to maturity ranging up to ten years. In relation to its debt financing, the Company is exposed to potential changes in interest rates, which may cause the Company's borrowing costs to fluctuate. Floating rate debt exposes the Company to increases in short-term interest rates, while fixed rate debt exposes the Company to future interest rate movements upon the debt's maturity. Increases in current or future interest rates could result in a material adverse impact on the Company's financial results, by causing related finance expense to rise. Further, the fair value of the Company's fixed rate debt obligations may be negatively affected by declines in interest rates, thereby exposing the Company to potential losses on early settlements or refinancing. The Company minimizes its interest rate risk by balancing its portfolio of fixed and floating rate debt, as well as managing the term to maturity of its debt portfolio. The Company utilizes derivative instruments, such as interest rate swaps, to adjust the balance of fixed and floating rate debt, and to reduce its overall cost of borrowing.

CREDIT RISK

The Company has a large diversified customer base, and is not dependent on any single customer or group of customers. Although there is usually no significant concentration of credit risk related to the Company's position in trade accounts or notes receivable, the Company does have a certain degree of credit exposure arising from its foreign exchange and interest rate derivative contracts. There is a risk that counterparties to these derivative contracts may default on their obligations. However, the Company minimizes this risk by ensuring there is no excessive concentration of credit risk with any single counterparty, active credit management and monitoring, and by dealing only with highly rated financial institutions.

FINANCING ARRANGEMENTS

The Company requires substantial amounts of capital to finance its future growth and to refinance its outstanding debt obligations as they come due for repayment. In addition, the Company may have financing requirements arising from the partnership formed with Hewden's non-controlling private investors (see Notes to the Consolidated Financial Statements, Note 10). If the cash generated from the Company's business, together with the credit available under existing bank facilities, is not sufficient to fund future capital requirements, the Company will require additional debt or equity financing in the capital markets. The Company's ability to access capital markets on terms that are acceptable will be dependent upon prevailing market conditions, as well as the Company's future financial condition. Further, the Company's ability to increase its debt financing may be limited by its financial covenants or its credit rating objectives. Although the Company does not anticipate any difficulties in raising funds in the future, there can be no assurance that capital will be available on suitable terms and conditions, or that borrowing costs and credit ratings won't be adversely affected. In addition, the Company's current financing arrangements contain certain restrictive covenants that may impact the Company's future operating and financial flexibility.

COMMODITY PRICE

The Company's sales are also indirectly affected by fluctuations in commodity prices. In Canada, commodity price movements in the forestry, metals, coal and petroleum sectors can have an impact on customers' demands for equipment and customer service. In Chile and Argentina, significant fluctuations in the price of copper and gold can have similar effects. In the UK, lower prices for thermal coal may reduce equipment demand in that sector.

FOREIGN EXCHANGE EXPOSURE

The Company is geographically diversified, with significant investments in several different countries. The Company transacts business in multiple currencies, the most significant of which are the US dollar, the Canadian dollar, the UK pound sterling, the Chilean peso, and the European euro. As a result, the Company has a certain degree of foreign currency exposure with respect to items denominated in foreign currencies. The three main types of foreign exchange risk of the Company can be categorized as follows:

Investment in Foreign Operations

All of the Company's foreign operations are considered self-sustaining. Accordingly, assets and liabilities are translated into Canadian dollars using the exchange rates in effect at the balance sheet dates. Any unrealized translation gains and losses are deferred and included in a separate component of shareholders' equity. These cumulative currency translation adjustments are recognized in income when there has been a reduction in the net investment of the foreign operations.

It is the Company's objective to hedge its net foreign investments to the greatest extent possible. The Company has hedged a significant portion of its foreign investments through foreign currency denominated loans and other derivative contracts (forward contracts and cross currency swaps). Any exchange gains or losses arising from the translation of the hedge instruments are deferred and accounted for in the cumulative currency translation adjustment account. A 5% hypothetical strengthening of the Canadian dollar relative to all other currencies from the December 2003 month end rates, assuming the same current level of hedging instruments, would result in a deferred unrealized loss of approximately \$17.9 million.

Transaction Exposure

Many of the Company's operations purchase, sell, rent, and lease products throughout the world using different currencies. For the Company's operations in Canada and South America, products are generally sourced in US dollars, but are sold in local currencies. This potential mismatch of currencies creates transactional exposure at the operational level, which may affect the Company's profitability as exchange rates fluctuate. It may also impact the Company's competitive position as relative currency movements affect the business practices and/or pricing strategies of the Company's competitors.

It is the Company's objective to minimize the impact of exchange rate movements and volatility in results. Each operation manages the majority of its transactional exposure through effective sales pricing policies. The Company's operations also enter into forward exchange and option contracts to manage residual mismatches in foreign currency cash flows. As a result, the foreign exchange impact on earnings with respect to transactional activity is minimal.

Translation Exposure

The most significant foreign exchange impact on the Company's net income is the translation of foreign currency based earnings into Canadian dollars each reporting period. All of the Company's foreign subsidiaries report their operating results in currencies other than the Canadian dollar. Therefore, exchange rate movements in the US dollar, UK pound sterling, and Chilean peso relative to the Canadian dollar will impact the consolidated results of the UK and South American operations in Canadian dollar terms. In addition, the Company's Canadian results are impacted by the translation of their US dollar based earnings. The Company hedges some of its earnings translation exposure through foreign currency denominated loans and derivative contracts associated with the net investment hedges.

Sensitivity

The sensitivity of the Company's annual net earnings to fluctuations in average annual foreign exchange rates is summarized in the table below. The following table assumes that the Canadian dollar strengthens 5% against the currency noted, for a full year relative to the December 2003 month end rates, without any change in local currency volumes or hedging activities.

Currency	December 2003 month end rates	Increase / (decrease) in Annual Net Income (\$million)
USD	1.2924	(7)
GBP	2.3066	(6)
CHP	.002181	2
EUR	1.6280	3

The sensitivity noted above ignores 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.

KEY RISKS

RELIANCE ON KEY SUPPLIER

The majority of the Company's business involves the distribution and servicing of Caterpillar products. As such, the Company's business is highly dependent on the continued market acceptance of Caterpillar's products. Caterpillar has a solid reputation as a high quality manufacturer, with excellent brand recognition and high market shares in many of the markets it serves. Caterpillar has manufacturing operations throughout the world to meet customer needs. Any decrease in the demand for Caterpillar products could have a material adverse impact on the Company's business, results of operations and future prospects.

The Company is also dependent on Caterpillar for timely supply of equipment and parts. From time to time, during periods of intense demand, Caterpillar finds 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. Any prolonged delays in product supply may adversely affect the Company's business, results of operations and financial condition.

ECONOMIC CONDITIONS / BUSINESS CYCLICALITY

Many of the Company's customers operate in industries that are cyclical in nature. As a result, customer demand for the Company's products and services may be affected by economic conditions on both a global or local level. Changes in interest rates, foreign exchange, commodity prices, and the level of government infrastructure spending may influence capital expenditure decisions, and ultimately the Company's sales. The Company has mitigated some of its exposure to variable business cycles by diversifying its business across a broad range of business activities, industry sectors, and geographic locations. Approximately 80% of the Company's gross margin is now generated from parts, service, and rental activities, which are significantly less sensitive to swings in commodity prices than are equipment sales. Notwithstanding the Company's extensive diversification, an economic downturn may adversely impact the Company's operating results, particularly at a regional level.

INTERNATIONAL OPERATIONS

The Company has significant operations outside of Canada, including the United Kingdom, Chile, Argentina, Uruguay, and Bolivia. The Company's international subsidiaries are subject to risks normally associated with the conduct of any business in foreign jurisdictions, including: uncertain political and economic environments; war, insurrection, and other civil disturbances; changes in laws, regulations, and taxation; foreign currency exchange controls; and limitations on the repatriation of earnings. These risks may limit or disrupt operations, increase costs, restrict the movement of funds, or result in the loss of property. Although the Company closely monitors its foreign investment risks, there can be no assurance that the Company will not be adversely affected by political and other events beyond its control.

GROWTH INITIATIVES / INTEGRATION OF ACQUISITIONS

As part of its long-term corporate strategy, the Company intends to continue growing its business through a combination of organic growth and strategic acquisitions. The Company's ability to successfully grow its business will be dependent on a number of factors including: identification of accretive new business or acquisition opportunities; negotiation of purchase agreements on satisfactory terms and prices; approval of acquisitions by Caterpillar or other parties, including regulatory authorities; securing attractive financing arrangements; and integration of newly acquired operations into the existing business. All of these activities may be more difficult to implement or may take longer to execute than management anticipates. Further, any significant expansion of the business may increase the operating complexity of the Company, and divert management attention away from regular business activities. Any failure of the Company to manage its acquisition strategy successfully could have a material adverse impact on the Company's business, results of operations, and financial condition.

To date, the Company has been very successful in profitably managing its expansion efforts. The Company recently acquired three new Caterpillar dealerships in South America and a materials handling business in the United Kingdom. Although the Company believes integration of these operations is progressing well, there can be no assurance that the Company will fully realize the anticipated revenues, synergies, or other intended benefits associated with these or any other potential acquisitions in the future.

FUTURE WARRANTY CLAIMS

The Company provides warranties for most of the equipment it sells. In many cases, the warranty claim risk is shared jointly with the equipment manufacturer. Accordingly, the Company's liability is generally limited to the service component of the warranty claim, while the manufacturer is responsible for providing the required parts. There is a risk that warranty claims may increase in the future, or may be greater than management anticipates. If the Company's liability in respect of such claims is greater than anticipated, it may have a material adverse impact on the Company's business, results of operations, and financial condition.

MAINTENANCE AND REPAIR CONTRACTS

The Company frequently enters into long-term maintenance and repair contracts with its customers, whereby the Company is obligated to maintain certain fleets of equipment at various negotiated performance levels. The length of these contracts varies significantly, often ranging up to five or more years. The contracts are generally fixed price, although many contracts have additional provisions for inflationary adjustments. Due to the long-term nature of these contracts, there is a risk that significant cost overruns may be incurred. If the Company has miscalculated the extent of maintenance work required, or if actual parts and service costs increase beyond the contracted inflationary adjustments, the contract profitability will be adversely affected. In order to mitigate this risk, the Company closely monitors the contracts for early warning signs of cost overruns. In addition, the manufacturer may, in certain circumstances, share in the cost overruns if profitability falls below a certain threshold. Any failure by the Company to effectively price and manage these contracts could have a material adverse impact on the Company's business, results of operations and financial condition.

INFORMATION SYSTEMS AND TECHNOLOGY

Information systems are an integral part of the Company's business processes, including marketing of equipment and support services, inventory and logistics, and finance. Some of these systems are integrated with Caterpillar's core processes and systems. In addition, Caterpillar supplies the basic dealer business system used by the Company, as well as the new dealer business system now being implemented (DBSi). The implementation of DBSi has been successfully completed in the Company's UK operations and over time, the Company expects to implement this system in all of its other operations. The enhanced capabilities of DBSi will allow the Company to achieve further efficiencies.

The Company is dependent on Caterpillar for future development of these systems, for support for all dealer systems supplied by Caterpillar, and for hosting of the DBSi applications. Any disruptions in these systems or the failure of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect the Company's operating results by limiting the ability to effectively monitor and control the Company's operations.

NEW ACCOUNTING PRONOUNCEMENTS

STOCK-BASED COMPENSATION

Effective January 1, 2002, Finning adopted the recommendations of The Canadian Institute of Chartered Accountants (CICA) with respect to stock-based compensation and other stock-based payments. The recommendations require stock-based payments to non-employees and direct awards to employees and non-employees be accounted for using a fair value-based method of accounting. Share appreciation rights (SAR) and similar awards to be settled in cash are accounted for by measuring the amount by which the quoted market price exceeds the strike price at the balance sheet date. The recommendations require the use of the fair value-based method to account for all other stock-based transactions with employees, including stock options, for fiscal years beginning on or after January 1, 2004 with earlier adoption encouraged.

In accordance with the recommendations of the CICA, the Company has adopted the fair value-based method of accounting for stock options in 2003, applied on a prospective basis. The Company will continue to use the intrinsic value-based method of accounting for stock options granted prior to January 1, 2003. As the Company had not issued any stock option awards to employees during the years ended December 31, 2003 and 2002, the Company's net earnings have not been impacted by the application of the new accounting policy. Since the exercise price is set at an amount equal to the weighted average trading price on the day prior to the grant of the stock options, no compensation expense has been recognized on the day of the grant. As options are exercised, the proceeds received by the Company are credited to share capital in the consolidated balance sheet.

HEDGING INSTRUMENTS

The CICA issued a new Accounting Guideline *Hedging Relationships* in December 2001, which specifies the conditions under which hedge accounting is appropriate. The Guideline 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 new guideline is effective fiscal 2004. Adoption of the guideline is not expected to have a significant impact on the consolidated financial statements.

ASSET RETIREMENT OBLIGATIONS

In February 2002 the CICA issued a new standard, 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. Entities will be required to disclose certain key information about the liability.

The new standard is effective for fiscal years beginning on or after January 1, 2004. Finning is evaluating the impact of adopting the new recommendations.

IMPAIRMENT OF LONG-LIVED ASSETS

In December 2002 the CICA issued a new standard, 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 is recognized 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.

The new standard is effective fiscal 2004. Adoption of the recommendations is not expected to have a significant impact on the consolidated financial statements.

MARKET OUTLOOK

Economic conditions in the Company's markets are improving with economic recovery expected to continue into 2004. Our medium to long-term future prospects are excellent, given the Company's strong order backlog in most of its operations, the large new equipment sales and maintenance contracts in Chile and Argentina and the strength in the key economic indicators that impact the Company's customers.

Commodity prices for copper, gold, coal and oil and gas are expected to remain strong near current levels into 2004. Strong commodity prices bode well for our customers resulting in an increase in mining activity and new development. This is expected to provide opportunities for our operations in Canada and South America which are already evident in our strong order backlog.

The Company expects that our 2004 results will be negatively impacted as a result of foreign exchange translation in the first and second quarters of 2004 in comparison to 2003 due to the strong Canadian dollar.

UK economic indicators forecast continued growth in 2004 with infrastructure spending being a strong component of this growth. The UK government forecasts significant spending over the next 10 years to repair and expand the country's highways, rails and other transportation infrastructure. This growth will provide opportunities for the Company and its customers. This growth has also resulted in a very competitive rental market in 2003 due to an overcapacity of rental equipment and downward pressures on prices.

Finning UK has successfully completed the implementation of DBSi in early 2004, which will increase the Company's opportunities to improve supply chain management, cost controls, asset utilization and customer relationship management. Acquiring the Lex Harvey business made Finning UK a strong player in the materials handling market in the UK. Further integration of Lex Harvey as well as the pursuit of joint efficiencies with Hewden is expected to create opportunities to improve EBIT as well as capitalizing on the infrastructure growth in the UK.

Although the Company's results in the first and second quarters of 2004 are expected to be negatively impacted by foreign exchange translation and competitive pressures in the UK rental business, the Company has a strategy to mitigate these issues. The Company will focus on integrating recent acquisitions, extracting synergies in the UK and continue focusing on cost controls. This, together with economic recovery in all of the Company's markets, will provide us with opportunities to grow.

ATTACHMENT ONE

DESCRIPTION OF NON-GAAP MEASURES

To supplement Finning's consolidated financial statements, Finning uses certain non-GAAP measures that do not have standardized meaning prescribed by 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 earnings per share and normalized EBIT, which are not an alternative to GAAP financial measures. Finning's management believes the non-GAAP financial measures are useful to investors because they include the same meaningful information that is used by Finning management to assess the financial performance of the Company and its operating segments. In order to allow the reader to view financial results in this way, occasional or other significant items, not considered reflective of the underlying financial performance of the Company from ongoing operations, have been removed from reported results prepared in accordance with GAAP.

Reconciliation Between Reported Fourth Quarter EBIT and Normalized Fourth Quarter EBIT

(C\$ thousands)	Three Months ended Dec 31		Twelve Months Ended Dec 31	
	2003	2002	2003	2002
Reported EBIT (GAAP measure)	\$ 54,478	\$ 65,404	\$ 255,168	\$ 277,783
Gain on sale of surplus properties in Canada and the U.K.	(1,139)	(1,409)	(1,791)	(15,216)
Deferred gain on 2001 sale of the Canadian Materials Handling business	-	-	(1,600)	(1,600)
Costs incurred on DBSi business process reengineering project	7,691	8,440	22,104	10,264
Gain on sale of the UK Power Rental business	-	-	(13,800)	-
(Gain) loss from equity investment	(55)	626	(606)	972
Normalized EBIT (reflects non-GAAP measure)	\$ 60,975	\$ 73,061	\$ 259,475	\$ 272,203

Reconciliation Between Reported Fourth Quarter Net Income and EPS and Normalized Fourth Quarter Net Income and EPS

(C\$ thousands, except EPS data)	Three Months ended Dec 31		Twelve Months Ended Dec 31	
	2003	2002	2003	2002
Reported Net Income (GAAP measure)	\$ 28,079	\$ 31,227	\$ 131,951	\$ 132,253
Gain on sale of surplus properties in Canada and the U.K.	(800)	(810)	(1,248)	(11,170)
Deferred gain on 2001 sale of the Canadian Materials Handling business	-	-	(1,288)	(1,079)
Costs incurred on DBSi business process reengineering project	5,447	5,527	15,352	6,649
Gain on sale of the UK Power Rental business	-	-	(9,168)	-
(Gain) loss from equity investment	(55)	626	(606)	972
Normalized Net Income (reflects non-GAAP measure)	\$ 32,671	\$ 36,570	\$ 134,993	\$ 127,625
Normalized Basic EPS (reflects non-GAAP measure)	\$0.42	\$0.47	\$1.75	\$1.66

ATTACHMENT TWO
Supplementary Information
(Unaudited)

Quarterly Segmented Revenue Information

(C\$ million) Q4 2003	South				Consolidated	Revenue %
	Canada	UK	America	Hewden		
New mobile equipment	\$ 127.7	\$ 60.8	\$ 73.1	\$ 1.9	\$ 263.5	28.2%
New power & energy systems	33.2	23.7	18.4	-	75.3	8.1%
Used equipment	48.8	26.4	6.1	9.4	90.7	9.7%
Equipment rental	29.1	49.7	7.1	125.2	211.1	22.6%
Operating leases	12.3	-	0.1	-	12.4	1.3%
Customer support services	125.9	59.9	82.7	9.9	278.4	29.9%
Finance and other	1.4	-	0.2	-	1.6	0.2%
Total	\$ 378.4	\$ 220.5	\$ 187.7	\$ 146.4	\$ 933.0	100.0%
Revenue percentage by operations	40.6%	23.6%	20.1%	15.7%	100.0%	

(C\$ million) Q4 2002	South				Consolidated	Revenue %
	Canada	UK	America	Hewden		
New mobile equipment	\$ 148.2	\$ 83.8	\$ 7.7	\$ 4.4	\$ 244.1	28.8%
New power & energy systems	19.1	24.8	7.7	-	51.6	6.1%
Used equipment	38.6	20.2	4.3	15.0	78.1	9.2%
Equipment rental	24.1	16.8	4.1	144.7	189.7	22.3%
Operating leases	21.2	-	-	-	21.2	2.5%
Customer support services	114.8	51.9	83.7	11.1	261.5	30.9%
Finance and other	1.2	-	0.3	-	1.5	0.2%
Total	\$ 367.2	\$ 197.5	\$ 107.8	\$ 175.2	\$ 847.7	100.0%
Revenue percentage by operations	43.3%	23.3%	12.7%	20.7%	100.0%	

Quarterly Segmented EBIT Information

(C\$ thousand) Q4 2003	South					Consolidated
	Canada	UK	America	Hewden	Other	
Revenue from external sources	\$ 378,480	\$ 220,440	\$ 187,657	\$ 146,370	\$ 6	\$ 932,953
Operating costs	316,658	188,463	164,090	102,913	1,474	773,598
Depreciation	28,145	27,469	5,706	37,060	-	98,380
Other expenses (income)	-	-	-	-	6,497	6,497
Earnings before interest and tax	\$ 33,677	\$ 4,508	\$ 17,861	\$ 6,397	\$ (7,965)	\$ 54,478
Finance cost & interest on other indebtedness						23,326
Non-controlling interests						4,614
Provision for income taxes						(1,541)
Net income						\$ 28,079
EBIT as a percentage of revenue	8.9%	2.0%	9.5%	4.4%		5.8%
EBIT percentage by operations	61.8%	8.3%	32.8%	11.7%	-14.6%	100.0%

(C\$ thousand) Q4 2002	South					Consolidated
	Canada	UK	America	Hewden	Other	
Revenue from external sources	\$ 367,165	\$ 197,507	\$ 107,812	\$ 175,148	\$ 27	\$ 847,659
Operating costs	306,716	176,841	91,328	115,281	3,774	693,940
Depreciation	30,051	9,547	3,135	37,925	-	80,658
Other expenses (income)	-	-	-	-	7,657	7,657
Earnings before interest and tax	\$ 30,398	\$ 11,119	\$ 13,349	\$ 21,942	\$ (11,404)	\$ 65,404
Finance cost & interest on other indebtedness						19,785
Non-controlling interests						4,890
Provision for income taxes						9,502
Net income						\$ 31,227
EBIT as a percentage of revenue	8.3%	5.6%	12.4%	12.5%		7.7%
EBIT percentage by operations	46.5%	17.0%	20.4%	33.5%	-17.4%	100.0%

CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31

(C\$ thousands)

	2003	2002
ASSETS		
Current assets		
Cash and short-term investments	\$ 66,385	\$ 34,626
Accounts receivable	481,397	465,601
Inventories		
On-hand equipment	438,715	402,316
Parts and supplies	270,984	248,093
Other assets	98,379	107,352
Future income taxes (Note 2)	35,133	15,698
Current portion of instalment notes receivable	25,944	13,926
Total current assets	1,416,937	1,287,612
Finance assets		
Instalment notes receivable	7,145	13,410
Equipment leased to customers (Note 3)	97,925	197,115
Total finance assets	105,070	210,525
Rental equipment (Note 4)	1,046,130	897,891
Land, buildings and equipment (Note 5)	287,778	257,200
Future income taxes (Note 2)	39,344	35,863
Goodwill (Note 7)	393,109	379,866
Intangible assets (Note 7)	9,692	2,300
Other assets (Note 11)	130,550	91,290
	\$ 3,428,610	\$ 3,162,547
LIABILITIES		
Current liabilities		
Short-term debt (Note 9)	\$ 104,910	\$ 258,140
Accounts payable and accruals	848,888	868,069
Income tax payable	8,884	39,068
Future income taxes (Note 2)	5,711	8,186
Current portion of long-term debt (Note 9)	235,243	42,324
Total current liabilities	1,203,636	1,215,787
Long-term debt (Note 9)	748,181	514,051
Future income taxes (Note 2)	93,212	77,349
Total liabilities	2,045,029	1,807,187
Commitments and Contingencies (Notes 21 and 22)		
NON-CONTROLLING INTERESTS (Note 10)	425,000	425,000
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	248,939	233,450
Retained earnings	775,113	699,741
Cumulative currency translation adjustments (Note 13)	(65,471)	(2,831)
Total shareholders' equity	958,581	930,360
	\$ 3,428,610	\$ 3,162,547

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

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS FOR THE YEARS ENDED DECEMBER 31

(C\$ thousands except per share amounts)

	2003	2002
Revenue		
New mobile equipment	\$ 966,042	\$ 825,301
New power & energy systems	262,352	192,036
Used equipment	363,549	329,661
Equipment rental	821,315	744,506
Operating leases	65,925	87,610
Customer support services	1,109,571	1,019,184
Finance and other	4,541	9,188
Total revenue	3,593,295	3,207,486
Cost of sales	2,555,682	2,247,760
Gross profit	1,037,613	959,726
Selling, general and administrative expenses	778,138	687,523
Other expenses (income) (Note 14)	4,307	(5,580)
Earnings before interest, income taxes and non-controlling interests	255,168	277,783
Finance cost and interest on other indebtedness (Notes 9 and 17)	76,868	79,828
Income before provision for income taxes and non-controlling interests	178,300	197,955
Provision for income taxes (Note 2)	26,648	47,730
Non-controlling interests (Note 10)	19,701	17,972
Net income	\$ 131,951	\$ 132,253
Retained earnings, beginning of year	\$ 699,741	\$ 590,588
Net income	131,951	132,253
Dividends on common shares	(27,816)	(23,100)
Premium on common share repurchase (Note 12)	(28,763)	-
Retained earnings, end of year	\$ 775,113	\$ 699,741
Earnings per share (Note 15)		
Basic	\$ 1.71	\$ 1.72
Diluted	\$ 1.68	\$ 1.68
Weighted average number of shares outstanding	77,326,253	76,954,609

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

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS ENDED DECEMBER 31

(C\$ thousands)

	2003	2002
OPERATING ACTIVITIES		
Net income	\$ 131,951	\$ 132,253
Add		
Depreciation	354,959	314,993
Future income taxes	17,256	11,227
Other items	(17,797)	(15,844)
Non-controlling interests distribution	19,701	17,972
	506,070	460,601
Changes in working capital items		
Accounts receivable and other	(38,828)	(90,680)
Inventories - on-hand equipment	(37,027)	29,472
Inventories - parts and supplies	(4,593)	(10,954)
Instalment notes receivable	(5,030)	21,664
Accounts payable and accruals	13,612	41,148
Income taxes	(49,994)	21,553
Cash provided after changes in working capital items	384,210	472,804
Rental equipment, net of disposals	(312,881)	(280,116)
Equipment leased to customers, net of disposals	51,325	(25,625)
Cash flow from operating activities	122,654	167,063
INVESTING ACTIVITIES		
Net cash invested in land, buildings and equipment	(63,600)	(6,853)
Proceeds from UK Power Rental sale	34,056	-
Divestiture of Hewden Tower Cranes business	-	44,219
Proceeds from Canadian property sale/leaseback	-	77,049
Equity investment	-	(15,000)
Acquisitions (Note 6)	(284,805)	(50,308)
Cash (used) provided by investing activities	(314,349)	49,107
FINANCING ACTIVITIES		
Decrease in short-term debt	(149,700)	(192,202)
Repayment of long-term debt	(29,843)	(120,768)
Issue of Eurobond (Note 9)	449,520	-
Cash funding of pension plans	-	(39,682)
Securitization of Canadian accounts receivable	-	30,000
Sales of notes portfolio	-	88,606
Non-controlling interest distribution	(19,701)	(17,972)
Issue of common shares on exercise of stock options	19,538	21,328
Repurchase of common shares	(32,812)	-
Dividends paid	(27,816)	(23,100)
Cash provided (used) by financing activities	209,186	(253,790)
Currency translation adjustments	14,268	(5,736)
Increase in cash and short-term investments	31,759	(43,356)
Cash and short-term investments at beginning of year	34,626	77,982
Cash and short-term investments at end of year	\$ 66,385	\$ 34,626
Cash flows include the following elements		
Interest paid	\$ 59,900	\$ 80,563
Income taxes paid	\$ 35,297	\$ 29,420

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

December 31, 2003 and 2002

(\$ and £ in thousands, except the number of shares and per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles. The Consolidated Financial Statements are presented in Canadian dollars, unless otherwise stated.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities. Actual amounts could differ from those estimates. The significant accounting policies used in these Consolidated Financial Statements are as follows:

(a) Principles of Consolidation

The Consolidated Financial Statements include the accounts of Finning International Inc. ("Finning" or "Company"), which includes the division of Finning Canada, and its wholly owned subsidiaries. Principal operating subsidiaries include Finning (U.K.) Ltd., Finning Chile S.A., and Hewden Stuart Plc ("Hewden") as well as the Caterpillar dealerships in Argentina, Uruguay and Bolivia (Note 6). In addition, Finning consolidates the partnership that was formed to fund the acquisition of Hewden (Note 10).

For interests acquired or disposed of during the year, the results of operations are included in the consolidated statements of income from, or up to, the date of the transaction, respectively.

(b) Currency Translation

Transactions undertaken in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the time the transactions occurred. Account balances denominated in foreign currencies are translated into Canadian dollars as follows

- Monetary assets and liabilities are translated at exchange rates in effect at the balance sheet dates and non-monetary items are translated at historical exchange rates.
- Exchange gains and losses are included in income except where the exchange gain or loss arises from the translation of monetary liabilities designated as hedges, in which case the gain or loss is deferred and accounted for in conjunction with the hedged asset.

Financial statements of foreign operations, all considered self-sustaining, are translated into Canadian dollars as follows:

- Assets and liabilities are translated using the exchange rates in effect at the balance sheet dates.
- Revenue and expense items are translated at average exchange rates prevailing during the period that the transactions occurred.
- Unrealized translation gains and losses are deferred and included as a separate component of shareholders' equity. These cumulative currency translation adjustments are recognized in income when there is a reduction in the net investment in the self-sustaining foreign operation.

The Company has hedged some of its investments in foreign subsidiaries using derivatives and foreign denominated borrowings. Exchange gains or losses arising from the translation of the hedge instruments are accounted for in cumulative currency translation adjustments.

(c) Cash and Short-Term Investments

Short-term investments, consisting of highly rated money market instruments with original maturities of three months or less, are considered to be cash equivalents and are recorded at cost, which approximates current market value.

(d) Securitization of Trade Receivables

In 2002, the Company sold a co-ownership interest in certain present and future accounts receivable in Canada to a securitization trust. These transactions are accounted for as sales to the extent that the Company is considered to have surrendered control over the interest in the accounts receivables and receives proceeds from the trust, other than a beneficial interest in the assets sold. Losses on these transactions are recognized as other expenses and are dependent in part on the previous carrying amount of the receivable interest transferred, which is allocated between the interest sold and the interest by the Company, based on their relative value at the date of the transfer. The Company determines fair value based on the present value of future expected cash flows using management's best estimates of key assumptions such as discount rates, weighted average life of accounts receivable, dilution rates and credit loss ratios. The receivable interest is transferred on a fully serviced basis. The Company recognizes a servicing liability on the date of the transfer and amortizes this liability to income over the expected life of the transferred receivable interest.

(e) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a specific item basis for on-hand equipment. For approximately two-thirds of parts and supplies, cost is determined on a first-in, first-out basis. An average cost basis is used for the remainder.

(f) Instalment Notes Receivables

Instalment notes receivables are recorded net of unearned finance charges.

(g) Equipment Leased to Customers

Depreciation of equipment leased to customers is provided in equal monthly amounts over the terms of the individual leases after recognizing the estimated residual value of each unit at the end of each lease.

(h) Rental Equipment

Rental equipment is recorded at cost, net of accumulated depreciation. Cost is determined on a specific item basis. Rental equipment is depreciated to its estimated residual value over its estimated useful life on a straight line or on an actual usage basis.

(i) Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost, net of accumulated depreciation.

Buildings and equipment are depreciated over their estimated useful lives on either a declining balance or straight-line basis using the following annual rates:

Buildings	2% - 5%
General equipment	20% - 30%
Automotive equipment	25% - 30%

(j) Revenue Recognition

Revenue recognition, with the exception of cash sales, includes obtaining a written arrangement in the form of a contract or purchase order with the customer. A fixed or determinable sales price is established with the customer whereby ultimate collection of the revenue is reasonably assured. Revenue is recognized as performance requirements are achieved in accordance with the following:

Revenue from sales of equipment is recognized at the time of shipment of the product to the customer at which time title to the equipment and significant risks of ownership passes to the customer;

Revenue from power and energy systems includes construction contracts with customers that involve the design, installation and assembly of power and energy equipment systems. Revenue is recognized on a percentage of completion basis proportionate to the work that has been completed which is based on associated costs incurred;

Revenue from equipment rentals and operating leases is recognized in accordance with the terms of the relevant agreement with the customer, either evenly over the term of that agreement or on a usage basis such as the number of hours that the equipment is used;

Revenue from customer support services includes sales of parts and servicing of equipment. For sales of parts, revenue is recognized when the part is shipped to the customer or when the part is installed in the customer's equipment. For servicing of equipment, revenue is recognized as the service work is performed. Customer support services are also offered to customers in the form of long-term maintenance and repair contracts. For these contracts, revenue is recognized on a percentage of completion basis proportionate to the service work that has been performed based on the parts and labour service provided. Parts revenue is recognized based on parts list price and service revenue is recognized based on standard billing labour rates. At the completion of the contract, any remaining deferred revenue on the contract is recognized as revenue. Any losses estimated during the term of the contract are recognized when identified. For the materials handling business, revenue from long-term maintenance and repair contracts is recognized on a straight-line basis over the life of the contract.

(k) Stock-Based Compensation

The Company has stock option plans and other stock-based compensation plans for directors and certain eligible employees. Effective January 1, 2002, the Company adopted the recommendations of The Canadian Institute of Chartered Accountants (CICA) with respect to stock-based compensation and other stock-based payments. The recommendations require stock-based payments to non-employees and direct awards to employees and non-employees be accounted for using a fair value-based method of accounting. Share appreciation rights (SAR) and similar awards to be settled in cash are accounted for by measuring the amount by which the quoted market price exceeds the strike price at the balance sheet date. The recommendations require the use of the fair value-based method to account for all other stock-based transactions with employees, including stock options, for fiscal years beginning on or after January 1, 2004 with earlier adoption encouraged.

The Company accounts for SAR by measuring the amount by which the quoted market price exceeds the strike price at the balance sheet date. Changes in the quoted market value of those shares between the date of the grant and the measurement date result in a change in the measure of compensation for the award and is amortized over the remaining vesting period.

In accordance with the recommendations of the CICA, the Company has adopted the fair value-based method of accounting for stock options in 2003, applied on a prospective basis. The Company will continue to use the intrinsic value-based method of accounting for stock options granted prior to January 1, 2003. As the Company had not issued any stock option awards to employees during the years ended December 31, 2003 and 2002, the Company's net earnings have not been impacted by the application of the new accounting policy. Since the exercise price is set at an amount equal to the weighted average trading price on the day prior to the grant of the stock options, no compensation expense has been recognized on the day of the grant. When options are exercised, the proceeds received by the Company are credited to share capital in the consolidated balance sheet.

Changes in the Company's obligations under other stock-based compensation plans, which arise from fluctuations in the market price of the Company's common shares underlying these compensation plans, are recorded in selling, general and administrative expense in the consolidated statement of income with a corresponding accrual in the consolidated balance sheet.

(l) Employee Benefits

The Company and its subsidiaries have a number of defined benefit and defined contribution plans providing pension and other benefits to most of its employees in the Canadian, the U.K. and the Hewden operations. The Company accrues its obligations under employee benefit plans and the related costs, net of plan assets and has adopted the following policies:

Defined benefit plans: For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. The cost of pensions and other retirement benefits is determined by independent actuaries using the projected benefit method prorated on service and management's best estimates of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs.

Past service costs from plan amendments are amortized on a straight-line basis over the expected average remaining service life of employees active at the date of amendment.

The excess of net actuarial gains or losses over 10% of the greater of the benefit obligation and the fair value of the plan assets are amortized on a straight-line basis over the expected average remaining service life of the active employees covered by the plans.

Defined contribution plans: The cost of pension benefits includes the current service cost based on a fixed percentage of member earnings for the year.

(m) Goodwill and Other Intangible Assets

Goodwill represents the excess cost of an investment over the fair value of the net assets acquired. Goodwill and intangible assets with indefinite lives are not amortized and are subject to an annual assessment for impairment primarily by applying a fair-value based test at the reporting unit level. The fair value is estimated using the expected present value of future discounted cash flows. The Company also considers projected future operating results, trends and other circumstances in making such evaluations. An impairment loss would be recognized to the extent the carrying amount of goodwill exceeds the fair value of goodwill. Separable intangible assets that are not deemed to have an indefinite life are amortized on a straight-line basis over their useful lives to a maximum period of ten years. The Company did not recognize any impairment to goodwill as a result of the annual impairment assessment.

(n) Income Taxes

The asset and liability method of tax allocation is used in accounting for income taxes. Under this method, temporary differences arising from the difference between the tax basis of an asset and a liability and its carrying amount on the balance sheet are used to calculate future income tax assets or liabilities. Future income tax assets or liabilities are calculated using tax rates anticipated to be in effect in the periods that the temporary differences are expected to reverse. The effect of a change in income tax rates on future income tax assets and liabilities is recognized in income in the period that the change occurs.

(o) Guarantees and Indemnifications

Effective January 1, 2003, the Company adopted CICA Accounting Guideline 14 *Disclosure of Guarantees*. The Guideline requires the guarantor to disclose information about its significant obligations under guarantees, including the nature of the guarantee, the maximum exposure under the guarantee, the current carrying amount of any liability for the guarantee, and any recourse provisions allowing the guarantor to recover from third parties any amounts paid under the guarantee. See Note 23 for additional information.

(p) Derivatives

The Company utilizes derivative financial instruments in the management of its foreign currency and interest rate exposures. The Company uses financial instruments such as interest rate swaps, cross-currency swaps, forward exchange contracts and options as hedges against actual underlying exposures. Derivative financial instruments are always associated with a related risk position and are never used for trading or speculative purposes. The Company's policy is to utilize derivative financial instruments for hedging purposes only. The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The Company enters into hedges of its foreign currency exposures on foreign currency denominated long-term investments by entering into offsetting forward exchange contracts and cross-currency swap contracts, when it is deemed appropriate. Foreign exchange translation gains and losses on foreign currency denominated derivative financial instruments used to hedge foreign currency long-term investments are accrued under current liabilities on the balance sheet and recognized in the cumulative currency translation account, offsetting the respective translation losses and gains recognized on the underlying foreign currency long-term investments. The forward premium or discount on forward foreign exchange contracts used to hedge foreign currency long-term investments is amortized as an adjustment of interest expense over the term of the forward contract.

The Company also purchases foreign exchange forward contracts to hedge anticipated purchases in foreign currencies and the related accounts payables. Foreign exchange translation gains and losses on foreign currency denominated derivative financial instruments used to hedge foreign currency denominated purchases are recognized as an adjustment of the purchase cost and related payable when the purchase is recorded.

The Company has a policy of arranging its financing so that the fixed rate financing offered to its customers on its lease and notes portfolio is matched by fixed rate borrowings. As well, the portfolio is matched on currency and term. To meet this objective, the Company enters into interest rate swap agreements, which fix the effective interest rate and currency of the borrowing. The Company also enters into interest rate swaps to manage its fixed and floating interest rate exposure. The Company designates its interest rate hedge agreements as hedges of the underlying debt or asset. Interest expense on the debt is adjusted to include the payments made or received under the interest rate swaps.

Realized and unrealized gains or losses associated with derivative instruments, which have been terminated or cease to be effective prior to maturity, are deferred under current liabilities on the balance sheet and recognized in income in the period in which the underlying hedged transaction is recognized. In the event a designated hedged item is sold, extinguished or matures prior to the termination of the related derivative instrument, any realized or unrealized gain or loss on such derivative instrument is recognized in income.

(q) Change in Functional Currency

It is management's view that the United States dollar best portrays the economic results of all the South American operations and thereby best achieves the objectives of foreign currency translation. As a result, effective October 1, 2003, the functional currency of the Chilean operation was changed from the Chilean peso to the United States dollar to reflect the increased exposure to the US dollar as a result of the growth in international operations. The method used to translate the results and financial position for items and transactions denominated in non-US currency is described in the notes above on currency translation. The Company has applied the functional currency change for the Chilean operation on a prospective basis as of the beginning of the fourth quarter. The net effect of this change in functional currency for the three months ended December 31, 2003 was to decrease net assets by \$18,300 and increase the net income reported by approximately \$3,587.

(r) Comparative Figures

Certain comparative figures have been reclassified to conform to the 2003 presentation.

2. INCOME TAXES

Provision for Income Taxes

For the years ended December 31	2003	2002
Current income tax expense	\$9,392	\$36,503
Future income tax expense	17,256	11,227
	\$26,648	\$47,730

Reconciliation of the Company's effective income tax rate from statutory Canadian tax rates for the years ended December 31, 2003 and 2002 is as follows:

For the years ended December 31	2003	2002
Combined federal and provincial tax rates	37.1%	38.6%
Provision for income taxes based on the combined federal and provincial rates	\$ 58,840	\$ 69,473
Increase/(decrease) in provision resulting from:		
Lower effective rates on the losses/(earnings) of foreign subsidiaries	(29,206)	(24,411)
Large corporation tax	1,741	2,075
Income not subject to tax	(433)	(2,853)
Other items	(4,294)	3,446
Provision for income taxes	\$26,648	\$47,730

At December 31, 2003, the Company has loss carryforwards of approximately \$14,420 for income tax purposes that expire through 2010. For financial reporting purposes a deferred tax asset of \$3,195 has been recognized in respect of these loss carryforwards.

Future Income Tax Asset and Liability

Temporary differences and tax loss carry-forwards that give rise to future income tax assets and liabilities are described below.

December 31	2003	2002
Future income tax assets:	\$ 75,156	\$ 62,706
Future income tax liabilities:		
Capital, rental and leased assets, inventories and reserves	(78,713)	(72,699)
Pensions	(18,104)	(18,043)
Other	(2,785)	(5,938)
	\$ (99,602)	\$ (96,680)
Net future income tax liability	\$ (24,446)	\$ (33,974)
Presented on balance sheet as:		
Future income tax asset - current	35,133	15,698
Future income tax asset - non-current	39,344	35,863
Future income tax liability - current	(5,711)	(8,186)
Future income tax liability - non-current	(93,212)	(77,349)
	\$ (24,446)	\$ (33,974)

3. EQUIPMENT LEASED TO CUSTOMERS

December 31	2003	2002
Cost	\$ 159,735	\$ 309,828
Less accumulated depreciation	(61,810)	(112,713)
	\$ 97,925	\$ 197,115

Depreciation of equipment leased to customers for the year ended December 31, 2003 was \$48,588 (2002: \$61,885).

During 2003, the Company sold \$63,605 of leases to Caterpillar Financial Services Limited (2002: \$22,673), earning income of \$10,203 (2002: \$2,679).

4. RENTAL EQUIPMENT

December 31	2003	2002
Cost	\$ 1,821,314	\$ 1,661,256
Less accumulated depreciation	(775,184)	(763,365)
	\$ 1,046,130	\$ 897,891

Depreciation of rental equipment for the year ended December 31, 2003 was \$275,320 (2002: \$223,460).

5. LAND, BUILDINGS AND EQUIPMENT

December 31	2003	2002
Land	\$ 58,692	\$ 57,464
Buildings and equipment	432,186	410,141
Less accumulated depreciation	(203,100)	(210,405)
	229,086	199,736
Total land, buildings and equipment	\$ 287,778	\$ 257,200

Depreciation of buildings and equipment for the year ended December 31, 2003 was \$31,051 (2002: \$29,648).

During 2002, the Company sold its interest in various properties in its Canadian operation across Alberta and British Columbia and leased them back for a 20-year term. The total proceeds were \$77,049, resulting in a gain of \$10,281. This gain has been deferred and is being amortized to income over the lease term.

6. ACQUISITIONS

During 2003, the Company acquired the Caterpillar dealership operations in Argentina, Uruguay, and Bolivia and a materials handling business in the U.K. The purchases of these operations are accounted for under the purchase method of accounting. The allocation of the purchase price to the materials handling business in the UK is preliminary and may be adjusted when additional information on asset and liability valuations becomes available.

	Argentina and Uruguay (a)	Bolivia (b)	UK Operations: Lex Harvey (c)	Combined
Total assets	\$ 91,915	\$ 18,043	\$ 190,871	\$ 300,829
Total liabilities	(37,981)	(5,842)	(21,274)	(65,097)
Goodwill (Note 7)	953	2,123	38,236	41,312
Intangible assets (Note 7)	2,935	-	4,826	7,761
Net assets acquired	57,822	14,324	212,659	284,805
Less: assumed debt	(14,497)	(5,416)	-	(19,913)
Total purchase price	\$ 43,325	\$ 8,908	\$ 212,659	\$ 264,892

(a) In January 2003, the Company completed its acquisition of 100% of the voting shares of Macrosa Del Plata S.A. and Servicios Mineros S.A., the Caterpillar dealerships in Argentina and General Machinery Co S.A., the Caterpillar dealership in Uruguay. The purchase price of \$43,325 (US\$27,951) was financed through debt. The sellers are also entitled to additional future consideration, to a maximum of US\$20,000, based on realization of certain performance criteria over a six-year period ending December 31, 2008 for these operations. This other consideration will be accrued as a cost of the acquisition if and when the performance criterion is achieved.

(b) In April 2003, the acquisition of 100% of the voting shares of Matreq S.A., the Bolivian Caterpillar dealership was completed. The purchase price of \$8,908 (US\$6,000) was financed through debt. In addition, other consideration of \$5,938 (US\$4,000) was advanced to the seller and is contingent upon certain future performance criteria of this operation extending to the end of 2010. This other consideration is recorded in other assets.

(c) In June 2003, the Company, through its U.K. operation, acquired the materials handling business and majority of the assets of Lex Harvey Limited and its associated company (Lex Harvey) from RAC plc, a publicly listed company in the U.K. The results from Lex Harvey have been integrated and reported within the U.K. operation results. The aggregate purchase price of \$212,659 (£94,616) was funded through debt.

During 2002, the Company, through Hewden, acquired the majority of the remaining rental assets of Maxxiom Limited in the U.K. for \$44,025. In April 2002, the Company, through Finning Chile S.A., acquired 100% of the voting shares of Distribuidora Perkins Chilena SAC (Diperk), an engine and generator set distribution company located in Chile and its complementary service operation in Chile for \$6,283.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

<u>December 31</u>	<u>2003</u>	<u>2002</u>
Goodwill		
Goodwill, beginning of year	\$ 379,866	\$ 405,744
South America and Lex Harvey acquisitions	41,312	-
Other acquisitions	1,963	1,483
Purchase price adjustments	-	(53,699)
Divestitures	(452)	(8,984)
Foreign exchange translation adjustment	(29,580)	35,322
Goodwill, end of year	393,109	379,866
Intangible Assets		
Intangible assets, beginning of year	\$ 2,300	\$ -
South America and Lex Harvey acquisitions	7,761	-
Other acquisitions	1,043	2,300
Foreign exchange translation adjustment	(347)	-
Intangible assets, end of year	10,757	2,300
Accumulated amortization	(1,065)	-
Net intangible assets	\$ 9,692	\$ 2,300

During 2003, the Company acquired certain Caterpillar dealership operations in Argentina, Uruguay and Bolivia for a total purchase price of \$52,233, resulting in goodwill of \$3,076 and intangible assets in Argentina, representing customer contracts and the related customer relationships, of \$2,935. The Argentina intangible assets will be amortized over 4 years. The Company also acquired the business and assets of Lex Harvey for a total purchase price of \$212,659, resulting in goodwill of \$38,236 and intangible assets, representing customer contracts and the related customer relationships, of \$4,826. The Lex Harvey intangible assets will be amortized over 10 years. Other acquisitions in 2003 of smaller rental operations in Canada and Hewden provided goodwill of \$1,963.

During 2002, the Company acquired Diperk for a net total of \$6,283 with resulting goodwill of \$1,459. The residual value of goodwill in 2002 relates to acquisition of smaller rental operations in Canada.

The Company recorded various liabilities and provisions at the date of acquisition of Hewden in 2001 based on the preliminary allocation of the purchase price. In 2002, the Company completed its assessment of the final purchase price allocation of Hewden. The resulting purchase price adjustment reduced goodwill by \$53,699.

During 2002, Hewden sold its Tower Cranes business. Tangible assets associated with the business were \$22,000 and the disposal resulted in a reduction of goodwill of \$8,984.

8. INVESTMENTS

During 2003, the Company invested \$6,755 to acquire a 15.17% ownership interest in Energyst Rental Solutions (SM) (Energyst), a newly established company offering energy rental services to national and international customers across Europe. As part of this transaction, the Company's U.K. operation sold its power rental business to Energyst for \$34,056 with a resulting after-tax gain of \$9,168. The investment in Energyst is accounted for using the cost method and is reported in other assets on the consolidated balance sheet.

9. SHORT-TERM AND LONG-TERM DEBT

December 31	2003	2002
Short-term debt:		
Bank indebtedness, commercial paper and other loans (a)	\$ 104,910	\$258,140
Long-term		
Debtures (b)		
8.35% due March 22, 2004	75,000	75,000
7.75% due November 1, 2004	150,000	150,000
6.60% due December 8, 2006	75,000	75,000
7.40% due June 19, 2008	200,000	200,000
5.625 % Eurobond due May 30, 2013 (c)	461,320	-
Bank term facilities denominated in pound sterling (d)	-	38,183
Other unsecured term loans due 2004 to 2005 (e)	22,104	18,192
	\$983,424	556,375
Less current portion of long-term debt	235,243	42,324
Total long-term debt	\$748,181	\$514,051

(a) Bank indebtedness, commercial paper and other loans

The Company has available \$1,016,000 in unsecured short-term credit facilities. Borrowings under the credit facilities are at floating rates of interest at a margin over Canadian dollar bankers' acceptance yields, and U.S. and U.K. LIBOR rates. In addition, the Company has a Canadian commercial paper program for \$300,000 which can be issued against the available credit amount. Included in short-term debt are foreign currency amounts of US\$55,190 (2002: US\$6,885) and £14,070 (2002: £89,584).

(b) Debentures

The Company's debentures are unsecured, and interest is payable semi-annually with principal due on maturity.

(c) Eurobond

On May 30, 2003 the Company issued a 10-year unsecured £200,000 Eurobond, bearing coupon interest at 5.625% per annum, payable annually commencing May 30, 2004. The Eurobond was priced at 99.043% of its principal amount to yield 5.753 % per annum. Proceeds of \$449,500 from the Eurobond at the date of issuance were used to finance the acquisition of Lex Harvey and also to repay existing bank indebtedness. Unless previously redeemed or cancelled, the Eurobond will be redeemed at its principal amount on May 30, 2013. The Eurobond is subject to early redemption, in whole, at its principal amount, at the option of the Company in the event of certain changes in tax legislation in Canada and/or the Province of British Columbia. The Eurobond may also be redeemed at the option of the Company, in whole, at any time, at the redemption price indicated in the Eurobond prospectus.

(d) Bank term facilities denominated in pound sterling

The Company had an unsecured £15,000 floating rate loan at an average interest rate of 4.21% (2002: 4.44%), which matured May 25, 2003. During 2002, a £25,000 fixed rate loan at an interest rate of 7.675% matured.

(e) Other unsecured term loans

Other unsecured term loans primarily consist of supplier merchandising programs at a floating rate of interest based on Canadian dollar bankers' acceptance yields.

Covenants

The Company is required to meet various covenants with respect to its debt facilities. As at December 31, 2003, the Company is in compliance with these covenants.

Long-Term Debt Repayments

Principal repayments on long-term debt in each of the next five years and thereafter are as follows:

2004	\$ 235,243
2005	8,758
2006	78,103
2007	-
2008	200,000
Thereafter	461,320
	\$ 983,424

Finance Cost and Interest

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

	2003	2002
Interest on debt securities:		
Bank indebtedness, commercial paper and other loans	\$ 8,012	\$ 14,267
Debentures	37,637	37,637
Eurobond	15,141	-
Bank term facilities	931	5,440
	61,721	57,344
Interest on swap contracts	13,074	18,127
Amortization of deferred financing costs and other expenses	2,073	4,357
	\$ 76,868	\$ 79,828

Interest expense includes interest on debt incurred for a term greater than one year of \$53,832 (2002: \$43,077).

10. NON-CONTROLLING INTERESTS

In 2001, the Company formed a partnership with third party private investors to raise capital to fund the acquisition of Hewden. The private investors injected \$425,000 into the partnership in return for a non-controlling partnership interest. A subsidiary of the Company is the general partner in the partnership. The partnership interest is reported as non-controlling interests on the financial statements and distributions on the partnership interest are accounted for as distributions to non-controlling interests. The financial position, results of operations and cash flows of the partnership are consolidated with the Company from its date of inception.

Through their partnership interest, the private investors have a preferred interest in the shares of Hewden ranking in priority to the debt securities issued by the Company. The return to which the private investors are entitled is limited to a quarterly distribution on their partnership interests, which is calculated with reference to Canadian dollar bankers' acceptances. The distributions to the non-controlling interests totalled \$19,701 in 2003 (2002: \$17,972). At the end of five years, the yield on the partnership interest will be renegotiated. If no agreement on a new yield is reached, the private investors have the right to sell their partnership interests. The partnership has a maximum life of 75 years but may be liquidated earlier if the partnership and the Company fail to agree on a new yield on the partnership interest and the parties have been unable to arrange a sale of the partnership interest to a new investor. The Company has the option of purchasing the partnership interest held by the private investors throughout the life of the partnership for an amount equal to the capital invested in the partnership interest by the private investors. In the event the Company does not purchase the partnership interest and the partnership is liquidated, the Company will be required to inject funds to a maximum of approximately \$200,000 if the private investors are unable to recover their investment from the sale of the shares of Hewden. The Company's obligation to inject these funds would rank equally with the debt securities.

No return of capital is scheduled during the life of the partnership but a partial return of capital is required in the case of certain sales of assets by Hewden out of the ordinary course of business.

11. OTHER ASSETS

December 31	2003	2002
Accrued benefit asset	\$ 51,004	\$ 50,040
Deferred financing costs	25,292	1,566
Investment in Maxim Power Corporation	14,634	14,028
Investment in Energyst Rental Solutions	5,115	6,755
Deferred project costs	8,544	3,600
Matreq S.A. receivable US\$4,000 (Note 6b)	5,170	-
Other	20,791	15,301
	\$ 130,550	\$ 91,290

12. SHARE CAPITAL

The Company is authorized to issue an unlimited number of preferred shares without par value, of which 4,400,000 are designated as cumulative redeemable preferred shares. The Company had no preferred shares outstanding for the years ended December 31, 2003 and 2002.

The Company is authorized to issue an unlimited number of common shares. Common shares issued and outstanding are:

A shareholders' rights plan is in place which is intended to provide all holders of common shares with the opportunity to

	2003		2002	
	Shares	Amount	Shares	Amount
Balance, beginning of year	77,579,954	233,450	75,816,263	\$212,122
Exercise of stock options	1,513,931	19,538	1,763,691	21,328
Repurchase of common shares	(1,338,900)	(4,049)	-	-
	77,754,985	\$ 248,939	77,579,954	\$233,450

receive full and fair value for all of their shares in the event a third party attempts to acquire a significant interest in the Company. The Company's dealership agreements with subsidiaries of Caterpillar Inc. are fundamental to its business and any change in control must be approved by Caterpillar Inc.

The plan provides that one share purchase right has been issued for each common share and will trade with the common shares until such time as any person or group, other than a permitted bidder, bids to acquire or acquires 20% or more of the Company's common shares. The rights may also be triggered by a third party proposal for a merger, amalgamation or a similar transaction. The rights plan will expire at the termination of the Annual Meeting of shareholders to be held in April 2005 unless it is reconfirmed by a majority of the votes cast at the meeting.

The plan will not be triggered if a bid meets certain criteria (a permitted bidder). These criteria include that:

- the offer is made for all outstanding voting shares of the Company;
- more than 50% of the voting shares have been tendered by independent shareholders pursuant to the Takeover Bid (voting shares tendered may be withdrawn until taken up and paid for); and
- the Takeover Bid expires not less than 60 days after the date of the bid circular.

Repurchase of Common Shares

The Company repurchased 1,338,900 common shares during 2003 as part of normal course issuer bids. These shares were repurchased at an average price of \$24.51 for an aggregate cost of \$32,812 which has been allocated to reduce share capital by \$4,049 and retained earnings by \$28,763. The Company did not repurchase any common shares during 2002.

Stock Options

The Company has several stock option plans for employees and directors, the details of which are as follows:

	2003		2002	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Options outstanding, beginning of year	4,323,218	\$13.20	6,154,442	\$12.87
Issued	-	n/a	-	n/a
Exercised	(1,513,931)	\$12.91	(1,763,691)	\$12.04
Cancelled	(63,667)	\$14.55	(67,533)	\$13.22
Options outstanding, end of year	2,745,620	\$13.31	4,323,218	\$13.20
Exercisable at year end	2,516,904	\$13.30	3,479,990	\$13.22

The following table summarizes information about the stock options outstanding at December 31, 2003:

Range of exercise prices	Options outstanding			Options exercisable		
	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price
\$ 9 - \$ 12	686,867	3.8	\$10.31	686,867	3.8	\$10.31
\$ 12 - \$ 15	1,213,819	6.6	\$12.98	985,103	6.6	\$12.89
\$ 15 - \$ 17	844,934	3.7	\$16.22	844,934	3.7	\$16.22
	2,745,620	4.8	\$13.31	2,516,904	5.9	\$13.30

Other Stock-Based Compensation Plans

The Company has other stock-based compensation plans in the form of deferred share unit plans and stock appreciation rights plans that use notional units. These notional units, upon vesting, are valued based on the Company's common share price on the Toronto Stock Exchange and are marked to market at the end of each fiscal quarter. Changes in the value of the units as a result of fluctuations in the Company's share price and new issues are recognized in selling, general and administrative expense in the consolidated statement of income with the corresponding liability recorded on the consolidated balance sheet in accounts payable and accruals. Details of these plans are as follows:

Directors' Deferred Share Unit Plan A (DDSU):

Under the DDSU Plan, non-employee Directors of the Company may elect to allocate all or a portion of their cash compensation as deferred share units. These units are fully vested upon issuance. These units accumulate dividend equivalents in the form of additional units based on the dividends paid on the Company's common shares. Units are redeemable only following termination of service on the Board of Directors and must be redeemed by December 31st of the year following the year in which the termination occurred.

Deferred Share Unit Plan A (DSU-A):

Under the DSU-A Plan, senior executives of the Company may be awarded deferred share units as approved by the Board of Directors. These units are fully vested upon issuance to the executives. These units accumulate dividend equivalents in the form of additional units based on the dividends paid on the Company's common shares. Units are redeemable only following termination of employment and must be redeemed by December 31st of the year following the year in which the termination occurred.

Deferred Share Unit Plan B (DSU-B):

Under the DSU-B Plan, executives of the Company may be awarded performance based deferred share units as approved by the Board of Directors. This plan utilizes notional units that become vested partially on December 30th of the year following the year of retirement, death or disability or at specified percentages if the Company's common share price exceeds, at specified levels, the common share price at the date of grant. The specified levels and respective vesting percentages are as follows:

Grant Price	Vesting %	Common Share Price	
		2003 Plan	2002 Plan
	0%	\$26.95	\$26.05
10% improvement	25%	\$29.65	\$28.66
20% improvement	50%	\$32.34	\$31.26
30% improvement	75%	\$35.04	\$33.87
40% improvement	100%	\$37.73	\$36.47

Vested deferred share units are redeemable for a period of 30 days after termination, or by December 31st of the year following the year of retirement, death or disability. The notional deferred share units that have not vested within five years to the date that they were granted expire. Only vested units accumulate dividend equivalents in the form of additional units based on the dividends paid on the Company's common shares.

12. SHARE CAPITAL (continued)

Details of the deferred share unit plans are as follows:

Units	DSU-A		DSU-B		DDSU	
	2003	2002	2003	2002	2003	2002
Outstanding, beginning of year	66,740	65,930	275,200	-	95,089	51,320
Additions during the year	867	810	423,820	275,200	38,328	43,769
Exercised/cancelled during the year	-	-	(13,254)	-	(1,027)	-
Outstanding, end of year	67,607	66,740	685,766	275,200	132,390	95,089
Vested at year-end ⁽¹⁾	67,607	66,740	258,498	28,050	132,390	95,089

Liability	DSU-A		DSU-B		DDSU	
	2003	2002	2003	2002	2003	2002
Balance, beginning of year	\$ 1,705	\$ 1,318	\$ 717	\$ -	\$ 2,430	\$ 1,027
Expensed during the year	323	387	7,038	717	1,568	1,403
Exercised/cancelled during the year	-	-	-	-	(26)	-
Balance, end of year	\$ 2,028	\$ 1,705	\$ 7,755	\$ 717	\$ 3,972	\$ 2,430

(1) Of the DSU-B units vested at year end, 11 units were retirement vested (2002 - 28,050 units)

Share Appreciation Rights (SAR):

In 2003 and 2002, awards under the SAR Plan were granted to senior managers within Canada and the U.K. Under the SAR Plan, awards are expensed over the vesting periods when the market price of the common shares exceeds the strike price under the plan. Changes, either increases or decreases, in the quoted market value of those shares between the date of grant and the measurement date result in a change in the measure of compensation for the award and will be amortized over the remaining vesting periods. The SAR Plan uses notional units that are valued based on the Company's common share price on the Toronto Stock Exchange. The units are exercisable for cash if incremental common share price thresholds are achieved or other performance measures are met.

Details of the SAR Plan are as follows:

Units	2003	2002
Outstanding at the beginning of the year	282,500	-
Additions during the year	279,500	282,500
Exercised/cancelled during the year	(20,879)	-
Outstanding at the end of the year	541,121	282,500
Exercisable at the end of the year	163,708	84,500

Liability	2003	2002
Balance, beginning of the year	\$ -	\$ -
Expensed during the year	1,340,718	-
Exercised/cancelled during the year	(114,733)	-
Balance, end of the year	\$ 1,225,985	\$ -

Strike price	2002 issue	\$ 26.05
	2003 issue	\$ 26.95

13. CUMULATIVE CURRENCY TRANSLATION ADJUSTMENTS

December 31	2003	2002
Balance, beginning of year	\$ (2,831)	\$(26,847)
Gain realized during the year	(2,578)	-
Translation adjustments for the year	(60,062)	24,016
Balance, end of year	\$ (65,471)	\$(2,831)

Translation gains or losses on the consolidation of foreign subsidiaries' financial statements are accumulated in this account. Translation adjustments arise as a result of fluctuations in foreign currency exchange rates. The cumulative currency translation adjustment for 2003 resulted from the weakening of the U.S. dollar, British pound sterling and Chilean peso against the Canadian dollar.

At December 31, 2003 and 2002, the exchange rates of the Canadian dollar against the following foreign denominations were as follows:

December 31	2003	2002
United States dollar	1.2924	1.5796
British pound sterling	2.3066	2.5428
Chilean peso	n/a ⁽¹⁾	0.002192

(1) Effective October 1, 2003, the functional currency for Finning Chile S.A. was changed from the Chilean peso to the US dollar (Note 1(q)). The exchange rate of the Canadian dollar against the Chilean peso at September 30, 2003 immediately prior to the change in functional currency was 0.002044.

14. OTHER EXPENSES (INCOME)

Other expenses (income) include items shown separately to facilitate comparison with the prior year. The following items are included in other expenses (income) for the years ended December 31:

	2003	2002
Gain on sale of surplus properties in Canada and the U.K.	\$ (1,791)	\$ (15,216)
Amortization of deferred gain on 2001 sale of the Canadian Materials Handling business	(1,600)	(1,600)
Costs incurred on DBSi business process reengineering project (a)	22,104	10,264
Gain on sale of the UK Power Rental business (Note 8)	(13,800)	-
(Gain) loss from equity investment	(606)	972
	4,307	(5,580)
Tax (provision)/recovery on other expenses/(income)	1,265	(952)
Other expenses/(income), net of tax	\$ 3,042	\$ (4,628)

(a) DBSi is the new information technology for the Caterpillar Dealer Business System. DBSi enhancements include customer relationship management, finance and administration, and supply chain management. Costs incurred relate to the implementation of the new software and the associated business process reengineering in the Company's U.K. operation. DBSi was implemented and became operational in the U.K. effective January 2004.

15. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income available to the 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 application of the treasury stock method.

	Income (Numerator)	Shares (Denominator)	Per Share Amount
2003			
Basic earnings per share: net income	\$ 131,951	77,326,253	\$ 1.71
Effect of dilutive securities: stock options		1,468,380	
Diluted earnings per share: net income and assumed conversions	\$ 131,951	78,794,633	\$ 1.68
2002			
Basic earnings per share: net income	\$ 132,253	76,954,609	\$ 1.72
Effect of dilutive securities: stock options		1,984,531	
Diluted earnings per share: net income and assumed conversions	\$ 132,253	78,939,140	\$ 1.68

16. EMPLOYEE BENEFITS

The Company and its subsidiaries in Canada and the U.K. have defined benefit pension plans and defined contribution pension plans providing retirement benefits for most of their employees. The South American employees do not participate in employer pension plans but are covered by country specific legislation with respect to indemnity plans.

The expense for the Company's benefit plans, primarily for pension benefits, is as follows:

For the years ended December 31	2003				2002			
	Canada	UK	Hewden	Total	Canada	UK	Hewden	Total
Defined contribution plans								
Net benefit plan expense	\$ 5,939	\$ 158	\$ 263	\$ 6,360	\$ 5,269	\$ -	\$ 249	\$ 5,518
Defined benefit plans								
Current service cost, net of employee contribution:	\$ 4,566	\$ 9,137	\$ 3,046	16,749	4,497	8,297	3,855	16,649
Interest cost	14,903	16,368	8,247	39,518	14,147	17,426	8,460	40,033
Expected return on plan assets	(16,465)	(17,116)	(7,035)	(40,616)	(16,461)	(18,245)	(8,450)	(43,156)
Amortization of past service costs	298	-	-	298	165	-	-	165
Amortization of net actuarial (gain)/loss	589	3,561	902	5,052	217	1,027	(117)	1,127
Amortization of transitional obligation/(asset)	1,047	(1,330)	1,700	1,417	1,047	(1,477)	1,889	1,459
Net benefit plan expense	4,938	10,620	6,860	22,418	3,612	7,028	5,637	16,277
Total	\$ 10,877	\$ 10,778	\$ 7,123	\$ 28,778	\$ 8,881	\$ 7,028	\$ 5,886	\$ 21,795

Information about the Company's defined benefit plans is as follows:

For the years ended December 31	Canada	UK	Hewden	Total	Canada	UK	Hewden	Total
Accrued benefit obligation								
Balance at the beginning of year	\$212,167	\$320,128	\$159,342	\$ 691,637	\$204,063	\$267,412	\$ 128,531	\$ 600,006
Current service cost	6,396	12,794	4,668	23,858	6,135	12,124	5,404	23,663
Interest cost	14,903	16,499	8,313	39,715	14,147	17,426	8,460	40,033
Benefits paid	(11,313)	(7,639)	(4,855)	(23,807)	(16,188)	(8,646)	(5,645)	(30,479)
Actuarial gains	6,688	39,161	17,597	63,446	2,244	5,625	10,006	17,875
Foreign exchange rate changes	-	(29,735)	(14,801)	(44,536)	-	26,187	12,586	38,773
Plan amendments	-	-	-	-	1,766	-	-	1,766
Balance at the end of year	\$228,841	\$351,208	\$170,264	\$ 750,313	\$212,167	\$320,128	\$ 159,342	\$ 691,637
Plan Assets								
Fair value at the beginning of year	\$220,782	\$255,239	\$108,041	\$ 584,062	\$187,314	\$244,801	\$ 103,155	\$ 535,270
Actual return on plan assets	18,273	22,720	7,487	48,480	5,785	(20,815)	(4,030)	(19,060)
Employer contributions	3,135	13,161	2,551	18,847	42,233	12,099	2,912	57,244
Employees' contributions	1,830	3,584	1,598	7,012	1,638	3,827	1,549	7,014
Benefits paid	(11,313)	(7,639)	(4,855)	(23,807)	(16,188)	(8,646)	(5,645)	(30,479)
Foreign exchange rate changes	-	(23,709)	(10,035)	(33,744)	-	23,973	10,100	34,073
Fair value at the end of year	\$232,707	\$263,356	\$104,787	\$ 600,850	\$220,782	\$255,239	\$ 108,041	\$ 584,062
Funded status - plan surplus/(deficit)	\$ 3,866	\$ (87,852)	\$ (65,477)	\$ (149,463)	\$ 8,615	\$ (64,889)	\$ (51,301)	\$ (107,575)
Unamortized net actuarial loss	31,182	109,289	41,918	182,389	26,582	87,391	28,253	142,226
Unamortized past service costs	3,258	-	-	3,258	3,555	-	-	3,555
Contributions remitted after valuation date	310	-	5,873	6,183	-	-	-	-
Adjustment	-	1,241	-	1,241	-	961	-	961
Unamortized transitional obligation/(asset)	3,021	(13,311)	13,851	3,561	4,068	(16,243)	17,161	4,986
Accrued benefit asset/(liability) ⁽¹⁾	\$ 41,637	\$ 9,367	\$ (3,835)	\$ 47,169	\$ 42,820	\$ 7,220	\$ (5,887)	\$ 44,153

Included in the above accrued benefit obligation and fair value of plan assets at the year-end are the following amounts in respect of plans that are not fully funded:

Accrued benefit obligation	\$185,871	\$351,208	\$170,264	\$ 707,343	\$171,473	\$320,128	\$ 159,342	\$ 650,943
Fair value of plan assets	173,473	263,356	104,787	541,616	161,596	255,239	108,041	524,876
Funded status - plan deficit	\$ 12,398	\$ 87,852	\$ 65,477	\$ 165,727	\$ 9,877	\$ 64,889	\$ 51,301	\$ 126,067

(1) Accrued benefit asset and liability are classified as other assets and long-term obligations, respectively, on the Consolidated Balance Sheet

Plan assets are principally invested in the following securities at November 30, 2003:

	Canada	UK	Hewden
Equity	65.3%	73.8%	70.1%
Fixed-income	34.7%	26.2%	25.4%

For measurement purposes, assets and liabilities of the plans are measured as of November 30. Plan assets include common shares of the Company having a fair value of \$684 at December 31, 2003 (2002: \$935).

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations are as follows:

For the years ended December 31	2003			2002		
	Canada	UK	Hewden	Canada	UK	Hewden
Discount rate used to determine accrued benefit obligation	6.50%	5.75%	5.75%	7.00%	5.75%	5.75%
Discount rate used to determine net benefit cost	7.00%	5.75%	5.75%	7.00%	5.50%	6.00%
Expected long-term rate of return on plan assets	8.00%	7.25%	7.25%	8.50%	7.25%	7.25%
Rate of compensation increase	3.475%	3.20%	3.50%	4.10%	3.20%	3.50%
Estimated remaining service life (years)	10 - 15	14	13	10 - 13.3	14	13

17. FINANCIAL INSTRUMENTS

The Company is subject to various financial risks including interest rate risk and foreign exchange risk. To manage this risk, the Company uses interest rate swaps, cross-currency swaps, forward exchange contracts and options as hedges against actual assets, liabilities, firm commitments or forecasted transactions.

The following derivative contracts were in place at December 31, 2003 and 2002:

2003

Interest Rate Swaps	Notional Value	Interest Rates (1)		Term to Maturity	Total Fair Value
		Fixed	Floating		
Fixed/Floating Swaps:					
a) Canadian \$ pay fixed (1)	\$ 22,613	5.00%	2.64%	1 - 4 years	\$ (506)
b) Canadian \$ pay floating (1)	\$ 100,000	7.40%	5.36%	4 years	\$ 2,237
Cross-Currency Interest Rate Swap (2):					
a) Buy Canadian \$ (sell £228,000), pay £ fixed	\$ 498,849	8.33%	5.14%	n/a	\$ (41,272)
Forward Foreign Exchange Contracts:					
	Notional Value	Weighted Average Exchange Rate		Term to Maturity	Total Fair Value
a) Buy US \$ (sell Canadian \$)	US\$ 81,269	1.3478		1 - 2 years	\$ (4,500)
b) Sell US \$ (buy Canadian \$)	US\$ 29,000	1.3263		1 - 4 months	\$ 983
b) Sell £ (buy Canadian \$) (3)	£ 95,560	2.1491		n/a	\$ (8,277)

2002

Interest Rate Swaps	Notional Value	Interest Rates (1)		Term to Maturity	Total Fair Value
		Fixed	Floating		
Fixed/Floating Swaps:					
a) Canadian \$ pay fixed (1)	\$ 39,679	5.06%	2.84%	1 to 6 years	\$ (926)
b) British £ pay fixed	£ 100,000	5.50%	4.02%	10 years	\$ (14,028)
Cross-Currency Interest Rate Swap (2):					
a) Buy Canadian \$ (sell £228,000), pay £ fixed	\$ 498,849	8.33%	5.34%	n/a	\$ (111,965)
Forward Foreign Exchange Contracts:					
	Notional Value	Weighted Average Exchange Rate		Term to Maturity	Total Fair Value
a) Buy US \$ (sell Canadian \$)	US\$ 99,088	1.5783		1 to 2 years	\$ 129
b) Sell £ (buy Canadian \$) (3)	£ 95,560	2.1491		n/a	\$ (29,644)

(1) For the fixed/floating Canadian \$ interest rate swaps, the fixed interest rates represent the weighted average interest rates which the Company is contractually committed to pay/receive until the swap matures. The floating interest rates represent the effective interest rates at the balance sheet date and vary over time.

(2) The interest rate on the cross currency interest rate swap contract is reset in two years and has an open maturity date. The contract hedges the Company's net investment in Hewden and an amount of British pound sterling cash flows. \$27,056 of the negative fair value, representing the mark-to-spot rate loss on the forward foreign exchange component of the swap, has been recognized on the balance sheet in current liabilities and offset to cumulative currency translation adjustments.

(3) The forward foreign exchange contract hedges the Company's net investment in Hewden. \$11,075 of the negative fair value, representing the mark-to-spot rate loss on the contract, has been recognized on the balance sheet in current liabilities and offset to cumulative currency translation adjustments.

Fair Values

The following fair value information is provided solely to comply with financial instrument disclosure requirements. The Company cautions readers in the interpretation of the impact of these estimated fair values. 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 values of interest rate swaps and foreign exchange contracts are reported above. The fair value of accounts receivable, notes receivable, short-term debt, accounts payable and accruals approximates their recorded values due to the short-term maturities of these instruments.

The fair value of the Company's long-term debt is estimated as follows:

December 31	2003		2002	
	Book Value	Fair Value	Book Value	Fair Value
Long-Term Debt	\$ 983,424	\$ 1,007,579	\$ 556,375	\$ 590,963

Credit Risk

The Company operates internationally as a full service provider (selling, servicing, renting and financing) of heavy equipment and related products. The Company is not dependent on any single customer or group of customers. There is no concentration of credit risk related to the Company's position in trade accounts or notes receivables. Credit risk is minimized because of the diversification of the Company's operations, as well as its large customer base and its geographical dispersion.

The credit risk of the foreign currency contracts and interest rate swap agreements arises from the possibility that the counterparties to the agreements or contracts may default on their obligations; however, the Company does not anticipate such an event to occur. In order to minimize this risk, the Company enters into such agreements only with highly rated financial institutions.

18. ACCOUNTS RECEIVABLE SECURITIZATION

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 \$120,000 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.

As at December 31, 2003, the Company is carrying a retained interest in the transferred receivables in the amount of \$9,040 (as at December 31, 2002 - \$8,200). The servicing liability outstanding is approximately \$33 as at December 31, 2003 (as at December 31, 2002 - \$40).

For the year ended December 31, 2003, the Company recognized a pre-tax loss of \$929 (December 2002: \$127) relating to these transfers. The Company estimates the fair value of its retained interest and computes the loss on sale using a discounted cash flow model. The key assumptions underlying this model are:

	December 31, 2003	Range for year ended 2003
Cost of funds	3.08%	3.05% to 3.58%
Weighted average life in days	30.4	23.3 to 34.9
Average credit loss ratio	0.11%	(0.454)% to 0.113%
Average dilution ratio	6.57%	4.98% to 8.27%
Servicing fee rate	2.0 %	2.0 %

Fair value of retained interest **\$7,700**

The impact of an immediate 10 percent and 20 percent adverse change in the average dilution ratio on the current fair value of the retained interest would be reductions of approximately \$263 and \$525, respectively. The impact of an immediate 10 percent and 20 percent adverse change in the weighted average life in days on the current fair value of the retained interest would be reductions of approximately \$708 and \$1,298, respectively. The sensitivity of the current fair value of the retained interest or residual cash flows to an immediate 10 percent and 20 percent adverse change in each of the remaining assumptions is not significant.

The table below shows certain cash flows received from and paid to the securitization trust:

For the years ended December 31	2003		2002	
Proceeds from new securitization	\$	-	\$	30,000
Proceeds from revolving reinvestment of collections	\$	29,567	\$	25,000

19. ECONOMIC RELATIONSHIPS

The Company distributes and services heavy equipment and related products. The Company has dealership agreements with numerous equipment manufacturers, of which the most significant are with subsidiaries of Caterpillar Inc. Distribution and servicing of Caterpillar products account for the major portion of the Company's operations. Finning has a strong relationship with Caterpillar Inc. that has been ongoing since 1933.

20. 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.

Operating units are as follows:

- Canadian operations: British Columbia, Alberta, the Northwest Territories and the Yukon Territory.
- U.K. operations: England, Scotland, Wales, Falkland Islands and the Channel Islands. 2003 includes Lex Harvey operations.
- South American operations: Chile, Argentina, Uruguay and Bolivia. 2002 included Chile only.
- Hewden operations: Equipment rental in the U.K.
- Other operations: corporate head office.

The reportable operating segments for the years ended December 31 are as follows:

2003	Canada	UK	South America	Hewden	Other	Consolidated
Revenue from external sources	\$ 1,456,357	\$ 934,193	\$ 561,964	\$ 640,757	\$ 24	\$ 3,593,295
Operating costs	1,210,548	820,845	480,003	446,873	20,591	2,978,860
Depreciation	125,332	65,732	22,074	141,822	-	354,960
Other expenses (income)	-	-	-	-	4,307	4,307
Earnings before interest and tax	\$ 120,477	\$ 47,616	\$ 59,887	\$ 52,062	\$ (24,874)	\$ 255,168
Finance cost and interest on other indebtedness						76,868
Provision for income taxes						26,648
Non-controlling interests						19,701
Net income						\$ 131,951
Identifiable assets	\$ 1,025,144	\$ 726,576	\$ 523,885	\$ 1,044,990	\$ 108,015	\$ 3,428,610
Gross capital expenditures	\$ 38,113	\$ 14,276	\$ 16,640	\$ 20,628	\$ -	\$ 89,657
Rental assets acquired	\$ 71,600	\$ 25,571	\$ 33,540	\$ 166,534	\$ -	\$ 297,245
2002	Canada	UK	South America	Hewden	Other	Consolidated
Revenue from external sources	\$ 1,269,275	\$ 828,246	\$ 444,644	\$ 665,266	\$ 55	\$ 3,207,486
Operating costs	1,021,205	752,861	388,075	443,665	14,484	2,620,290
Depreciation	135,134	26,073	11,726	142,060	-	314,993
Other expenses (income)	-	-	-	-	(5,580)	(5,580)
Earnings before interest and tax	\$ 112,936	\$ 49,312	\$ 44,843	\$ 79,541	\$ (8,849)	\$ 277,783
Finance cost and interest on other indebtedness						79,828
Provision for income taxes						47,730
Non-controlling interests						17,972
Net income						\$ 132,253
Identifiable assets	\$ 1,085,207	\$ 496,509	\$ 352,645	\$ 1,190,020	\$ 38,166	\$ 3,162,547
Gross capital expenditures	\$ 18,197	\$ 7,040	\$ 7,151	\$ 15,038	\$ -	\$ 47,426
Rental assets acquired	\$ 61,000	\$ 22,481	\$ 39,077	\$ 226,068	\$ -	\$ 348,626

21. OPERATING LEASES

Payments due under various operating lease contracts are as follows:

2004	\$ 63,462
2005	53,133
2006	42,707
2007	34,426
2008	28,171
2009 & thereafter	218,533
Total	\$ 440,432

22. COMMITMENTS AND CONTINGENCIES

(a) Due to the size, complexity and nature of the Company's operations, various legal matters are pending. In the opinion of management, these matters will not have a material effect on the Company's consolidated financial position or results of operations.

(b) Proceedings have been brought against Hewden Tower Cranes Limited, a subsidiary of the Company, by 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 business of Hewden Tower Cranes Limited was sold by the Company in October 2002. The claim amounts to £16.6 million plus costs and interest. Ten preliminary issues were heard by the High Court of Justice Queen's Bench Division (Technology and Construction Court) in London in October 2002. In November 2002, the Court ruled against Hewden Tower Cranes Limited on a number of key issues. In July 2003, the Court of Appeal (Civil Division) reaffirmed the position taken by the judge of first instance. A petition for leave to appeal the decision to the House of Lords was not allowed.

On January 12, 2004, an award of £1.5 million was awarded to the plaintiff under an adjudication process that remains binding until the matter is ruled upon by the High Court of Justice. The trial date is set for June 2004. The Company has accounted for the adjudication decision in 2003. The outcome of this claim is uncertain and the resultant loss, if any, to the Company is not determinable.

23. GUARANTEES AND INDEMNIFICATIONS

In 2003, the Company adopted CICA Accounting Guideline 14, *Disclosure of Guarantees* (AcG-14) on a prospective basis. AcG-14 supplements other disclosure requirements and as such, some of these disclosures are reported in other notes throughout the Consolidated Financial Statements.

The Company enters into contracts with rights of return, in certain circumstances, for the repurchase of equipment sold to customers for an amount estimated to be the future value of the fair market price at that time. As at December 31, 2003 the total estimated value of these contracts outstanding is \$142,921 coming due at periods ranging from 2004 to 2013. Usually, the equipment at the exercise date of the contract is worth more than the contract value. The total amount recognized as a provision against these contracts is \$3,352.

The Company has also guaranteed the residual value of certain assets up to a maximum of \$4,000 extending over periods up until 2008.

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NEXT QUARTERLY RESULTS – April 28, 2004

FIRST QUARTER RESULTS AND CONFERENCE CALL

Finning International's first quarter results for 2004 will be released at 2:00 p.m. EST on April 28, 2004. You are invited to participate in the Finning Shareholder/Analyst Conference Call at 3:30 p.m. EST on April 28, 2004 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

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ComputerShare Trust Company of Canada:
Vancouver, Calgary, Regina,
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STOCK

(Symbol: FTT) on
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