

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

(\$ thousands)	Note	March 31 2019	December 31 2018	March 31 2018
Assets				
Current assets				
Cash		\$ 184,171	\$ 345,434	\$ 171,223
Accounts receivable		466,219	522,462	437,913
Inventories		1,014,915	873,507	862,870
Income taxes receivable		9,678	118	5,165
Derivative financial instruments	5	7,075	27,647	9,252
Other current assets		13,521	9,932	10,072
Total current assets		1,695,579	1,779,100	1,496,495
Property, plant and equipment				
Property, plant and equipment	2	409,420	412,776	409,822
Rental equipment	2	564,125	541,530	478,624
Other assets	1	46,152	13,206	17,257
Deferred tax assets		1,571	1,610	110
Goodwill and intangible assets		485,439	486,309	490,252
Total assets		\$ 3,202,286	\$ 3,234,531	\$ 2,892,560
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		\$ 873,789	\$ 935,037	\$ 676,481
Provisions		24,087	24,382	22,837
Deferred revenues and contract liabilities		149,442	136,244	161,506
Current portion of long-term debt	3	-	1,022	2,010
Derivative financial instruments	5	21	23	-
Income taxes payable		-	28,486	-
Total current liabilities		1,047,339	1,125,194	862,834
Deferred revenues and contract liabilities		16,867	17,247	18,779
Long-term lease liabilities	1	26,909	-	-
Long-term debt	3	644,773	644,540	743,507
Post-employment obligations	9	119,395	104,342	116,101
Deferred tax liabilities		10,962	15,529	2,551
Shareholders' equity				
Share capital		466,031	457,800	446,805
Contributed surplus		12,927	12,879	11,240
Retained earnings		854,257	851,049	687,156
Accumulated other comprehensive income		2,826	5,951	3,587
Shareholders' equity		1,336,041	1,327,679	1,148,788
Total liabilities and shareholders' equity		\$ 3,202,286	\$ 3,234,531	\$ 2,892,560

See accompanying notes

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

		Three months ended March 31		
(\$ thousands, except share amounts)		Note	2019	2018
Revenues	11	\$	699,974	\$ 676,828
Cost of goods sold			529,313	510,054
Gross profit			170,661	166,774
Selling and administrative expenses			111,878	117,559
Operating income			58,783	49,215
Interest expense	6		6,919	8,895
Interest and investment income	6		(2,572)	(2,179)
Income before income taxes			54,436	42,499
Income taxes			15,175	11,720
Net earnings		\$	39,261	\$ 30,779
Earnings per share				
Basic	7	\$	0.48	\$ 0.38
Diluted	7	\$	0.48	\$ 0.38
Weighted average number of shares outstanding				
Basic	7		81,326,182	80,976,397
Diluted	7		82,001,203	81,886,590

See accompanying notes

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

(\$ thousands)	Three months ended March 31	
	2019	2018
Net earnings	\$ 39,261	\$ 30,779
Other comprehensive income (loss), net of income taxes:		
<i>Items that may be reclassified subsequently to net earnings:</i>		
Foreign currency translation adjustments	(189)	284
Unrealized (losses) gains on derivatives designated as cash flow hedges	(4,729)	4,077
Income tax recovery (expense)	1,229	(1,062)
Unrealized (losses) gains on cash flow hedges, net of income taxes	(3,500)	3,015
Realized losses on derivatives designated as cash flow hedges	762	121
Income tax recovery	(198)	(30)
Realized losses on cash flow hedges, net of income taxes	564	91
<i>Items that will not be reclassified subsequently to net earnings:</i>		
Actuarial and other (losses) gains	(19,122)	6,655
Income tax recovery (expense)	5,067	(1,732)
Actuarial and other (losses) gains, net of income taxes	(14,055)	4,923
Other comprehensive (loss) income	(17,180)	8,313
Total comprehensive income	\$ 22,081	\$ 39,092

See accompanying notes

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

(\$ thousands)	Note	Three months ended March 31	
		2019	2018
Operating activities			
Net earnings		\$ 39,261	\$ 30,779
Items not requiring cash:			
Depreciation and amortization		39,268	33,679
Stock-based compensation		1,458	1,375
Post-employment obligations		(4,069)	1,422
Deferred income taxes		1,570	27
Interest accretion on repayment of term credit facility		-	511
Gain on sale of rental equipment and property, plant and equipment		(4,845)	(3,589)
Net change in non-cash working capital and other	10	72,643	64,204
Additions to rental equipment	2	(168,492)	103,047
Proceeds on disposal of rental equipment		(60,111)	(34,828)
		16,289	6,944
Cash (used in) provided by operating activities		(139,671)	139,367
Investing activities			
Additions to property, plant and equipment	2	(6,487)	(7,114)
Proceeds on disposal of property, plant and equipment		195	156
Increase (decrease) in other assets		(48)	42,577
Cash (used in) provided by investing activities		(6,340)	35,619
Financing activities			
Repayment of term credit facility		-	(150,000)
Repayment of senior debentures		(1,022)	(953)
Dividends	4	(18,737)	(15,379)
Cash received on exercise of stock options		6,821	1,953
Payment of lease liabilities	1	(2,409)	-
Cash used in financing activities		(15,347)	(164,379)
Effect of currency translation on cash balances		95	109
(Decrease) increase in cash		(161,263)	10,716
Cash, at beginning of period		345,434	160,507
Cash, at end of period		\$ 184,171	\$ 171,223

Supplemental cash flow information (note 10)

See accompanying notes

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

	Share Capital		Contributed surplus	Retained earnings	Accumulated other comprehensive income			Total
	Number	Amount			Foreign currency translation adjustments	Cash flow hedges	Total	
(\$ thousands, except share numbers)								
At January 1, 2019	81,226,383	\$ 457,800	\$ 12,879	\$ 851,049	\$ 2,700	\$ 3,251	\$ 5,951	\$ 1,327,679
Net earnings	-	-	-	39,261	-	-	-	39,261
Other comprehensive loss	-	-	-	(14,055)	(189)	(2,936)	(3,125)	(17,180)
Total comprehensive income	-	-	-	25,206	(189)	(2,936)	(3,125)	22,081
Exercise of stock options	257,265	8,231	-	-	-	-	-	8,231
Stock-based compensation expense	-	-	1,458	-	-	-	-	1,458
Stock options exercised	-	-	(1,410)	-	-	-	-	(1,410)
Effect of stock compensation plans	257,265	8,231	48	-	-	-	-	8,279
Dividends	-	-	-	(21,998)	-	-	-	(21,998)
At March 31, 2019	81,483,648	\$ 466,031	\$ 12,927	\$ 854,257	\$ 2,511	\$ 315	\$ 2,826	\$ 1,336,041
At January 1, 2018	80,949,819	\$ 444,427	\$ 10,290	\$ 669,813	\$ 1,911	\$ (1,714)	\$ 197	\$ 1,124,727
Net earnings	-	-	-	30,779	-	-	-	30,779
Other comprehensive income	-	-	-	4,923	284	3,106	3,390	8,313
Total comprehensive income	-	-	-	35,702	284	3,106	3,390	39,092
Exercise of stock options	85,075	2,378	-	-	-	-	-	2,378
Stock-based compensation expense	-	-	1,375	-	-	-	-	1,375
Stock options exercised	-	-	(425)	-	-	-	-	(425)
Effect of stock compensation plans	85,075	2,378	950	-	-	-	-	3,328
Dividends	-	-	-	(18,359)	-	-	-	(18,359)
At March 31, 2018	81,034,894	\$ 446,805	\$ 11,240	\$ 687,156	\$ 2,195	\$ 1,392	\$ 3,587	\$ 1,148,788

See accompanying notes

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at and for three months ended March 31, 2019
(Unaudited)

(\$ thousands, except where otherwise indicated)

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

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

Toromont operates through two reportable segments: the Equipment Group and CIMCO. The Equipment Group includes one of the larger Caterpillar dealerships by revenue and geographic territory in addition to industry leading rental operations and an agricultural equipment business. CIMCO is a market leader in the design, engineering, fabrication and installation of industrial and recreational refrigeration systems. Both segments offer comprehensive product support capabilities. Toromont employs over 6,000 people in more than 150 locations.

Basis of Preparation

These interim condensed consolidated financial statements were prepared in accordance with International Accounting Standard (“IAS”) 34 - *Interim Financial Reporting*. Accordingly, these interim condensed consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2018.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements were the same as those that applied to the Company’s consolidated financial statements as at and for the year ended December 31, 2018.

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

These interim condensed consolidated financial statements were authorized for issue by the Audit Committee of the Board of the Directors on May 2, 2019.

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended December 31, 2018, except for the adoption of new standards effective as of January 1, 2019. The Company has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

This is the first set of Toromont’s financial statements in which IFRS 16 - *Leases* has been applied. As required by IAS 34, the nature and effect of these changes are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements.

a) IFRS 16 - Leases

IFRS 16 – *Leases* supersedes IAS 17 – *Leases*, IFRIC 4 – *Determining whether an Arrangement contains a Lease*, SIC 15 – *Operating Leases - Incentives* and SIC 27 – *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where Toromont is the lessor.

Toromont applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated. The lease liabilities were recorded as the present value of the remaining lease payments discounted at the Company's incremental borrowing rate as at the date of application. The right-of-use assets were recorded at an amount equal to the lease liabilities, adjusted for any prepaid or accrued lease payments (nil).

Toromont elected to use the practical expedient on transition allowing the standard to be applied only to contracts that were previously identified as leases under IAS 17 and IFRIC 4 at the date of initial application. Toromont also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

Impact on the financial statements on transition

On transition to IFRS 16 at January 1, 2019, Toromont recognized additional right-of-use assets and additional lease liabilities of \$33.8 million, respectively. There was no impact on retained earnings.

Lease liabilities for leases that were classified as operating leases were discounted using the incremental borrowing rate at January 1, 2019. The weighted average rate applied was 2.9%.

Summary of new accounting policies

Set out below are the new accounting policies upon adoption of IFRS 16, which have been applied from the date of initial application:

- *Right-of-use assets*

Toromont recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless Toromont is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line

basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- *Lease liabilities*

At the commencement date of the lease, Toromont recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The interest rate implicit in the lease is used, if readily determinable, to calculate the present value of lease payments. If not readily determinable, Toromont's incremental borrowing rate at the lease commencement date is used in the present value calculation. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- *Short-term leases and leases of low-value assets*

Toromont applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for leases that are considered of low-value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

- *Significant judgement in determining the lease term of contracts with renewal options*

Toromont determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Toromont applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. All relevant factors that create an economic incentive for it to exercise the renewal are considered. After the commencement date, Toromont reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Amounts recognized in the statement of financial position and profit or loss

Activity within right-of-use assets and lease liabilities during the period were as follows:

	Right-of-use assets			Lease
	Properties	Vehicles	Total	liabilities
January 1, 2019	\$ 18,025	\$ 15,740	\$ 33,765	\$ 33,765
Additions	902	941	1,843	1,843
Depreciation expense	(1,127)	(1,413)	(2,540)	-
Payments	-	-	-	(2,409)
March 31, 2019	\$ 17,800	\$ 15,268	\$ 33,068	\$ 33,199

Right-of-use assets are included in other assets on the statement of financial position. The current portion of lease liabilities at March 31, 2019 of \$6.3 million are included in accounts payable and accrued liabilities on the statement of financial position.

b) IFRIC 23 - *Uncertainty over Income Tax Treatment*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 - *Income Taxes*, specifically:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The adoption of this interpretation did not have an impact on the consolidated financial statements.

2. PROPERTY, PLANT AND EQUIPMENT AND RENTAL EQUIPMENT

Activity within property, plant and equipment and rental equipment during the period included:

	Three months ended March 31	
	2019	2018
Additions		
Rental equipment	\$ 60,111	\$ 34,828
Property, plant and equipment	6,487	7,114
Total Additions	\$ 66,598	\$ 41,942
Disposals - NBV		
Rental equipment	\$ 11,459	\$ 3,462
Property, plant and equipment	180	49
Total Disposals - NBV	\$ 11,639	\$ 3,511
Depreciation included in:		
Cost of goods sold	\$ 30,183	\$ 26,553
Selling and administrative expenses	5,442	5,416
Total Depreciation	\$ 35,625	\$ 31,969

3. LONG-TERM DEBT

	March 31 2019	December 31 2018	March 31 2018
7.06%, \$15.0 million, due March 29, 2019 ⁽¹⁾	\$ -	\$ 1,022	\$ 2,010
3.71%, \$150.0 million, due September 30, 2025 ⁽²⁾	150,000	150,000	150,000
3.84%, \$500.0 million, due October 27, 2027 ⁽²⁾	500,000	500,000	500,000
Senior debentures	650,000	651,022	652,010
\$250.0 million term credit facility	-	-	100,000
	650,000	651,022	752,010
Debt issuance costs, net of amortization	(5,227)	(5,460)	(6,493)
Total long-term debt	\$ 644,773	\$ 645,562	\$ 745,517
Less: Current portion of long-term debt	-	(1,022)	(2,010)
Non-current portion of long-term debt	\$ 644,773	\$ 644,540	\$ 743,507

⁽¹⁾ Blended principal and interest payments payable semi-annually through to maturity.

⁽²⁾ Interest payable semi-annually, principal due on maturity.

All debt is unsecured.

The Company maintains a \$500.0 million committed revolving credit facility which matures in October 2022. Debt under the facility is unsecured and ranks pari passu with debt outstanding under Toromont's existing debentures. Interest is based on a floating rate, primarily bankers' acceptances and prime, plus applicable margins and fees based on the terms of the credit facility.

No amounts were drawn on the revolving credit facility at March 31, 2019, December 31, 2018 or March 31, 2018. Letters of credit utilized \$30.2 million of the facility at March 31, 2019 (December 31, 2018 - \$29.9 million and March 31, 2018 - \$24.4 million).

4. SHARE CAPITAL

Normal Course Issuer Bid ("NCIB")

No shares were purchased and cancelled under the NCIB program during the three months ended March 31, 2019 and 2018.

Dividends

The Company paid dividends of \$18.7 million or \$0.23 per share during the three months ended March 31, 2019 (2018 - \$15.4 million or \$0.19 per share).

The quarterly dividend was increased on February 14, 2019, to \$0.27 per share effective with the dividend paid on April 3, 2019.

5. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities – Classification and Measurement

The following table highlights the carrying amounts and classifications of certain financial assets and liabilities:

	March 31 2019	December 31 2018	March 31 2018
Other financial liabilities:			
Current portion of long-term debt	\$ -	\$ 1,022	\$ 2,010
Long-term debt	\$ 644,773	\$ 644,540	\$ 743,507
Derivative financial instruments assets (net):			
Foreign exchange forward contracts	\$ 7,054	\$ 27,624	\$ 9,252

Fair Value of Financial Instruments

The fair value of derivative financial instruments is measured using the discounted value of the difference between the contract's value at maturity based on the contracted foreign exchange rate and the contract's value at maturity based on the comparable foreign exchange rate at period end under the same conditions. The financial institution's credit risk is also taken into consideration in determining fair value. The valuation is determined using Level 2 inputs which are observable inputs or inputs which can be corroborated by observable market data for substantially the full term of the asset or liability, most significantly foreign exchange spot and forward rates.

The fair value and carrying value of long-term debt is as follows:

	March 31 2019	December 31 2018	March 31 2018
Long-term debt			
Fair value	\$ 683,167	\$ 655,575	\$ 758,180
Carrying value	\$ 650,000	\$ 651,022	\$ 752,010

The fair value was determined using the discounted cash flow method, a generally accepted valuation technique. The discounted factor is based on market rates for debt with similar terms and remaining maturities and based on Toromont's credit risk. The Company has no plans to prepay these instruments prior to maturity. The valuation is determined using Level 2 inputs which are observable inputs or inputs which can be corroborated by observable market data for substantially the full term of asset or liability.

During the three month period ended March 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

Derivative Financial Instruments and Hedge Accounting

Foreign exchange contracts and options are transacted with financial institutions to hedge foreign currency denominated obligations related to purchases of inventory and sales of products. As at March 31, 2019, the Company was committed to USD purchase contracts with a notional amount of \$589.6 million at an average exchange rate of \$1.3199, maturing between April 2019 and August 2020. The Company was also committed to USD sell contracts with a notional amount of \$38.8 million at an average exchange rate of \$1.3187, maturing between April 2019 and April 2020.

Management estimates that a gain of \$7.1 million (December 31, 2018 – \$27.6 million; March 31, 2018 – \$9.3 million) would be realized if the contracts were terminated on March 31, 2019. Certain of these forward contracts are designated as cash flow hedges, and accordingly, an unrealized gain of \$0.4 million (December 31, 2018 – \$4.4 million; March 31, 2018 – \$1.9 million) has been included in other comprehensive income. These gains are not expected to affect net income as the amounts will be reclassified to net income within the next seventeen months and will offset losses recorded on the underlying hedged items, namely foreign-denominated accounts payable. Certain of those forward contracts are not designated as cash flow hedges but are entered into for periods consistent with foreign currency exposure of the underlying transactions. A gain of \$6.7 million (December 31, 2018 – \$23.2 million; March 31, 2018 – \$7.4 million) on forward contracts not designated as hedges is included in net income, which offsets losses recorded on the foreign-denominated items, namely accounts payable.

6. INTEREST INCOME AND EXPENSE

The components of interest expense were as follows:

	Three months ended March 31	
	2019	2018
Credit facilities	\$ 416	\$ 486
Senior debentures	6,258	7,898
Interest accretion on repayment of term credit facility	-	511
Interest on lease liabilities	245	-
	\$ 6,919	\$ 8,895

The components of interest and investment income were as follows:

	Three months ended March 31	
	2019	2018
Interest on conversion of rental equipment	\$ 937	\$ 1,005
Other	1,635	1,174
	\$ 2,572	\$ 2,179

7. EARNINGS PER SHARE

	Three months ended March 31	
	2019	2018
Net earnings available to common shareholders	\$ 39,261	\$ 30,779
Weighted average common shares outstanding	81,326,182	80,976,397
Dilutive effect of stock option conversions	675,021	910,193
Diluted weighted average common shares outstanding	82,001,203	81,886,590
Earnings per share:		
Basic	\$ 0.48	\$ 0.38
Diluted	\$ 0.48	\$ 0.38

For the three months ended March 31, 2019, 580,250 outstanding share options with an exercise price of \$66.22 were considered anti-dilutive (exercise price in excess of average market price) and were excluded from the calculation. There were no anti-dilutive options in the three month period ended March 31, 2018.

8. STOCK BASED COMPENSATION

A reconciliation of the outstanding options was as follows:

	2019		2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, January 1	2,636,070	\$ 43.78	2,628,036	\$ 34.85
Exercised ⁽¹⁾	(257,265)	26.51	(85,075)	22.95
Forfeited	(8,900)	51.33	-	-
Options outstanding, March 31	2,369,905	\$ 45.62	2,542,961	\$ 35.24
Options exercisable, March 31	841,215	\$ 33.60	1,038,161	\$ 26.41

⁽¹⁾The weighted average share price at date of exercise for the three months ended March 31, 2019 was \$68.61 (2018 - \$56.25).

The following table summarizes stock options outstanding and exercisable as at March 31, 2019.

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
\$20.76	35,500	0.3	\$ 20.76	35,500	\$ 20.76
\$23.40 - \$26.79	443,480	5.0	\$ 25.62	354,860	\$ 25.40
\$36.65 - \$39.79	835,750	6.8	\$ 38.30	363,170	\$ 37.97
\$53.88 - \$66.22	1,055,175	8.9	\$ 60.67	87,685	\$ 53.88
	2,369,905	7.3	\$ 45.62	841,215	\$ 33.60

Deferred Share Unit Plan

A reconciliation of the DSU plan was as follows:

	2019		2018	
	Number of DSUs	Value	Number of DSUs	Value
Outstanding, January 1	358,151	\$ 19,005	426,279	\$ 23,417
Units taken or taken in lieu and dividends	11,892	792	11,993	661
Redemptions	-	-	(4,478)	(243)
Fair market value adjustment	-	5,138	-	183
Outstanding, March 31	370,043	\$ 24,935	433,794	\$ 24,018

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

9. EMPLOYEE FUTURE BENEFITS

Employee future benefits expense included the following components:

	Three months ended March 31	
	2019	2018
Defined benefit plans	\$ 3,815	\$ 4,420
Curtailment gain	(5,000)	-
Defined contribution plans	3,711	3,358
401(k) matched savings plans	65	79
	\$ 2,591	\$ 7,857

The Company completed the alignment of benefit programs across the Equipment Group in the first quarter, which on the whole, led to improved benefits for most employees in the acquired businesses and to increased administrative efficiencies for the Company. A single component of this comprehensive alignment led to changes in the structure and elements of certain post-employment benefit plans, which resulted in a non-recurring curtailment gain of \$5.0 million (\$3.7 million after-tax).

10. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31	
	2019	2018
Net change in non-cash working capital and other		
Accounts receivable	\$ 56,243	\$ 48,157
Inventories	(141,408)	(85,346)
Accounts payable and accrued liabilities	(70,799)	130,660
Provisions	(295)	5,401
Deferred revenues and contract liabilities	12,818	24,406
Income taxes	(38,046)	(5,369)
Derivative financial instruments	16,603	(10,314)
Other	(3,608)	(4,548)
	\$ (168,492)	\$ 103,047
Cash paid during the period for:		
Interest	\$ 649	\$ 1,832
Income taxes	\$ 51,751	\$ 17,033
Cash received during the period for:		
Interest	\$ 2,516	\$ 1,913

11. SEGMENTED INFORMATION

The Company has two reportable segments: the Equipment Group and CIMCO as described above in note 1, each supported by the corporate office. These segments are strategic business units that offer different products and services, and each is managed separately. The corporate office provides finance, treasury, legal, human resources and other administrative support to the segments and does not meet the definition of a reportable operating segment as defined in IFRS 8 – *Operating Segments*, as it does not earn revenue.

The accounting policies of each of the reportable segments are the same as the significant accounting policies described in the most recent annual audited consolidated financial statements.

Segment performance is assessed based on operating income, which is measured differently than income from operations in the consolidated financial statements. Corporate overheads are allocated to the segments based on revenue. Income taxes, interest expense, interest and investment income are managed at a consolidated level and are not allocated to the reportable operating segments. Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to the segments as they are also managed on a consolidated level.

The aggregation of the operating segments is based on the economic characteristics of the business units. These business units are considered to have similar economic characteristics including nature of products and services, class of customers and markets served and similar distribution models.

No reportable segment is reliant on any single external customer.

The following tables set forth information by segment for the three months ended March 31, 2019 and 2018:

Three months ended March 31	Equipment Group		CIMCO		Consolidated	
	2019	2018	2019	2018	2019	2018
Equipment/package sales	\$ 238,709	\$ 257,304	\$ 31,527	\$ 35,619	\$ 270,236	\$ 292,923
Rentals	81,082	70,874	-	-	81,082	70,874
Product support	311,560	282,197	34,572	28,238	346,132	310,435
Power generation	2,524	2,596	-	-	2,524	2,596
Total revenues	\$ 633,875	\$ 612,971	\$ 66,099	\$ 63,857	\$ 699,974	\$ 676,828
Operating income	\$ 57,673	\$ 45,795	\$ 1,110	\$ 3,420	\$ 58,783	\$ 49,215
Interest expense					6,919	8,895
Interest and investment income					(2,572)	(2,179)
Income taxes					15,175	11,720
Net earnings					\$ 39,261	\$ 30,779

Operating income from rental operations was \$2.6 million for the three months ended March 31, 2019 (2018 – operating loss of \$0.9 million).

12. SEASONALITY OF BUSINESS

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